



## **REQUEST FOR TENDER**

**FOR**

**PROVISION OF SERVICES FOR THE AUDIT OF  
THE FINANCIAL STATEMENTS OF**

**AUSTRALIAN RIVER CO LIMITED**

**AUSTRALIAN NATIONAL AUDIT OFFICE**

**TENDER NO: 2009/1386**

**CLOSING TIME (LOCAL): 2 pm (AEST), 10 July 2009**

## **REQUEST FOR TENDER OUTLINE**

- Part 1 - Summary of Requirement**
- Part 2 - Conditions of Tender**
- Part 3 - Statement of Requirements**
- Part 4 - Draft Conditions of Contract**
- Part 5 - General Information Material**

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# **PART 1**

## **SUMMARY OF THE REQUIREMENT**

## PART 1 - SUMMARY OF THE REQUIREMENT

### 1.1 Scope of the Requirement

- 1.1.1 The Australian National Audit Office (ANAO) is seeking the services of organisations for provision of services for the audit of the financial statements of the Australian River Co Limited (ARCo) for the ANAO. **It would be expected that the successful tenderer would have demonstrated specialist skills in tax effect accounting, derivative financial instruments and actuarial services.**
- 1.1.2 A detailed statement of the services (Services) is contained in the Statement of Requirement (SOR) at Part 3 of this Request for Tender (RFT).
- 1.1.3 Tenderers are reminded of the requirements relating to auditor appointment, independence and rotation in Part 2M.4 of the *Corporations Act 2001*, where the audit is of a *Corporations Act* body.

### 1.2 Background to the Requirement

- 1.2.1 Roles and Responsibilities of the ANAO.
- 1.2.2 The Auditor-General and the staff of the ANAO play an important role in the process of public accountability by providing the Parliament, the Executive and Management with an independent assessment of the operations of public sector organisations. The ANAO's Executive and the majority of staff are located in Canberra.
- 1.2.3 The ANAO provides its principal client, the Parliament, with approximately 50 published operational audit reports annually. These reports cover the full range of audit services offered, ie performance audits, financial statement audits and information services. The ANAO also has a close working relationship with the Joint Committee of Public Accounts and Audit (JCPAA) which reviews the audit reports on a quarterly basis.
- 1.2.4 In addition, the ANAO provides audit services to about 260 audit client entities, including a number of commercially oriented entities. The majority of these clients prepare financial statements under either the *Financial Management and Accountability Act 1997* (FMA Act) or the *Commonwealth Authorities and Companies Act 1997* (CAC Act). The audit reports on the financial statements of these clients are published in the clients' annual reports, which are tabled in Parliament.

Financial Statement Audits are generally undertaken under the provisions of the *Auditor-General Act 1997* and the FMA Act or the CAC Act.

ARCo is subject to the provisions of the CAC Act.

- 1.2.5 This audit is undertaken in accordance with the ANAO Auditing Standards which incorporate the Australian Auditing Standards.
- 1.2.6 The key outcome for the financial statement audit is to provide independent assurance on the financial statements adopted by ARCo. The achievement of this outcome requires the meeting of clients' needs (in particular ARCo to the Minister and Parliament) through the delivery of quality products (in particular, the opinion on the financial statements, the report to Ministers and Parliament) on time, within budget and at a contestable price.

### **1.3 Disclaimer**

- 1.3.1 The ANAO is not legally or in any other way obligated to those organisations that respond to this RFT. The issue of this RFT does not commit or otherwise oblige the ANAO to proceed with the proposed Services or functions. This RFT shall not be construed, interpreted or relied upon, whether expressly or implied, as an offer capable of acceptance by any person, or as creating any rights, liability or obligations, whether on contractual, quasi-contractual or restitutionary grounds. No binding contract or other understanding (including, without limitation, quasi-contractual rights, or rights based upon similar legal theories) will exist between the ANAO and a tenderer unless and until a formal written contract is signed by the ANAO and the successful tenderer.

## **PART 2**

# **CONDITIONS OF TENDERING**

## **PART 2 - CONDITIONS OF TENDERING**

### **2.1 Structure of the Request for Tender**

2.1.1 This Request for Tender (RFT) invites tenders for the provision of the requirement specified in the Statement of Requirement at Part 3. The specified requirements are to be provided in accordance with the terms and subject to the conditions contained in the RFT.

2.1.2 The RFT comprises the following documents:

- (a) Part 1 - Summary of the Requirement
- (b) Part 2 - Conditions of Tendering
- (c) Part 3 - Statement of Requirement (SOR)
- (d) Part 4 – Draft Conditions of Contract (Contract)
- (e) Part 5 - General Information Material.

2.1.3 In this RFT, unless the context otherwise requires, reference to a Part is a reference to a Part of the RFT identified in clause 2.1.2.

### **2.2 Contract Authority**

2.2.1 The Contract Authority for this RFT is:

John Jones  
Executive Director  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

### **2.3 Inquiry by Prospective Tenderers**

2.3.1 Tenderers should direct any questions arising during the preparation of a tender response to this RFT to:

John Jones  
Assurance Audit Services Group  
Australian National Audit Office  
Phone: 02 6203 7636  
Fax: 02 6203 7491  
Email [john.jones@anao.gov.au](mailto:john.jones@anao.gov.au)

2.3.2 If considered necessary, an interview may be arranged to discuss the inquiry and a written reply may be furnished to the inquirer at the discretion of the ANAO.

2.3.3 Where appropriate questions and requests from tenderers along with the ANAO's responses to those questions and requests will be provided to all prospective tenderers, without revealing the source of the original inquiry.

## **2.4 Place for Lodgement of Tenders**

- 2.4.1 Tenders may be lodged by post or hand delivered to the specified place of lodgement at the address set out below:

Tender Box  
RFT 2009/1386  
Australian National Audit Office  
19 National Circuit  
BARTON ACT 2600

- 2.4.2 Tenders submitted orally or by fax or email will not be accepted.

## **2.5 Closing Date and Closing Time for Lodgement of Tenders**

- 2.5.1 The deadline set for lodgement of tenders at the tender box is precisely 2.00 pm (AEST) on 10 July 2009 (Closing Time). The Closing Time will be as determined by Telstra's recorded time service on the Closing Date.

## **2.6 Extension of Deadline**

- 2.6.1 The Closing Date and/or Closing Time may be extended only by written notice from the Contract Authority. Any extension notice will be given the same distribution as the original RFT.

## **2.7 Packaging and Identification of Tenders**

- 2.7.1 Tenders must be enclosed in a sealed envelope or other sealed container endorsed with the relevant RFT number and lodged in accordance with these Conditions.

## **2.8 Copies of Tenders**

- 2.8.1 An original plus three (3) copies (one unbound) of tenders and supporting material must be submitted. The original should be marked as such and where there are discrepancies between the original and copies, the original version shall prevail.

- 2.8.2 The tender documents will become the property of the ANAO at the time of lodgement and the documents will be retained. The ANAO is not obliged to return any copies of the tender documents.

- 2.8.3 Such intellectual property rights as may exist in a tender will remain the property of the tenderer. The tenderer licences ANAO and ARCo, their officers, employees, agents and advisers to copy, adapt, modify, disclose or do anything else necessary to all material (including that which contains intellectual property rights of the tenderer or any other person) contained in the tender for the purposes of:

- (a) evaluating/clarifying the tender or any subsequent offer;
- (b) negotiating any resultant contract with the tenderer;
- (c) managing any resultant contract (if any); and
- (d) anything else related to the above purposes, including audit and complying with governmental and parliamentary reporting requirements.

- 2.8.4 The ANAO may make such copies of each tender, as it requires for these purposes.
- 2.8.5 The ANAO reserves the right, in its absolute discretion, and without the need to notify any tenderer, to disclose or to allow the disclosure of, at any time, any information contained in or relating to any tender, to any Commonwealth department, agency, authority, the Minister, the Parliament or any Parliamentary committee for the proper performance of their statutory or governmental responsibilities.
- 2.8.6 The intellectual property in this RFT is at all times owned by the ANAO or applicable third parties. It is provided to tenderers only for the purpose of preparing their tender response, may only be used for this purpose and should be treated as commercial information provided in confidence by the ANAO.

## **2.9 Late Tender Policy**

- 2.9.1 Any tender lodged after the Closing Time will be deemed to be a late tender for the purposes of this RFT. Late tenders will not be admitted to the evaluation process, however the ANAO will not penalise a Tenderer for a delay due solely to mishandling by the ANAO.

## **2.10 Addenda to the Request for Tender**

- 2.10.1 The ANAO reserves the right to issue addenda to this RFT to all potential suppliers participating in the tender process (if known) and published in the same manner as this RFT at any time. Where appropriate, the ANAO will allow additional time for potential suppliers to address an addendum. Tenderers must submit their tenders in accordance with this RFT as amended by any such addenda.

## **2.11 Requests for Additional Information by ANAO**

- 2.11.1 Should additional information to that contained in a tender be required by the ANAO, it will be requested in writing. Such additional information will not be accepted if it serves to materially alter the original tender.

## **2.12 Correction of Errors**

- 2.12.1 Amendments to tender documents may be permitted by the ANAO, but only if it can be clearly shown to the satisfaction of the ANAO no more than seven (7) days after the Closing Time, that the amendment or correction is proposed to rectify an unintentional error which is clerical or administrative, or an unintentional error form.

## **2.13 Alterations, Erasures or Illegibility**

- 2.13.1 Tenders which contain alterations or erasures and tenders which are illegible at the time of lodgement, may, at the discretion of the ANAO, be excluded from further consideration.

## **2.14 Clarification**

- 2.14.1 Where the intention of tender documents is unclear the ANAO may seek written clarification from the tenderer.

## **2.15 Supporting Material**

- 2.15.1 Supporting material is material additional to the tender which elaborates or clarifies the tender but which does not alter it in any material respect. Supporting material may be provided on the initiative of the tenderer or at the request of the ANAO. Supporting material should be dispatched on or before the Closing Time unless specifically requested by the ANAO after that time. The ANAO reserves the right to exclude from consideration any unsolicited supporting material received by the ANAO after the Closing Time.
- 2.15.2 Packages containing such information must be clearly labelled '**Supplementary Information - RFT No 2009/1386**'. The intention to submit information in this manner must be clearly stated in the tender.
- 2.15.3 Material presented as supporting material which, in the opinion of the ANAO, materially alters the tender, will not be considered.

## **2.16 Tender Validity Period**

- 2.16.1 It is a condition of tender that the tendered offer remains valid for acceptance for a period of at least three (3) months from the Closing Time. The tenderer shall state any longer period for which its offer remains valid.

## **2.17 Proposed Contract Period**

- 2.17.1 It is intended that the contract will be for a period of 3 years with an option for renewal for a further 2 year period or until the Auditor-General ceases to be the auditor whichever is the earlier.

## **2.18 Acceptance and Proposed Contractual Arrangement**

- 2.18.1 Tenderers are required to tender for the entire requirement as described in the SOR. Tenders for only part of the requirement will not be accepted.
- 2.18.2 The lowest priced tender will not necessarily be accepted and no tender shall be deemed to have been accepted unless and until the fact of such acceptance has been notified to the tenderer in writing for and on behalf of the ANAO.

## **2.19 Evaluation Criteria**

- 2.19.1 Tenders will be assessed to identify the tendered offer that represents overall best value for money. For this purpose the tender evaluation process will consider the evaluation criteria specified in the approach to the market and request documentation and each tenderer's relative ability to satisfy the overall project requirements while achieving a high standard of services at a competitive prices and at an acceptable risk. Tenderers are required to provide access to any information ANAO considers reasonably necessary in order to evaluate the reasonableness of their tendered prices. This information will not be disclosed to other tenderers, or other persons with whom the ANAO negotiates with a view to meeting ANAO's requirements.
- 2.19.2 In order to satisfy the general principles set out in clause 2.19.1, tenders will be assessed by reference to the evaluation criteria stated below. The evaluation criteria is divided into conditions for participation (ie mandatory criteria) weighted criteria.

- 2.19.3 Tenderers will be assessed against the conditions for participation on a pass/fail basis. If a tender fails to meet any of the conditions for participation it will be rejected and will not be further assessed against the weighted criteria.

### **Conditions for Participation**

The conditions for participation are set out as follows:

#### **Condition 1: Agreement to comply with ANAO's requirements on conflict of interest**

##### *Required Information*

- a statement confirming the absence of any actual or potential conflict of interest for the tenderer in providing the Services or how any existing actual or potential conflict of interest will be satisfactorily resolved;
- a statement confirming compliance with clause 2.37 of this RFT; and
- a statement confirming the tenderer's agreement (if successful) not to engage in the provision of other services of any nature to the client during the period of the Contract without the prior written approval of the Auditor-General.

#### **Condition 2: Acceptable insurance coverage**

##### *Required Information*

- confirmation by way of a certificate of currency provided by the tenderer's insurer that the tenderer holds professional indemnity insurance, public liability insurance and workers compensation insurance to at least the minimum level required by the Contract;
- indicate whether each insurance policy is a "claims occurring" or "claims made" policy;
- indicate the amount of deductible (excess) for each policy;
- confirm the tenderer's agreement to keep the policies in force for the minimum period specified in Part F of the Details in the Contract; and
- details of any writs issued or lawsuits pending against the tenderer.

#### **Condition 3: Compliance with equal opportunity policy**

##### *Required Information*

- a statement confirming that the tenderer is not currently named as being non-compliant with the *Equal Opportunity for Women in the Workplace Act 1999*.

#### **Condition 4: Acceptable position on liability**

##### *Required Information*

- a statement confirming the tenderer has no objection to the liability position set out in clause 12 of the Contract.

**Condition 5: Compliance with ANAO's requirements not to participate in collusive tendering, unlawful inducement and improper assistance**

*Required Information*

- a statement confirming that the tenderer complies with clauses 2.36, 2.38 and 2.39 of this RFT.

**Condition 6: Acceptable extent to which the tenderer complies with this RFT**

*Required Information*

- a completed statutory declaration as set out at Attachment C to this Part executed by an authorised officer of the tenderer.

**Condition 7: Acceptable level of compliance with the Conditions of Contract**

*Required Information*

- a completed Exceptions Table which meets the requirements of clause 2.21, indicating the tenderer's level of compliance with the Conditions of Contract as set out in Part 4; and
- a completed statutory declaration as set out at Attachment C to this Part executed by an authorised officer of the tenderer.

**Condition 8: Acceptable indication of confidential Contract Provisions**

*Required Information*

- indication in the tender response of any provisions of the Conditions of Contract (including any aspects of the tender response expected to ultimately form part of the contract) which the tenderer considers should be kept confidential and the specific reasons for this.

**Weighted criteria**

Weighted criteria will be weighted according to the relative percentages stated below:

**Criterion 1: The extent to which the audit methodology, approach and management processes proposed to be used to perform the Services meets the needs of the ANAO (25%)**

*Minimum Required Information:*

- an understanding of the Commonwealth Public Sector, its operating environment and the Auditor-General's role;
- the measures proposed to establish and maintain an effective and professional relationship with the ANAO and the audit client over the life of the contract;
- an outline of the audit approach to be adopted;

- an outline of the proposed reports to be delivered;
- advice as to whether or not the tenderer performs inter office reviews;
- the quality control policies and assurance procedures to be employed by the tenderer throughout the audit assignment;
- the ability to provide an organisation and management structure consistent with implementing and managing the Services to the required standard;
- the on-going availability of sufficient skilled personnel resources capable of performing the Services to the required standards;
- details of the capacity if necessary to consult internally and/or internationally with employees/affiliates in relation to technical issues relating to the operations of the client or on accounting/audit matters affecting the operational aspects of the client;
- any other matters that the tenderer believes the ANAO should consider in assessing its ability to perform the audit Services; and
- complete the information security checklist attached to this Request for Tender as “Annexure A”.

**Criterion 2: Demonstrated qualifications and relative degree of experience of the tenderer's nominated professional staff in providing the Services (30%)**

*Minimum Required Information:*

- details of professional staff to be employed on the audit including:
  - number and names of partners, managers and senior auditors;
  - number of years experience;
  - details of relevant audit experience including specialist skills in tax effect accounting, derivative financial instruments and actuarial services;
  - citizenship and security clearance status;
  - proposed hours of involvement across staff levels;
  - percentage of time partners and managers will devote to the tendered audit;
  - number of intermediate and junior staff, and
  - confirmation of being registered company auditors.

Details should be summarised in the format shown at Attachments A and B to this part.

**Criterion 3: The relative degree of client industry and audit experience possessed by the tenderer (25%)**

*Minimum Required Information*

A description of the tenderer's relevant industry audit experience including such experience of the senior members of the engagement team.

**Criterion 4: Price (20%)**

*Minimum Required Information*

The fee for providing the Services, incorporating classification of staff to undertake the audits and hours of work, hourly rate per level, total cost, and any associated costs for each. GST must be included in the fee. Details should be summarised as part of Attachment A to this Part.

Details on the manner in which it is proposed to determine subsequent years' fees if the option to extend the Contract term beyond three years is exercised, should also be provided.

Tendered prices should be in Australian dollars. Tendered prices shall include all charges necessary and incidental to the proper delivery of the specified requirement, less any discounts. Quoted rates should be exclusive of travel and accommodation, but inclusive of all other costs. Travel and accommodation costs should be clearly shown as "out of pocket expenses".

Where variable prices are tendered and for the purpose of comparative evaluation of tenders, account will be taken of changes in the price tendered which are likely to accrue over the expected period of the Contract as a result of the tendered price variation provisions.

**2.20 Evaluation Process**

2.20.1 The ANAO proposes to use the following evaluation methodology:

- (a) each tender will be assessed against the mandatory criteria - tenderers which fail to meet all mandatory evaluation criteria will be eliminated at this stage;
- (b) of the tenders that remain, each tenderer's claims will then be examined against the weighted evaluation criteria - tenders which fail to meet a minimum acceptable level of performance will be eliminated at this stage;
- (c) the claims of the remaining tenders will then be examined in detail;
- (d) tenderers may be offered an opportunity to make a presentation to address the Tender Evaluation Team (TET) on the merits of their proposal. The TET may use this opportunity to seek clarifications of the tenders;
- (e) the TET may involve ARCo as part of the evaluation process and the presentations referred to at clause 2.20.1(d) may involve ARCo representatives; and

- (f) taking into account all the above, the TET will rank each tender in a final order of merit.

2.20.2 The ANAO will not necessarily accept any tender.

**2.21 Compliance Statement**

2.21.1 Tenderers are to indicate their level of compliance with the Conditions of Contract at Part 4 of the RFT, by completing an exceptions table (Exceptions Table) in the form set out below and submitting it with their tender.

Clause	Degree of non-compliance	Reason for non-compliance and proposed alternative

2.21.2 To complete the Exceptions Table, tenderers must identify the relevant provision of the Contract in column one and indicate its degree of non-compliance in column two by stating either:

- (a) "Partially complies"; or
- (b) "Does not comply".

In column three, the tenderer should clearly specify the reasons for the non-compliance and proposed desired amendments to the relevant provisions.

2.21.3 Nothing in this RFT should be construed to give rise to any contractual obligations or rights, express or implied, by the issue of this RFT or the submission of a tender in response to it. No contract will be created until a formal written Contract is executed between the Commonwealth and a successful tenderer, if any.

2.21.4 An authorised officer of the tenderer is required to complete and execute the statutory declaration set out at Attachment C to this Part and submit it with the tender. Tenderers must not make any changes to the statutory declaration.

**2.22 Confidentiality of Contract Provisions**

2.22.1 It is Commonwealth policy to disclose the terms of certain contracts entered into by Commonwealth agencies, except for terms regarded by the parties as confidential (Senate Order on Government Agency Contracts). In accordance with that policy, the ANAO proposes that the terms of any contract entered into with a tenderer will not generally be confidential, apart from any provisions containing sensitive commercial information.

2.22.2 Tenderers are asked to identify in their tender response any provisions of the Conditions of Contract that they consider should be kept confidential and the specific reasons why this information is considered confidential. This should include any aspects of the tender response that are expected to ultimately form part of the contract.

The final list of provisions designated as confidential will be agreed in the course of contract negotiations. Any claim of confidentiality must be fully justified by the tenderer and will be closely scrutinised by the ANAO.

### **2.23 Tenderer Profile**

2.23.1 Tenderers are to provide sufficient information to enable the ANAO to clearly identify the entity with which the contract may be entered.

### **2.24 Insurance**

2.24.1 The successful tenderer will be required to have in place insurance arrangements appropriate to provision of the specified requirement, including workers compensation and relevant professional indemnity insurance at least at the minimum levels required by the Contract.

### **2.25 Tenderer Interviews**

2.25.1 Tenderers may be interviewed by the ANAO as part of the evaluation process. The conditions under which the interviews would be conducted are:

- (a) tenderers may be required to provide an oral presentation of their tender, and to answer questions of clarification immediately following the presentation;
- (b) tenderers are not to use the presentation to provide new information and documentation additional to the contents of the tender that has the effect of materially altering the tender;
- (c) at the presentation, tenderers will be required to provide a copy of the written text of their oral presentation, including copies of all presentation aids;
- (d) tenderers will be required to provide, within two (2) business days, written confirmation of answers given to questions put by the ANAO during the interview;
- (e) the oral and written information and documents provided during the presentation and interview will be considered by the ANAO as supporting material;
- (f) details of the timing and location of any tenderer presentations will be provided by the ANAO after the Closing Time; and
- (g) ARCo representatives may be present and participate at these interviews.

2.25.2 The ANAO is not obliged to conduct interviews or arrange for presentations with any or all tenderers.

2.25.3 The tenderer shall nominate a person to answer queries that may arise during the examination of tenders. The name, address and telephone number of that person should be included.

### **2.26 Language**

2.26.1 All tenders and supporting material shall be in the English language.

## **2.27 Public Statements by Tenderers**

- 2.27.1 No tenderer shall furnish any information, make any statement or issue any document or other written or printed material concerning the acceptance of any tender in response to this RFT for publication in any media without the prior written approval of the ANAO.

## **2.28 Freedom of Information**

- 2.28.1 The attention of tenderers is drawn to the Freedom of Information Act 1982 (FOI Act) which gives members of the public rights of access to certain official documents of the Commonwealth Government and its agencies. The FOI Act extends as far as possible the right of the Australian community to access information (generally documents) in the possession of the Commonwealth Government limited only by exceptions and exemptions necessary for the protection of essential public interests and the private and business affairs of persons in respect of whom information is collected and held by departments and public authorities.
- 2.28.2 Tenderers are responsible for obtaining their own advice and assessing the application of the FOI Act to any information and documentation contained in their tenders.
- 2.28.3 While the Auditor-General is legally exempt from the FOI Act, the ANAO complies, to the maximum extent possible, with the intent of the Act.

## **2.29 Tenderers to Inform Themselves**

- 2.29.1 Tenderers shall be deemed to have:
- (a) examined the RFT and any other information made available in writing by the ANAO to tenderers for the purpose of tendering;
  - (b) examined all information relevant to the risks, contingencies, and other circumstances having an effect on their tender and which is obtainable by the making of reasonable enquiries; and
  - (c) satisfied themselves as to the correctness and sufficiency of their tenders and that their tendered prices cover the cost of complying with all the conditions of RFT and of all matters and things necessary for the due and proper performance and completion of the specified requirement.
- 2.29.2 Should a tenderer find any discrepancy, error or omission in this RFT, the tenderer shall promptly notify the Contract Authority in writing on or before the Closing Time.

## **2.30 Tenderer's Obligation of Confidentiality**

- 2.30.1 The tenderer covenants and agrees in consideration for the ANAO agreeing to consider the tenderer's tender:
- (a) that the terms of this RFT, and all information relating to the specified requirement provided to the tenderer by the ANAO (including without limitation the ANAO's agents and servants) or obtained by the tenderer from any person:
    - i. shall be kept strictly confidential;

- ii. shall not be copied or reproduced in any way;
  - iii. shall not be disclosed or divulged to any person in any manner whatsoever;
  - iv. shall be used to the extent necessary to enable the tenderer to submit a tender pursuant to this RFT and for no other purpose;
  - v. shall be safely and securely stored when not in use;
  - vi. shall remain the absolute and exclusive property of the ANAO; and
  - vii. shall be immediately returned to the ANAO upon demand by the ANAO.
- (b) that the obligation referred to in clause 2.30.1 a. above:
- i. if the tenderer's tender is accepted by the ANAO, shall continue upon entry into the contract;
  - ii. if the tenderer's tender is unsuccessful, shall continue notwithstanding entry into an agreement with any third party as to the provision of the specified requirement;
  - iii. shall not apply to the extent that:
    - (a) the prior written consent of the Contract Authority (obtained in each instance) is first obtained;
    - (b) the information is required to be disclosed or divulged by law; or
    - (c) the information forms or becomes part of the public domain other than due to a breach of an obligation of confidentiality.

### **2.31 Inconsistency**

2.31.1 To the extent that there is any inconsistency between the contract and this RFT, the provisions of the contract shall prevail.

### **2.32 Costs and Expenses**

2.32.1 A tenderer's participation in any stage of the tender process shall be at the tenderer's sole risk, cost and expense. In particular, all costs incurred by or on behalf of the tenderers in relation to this RFT, including preparing and lodging the tender and providing the ANAO with any further information, are wholly the responsibility of the tenderer. The ANAO accepts no responsibility, liability, or obligation whatsoever for costs incurred by or on behalf of any tenderer in connection with any tender or any participation in the tender process.

2.32.2 Offers submitted by a government owned business, a local government, a State or Commonwealth agency or authority must be priced to comply with the applicable competitive neutrality policy of their jurisdiction.

### **2.33 Termination of RFT**

- 2.33.1 The ANAO reserves to itself the right where it has determined that it is not in the public interest to award a contract under this tender, to suspend, terminate or abandon this RFT at any time prior to the execution, by an authorised officer of the ANAO and by any successful tenderer, of a formal written agreement acceptable to the ANAO provided that the ANAO gives written notice of such a decision to each of the tenderers (if known) and publishes the decision in the same manner as this RFT.

### **2.34 RFT Information Disclaimer**

- 2.34.1 The information contained in this RFT and the information upon which it is based has not been independently verified or audited.

- 2.34.2 The ANAO, its officers, employees, advisers and agents:

- (a) make no express or implied representation or warranty as to the currency, accuracy, reliability or completeness of the information contained in this RFT; and
- (b) make no express or implied representation or warranty that any estimate or forecast will be achieved or that any statement as to future matters will prove correct.

- 2.34.3 The ANAO, its officers, its employees advisers and agents:

- (a) expressly disclaim any and all liability arising from information (including with limitation, errors or omission) contained in this RFT;
- (b) (except so far as liability under any statute cannot be excluded) accept no responsibility arising in any way from errors in, or omissions from, this RFT, or in negligence;
- (c) do not represent that they apply any expertise on behalf of any tenderer of any interested party;
- (d) accept no liability for any loss or damage suffered by any person as a result of that person or any other person placing any reliance on the contents of the RFT or other information provided by or on behalf of the ANAO; and
- (e) assume no duty of disclosure or fiduciary duty to any interested party.

- 2.34.4 The provisions of this disclaimer apply in relation to this RFT and also in relation to any other oral or written communications or disclosures to a tenderer or to any other person by the ANAO, its officers, employees, advisers and agents.

### **2.35 Applicable Law**

- 2.35.1 The laws in the Australian Capital Territory apply to this RFT, the project and the tendering process. Each tender must comply with all relevant legislation.

### **2.36 Collusive Tendering**

- 2.36.1 Tenderers and their officers, employees, agents and advisers must not engage in any collusive tendering, anti-competitive conduct or any other similar conduct with any

other tenderer or any other person in relation to the preparation or lodgement of tenders. In addition to any other remedies available under any law or any contract, the ANAO reserves the right, in its sole and absolute discretion, immediately to reject any tender lodged by a tenderer which engaged in any collusive tendering, anti-competitive conduct or any other similar conduct with any other tenderer or any other person in relation to the preparation or lodgement of tenders.

2.36.2 Tenderers should note that it is a serious offence under the *Criminal Code Act 1995* (Cth) to make false or misleading statements to the Commonwealth.

### **2.37 Conflict of Interest**

2.37.1 Tenderers and their respective officers, employees, agents and advisers must not place themselves in a position which may, or does, give rise to a conflict of interest (or a potential conflict of interest) between the interests of the ANAO (on the one hand) or any other interests (on the other hand) during the tender process.

2.37.2 Tenderers should identify any existing or potential conflicts of interest and the manner in which they may be resolved.

2.37.3 If any conflict of interest might arise for a tenderer before entering into a Contract for the Services, ANAO may, in its absolute discretion:

- (a) enter into discussions to seek to resolve such conflict of interest; or
- (b) disregard the tender submitted by such a tenderer; or
- (c) take any other action, as it considers appropriate.

2.37.4 Once the Contract has been entered into, the contractor's independence panel, or in absence of an independence panel, the partner managing the audit engagement, must sign off on any request to perform non-audit work in entities which they have an external audit role under contract to the ANAO.

2.37.5 The sign off referred to in clause 2.37.4 should be included in a submission to the ANAO requesting permission to perform the non-audit work. The submission is expected to include a statement declaring that the type of non-audit work being undertaken would be permitted under the contractor's policies along with an understanding of the contractor's criteria.

2.37.6 The ANAO's policy specifies that the following services which would generate a financial or commercial relationship that would be presumed to impair independence:

- internal audit services;
- taxation advice (including tax planning and strategic business tax planning);
- actuarial services;
- accounting policy advice (other than in response to accounting issues arising from the financial statement audit);
- services relating to the setting up and/or maintenance of significant accounting records and systems;
- the preparation of accounts and records or financial statements of the client; and
- any other services related to fundamental aspects of the client's business and/or strategic planning, including Information Technology.

The above services are not intended to be exhaustive and the ANAO may decline any request for the contractor to perform non-audit work for the entity without giving any reasons.

- 2.37.7 Tax services of a compliance nature are to be permitted under ANAO policy, while taxation advice, such as advice of a strategic or tax planning nature, is not permitted.
- 2.37.8 While a response to accounting issues arising from financial statement audits to ensure compliance with accounting standards and report frameworks is appropriate, it is considered that provision of accounting policy advice could give rise to a commercial relationship and therefore may result in a conflict of interest.

## **2.38 Unlawful Inducements**

- 2.38.1 Tenderers and their respective officers, employees, agents or advisers must not have violated any applicable laws or Commonwealth policies regarding the offering of unlawful inducements in connection with the preparation of their tender.

## **2.39 Improper Assistance**

- 2.39.1 Tenders which, in the opinion of the ANAO, have been compiled with the improper assistance of employees of the ANAO or the Commonwealth, ex-employees of the ANAO or the Commonwealth, and/or contractors or ex-contractors of the ANAO or the Commonwealth, or with the utilisation of information unlawfully obtained from the ANAO or Commonwealth, will be excluded from further consideration. Tenderers must not seek in any way to obtain a special advantage from an ANAO or Commonwealth officer in connection with the preparation of their tenders.

## **2.40 Privacy**

- 2.40.1 Tenderers are advised that it is Commonwealth policy to ensure that there is no loss of privacy protection when a Commonwealth body contracts for the delivery of Services. Hence, the preferred Tenderer will need to agree in the Services Contract to comply with the *Privacy Act 1988*, including the Information Privacy Principles as if it were an agency for the purposes of that Act, although there may be no legislative requirement to do so.
- 2.40.2 Tenderers should note that section 95C of the *Privacy Act 1988* requires parties to Commonwealth contracts to inform, in writing, any person who enquires whether the contract contains provisions that are inconsistent with the National Privacy Principles or an approved privacy code.

## **2.41 Equal Employment Opportunity for Women in the Workplace Act 1999**

- 2.41.1 Commonwealth policy requires all suppliers of goods and services to the Commonwealth to comply with the Equal Employment Opportunity for Women in the Workplace Act 1999.
- 2.41.2 Tenderers must state whether or not they are currently named as not complying with the Equal Employment Opportunity for Women in the Workplace Act 1999. Where subcontractors are specified in the tender, the tenderer should note the subcontractors compliance or otherwise with the aforementioned Act.

## **2.42. ANAO's Rights**

2.42.1 The ANAO reserves the right, in its absolute discretion, at any time:

- (a) to alter the process (including the proposed timetable) outlined in these Conditions of Tendering in accordance with clause 2.10.1;
- (b) if the ANAO considers that it is in the public interest to do so, discontinue this tender process at any time (including in the course of negotiations);
- (c) to require clarification of a tender or seek additional information;
- (d) to set priorities and broad weightings for evaluation criteria, or to vary those priorities or weightings;
- (e) to negotiate or not negotiate with one or more tenderers;
- (f) to amend the Conditions of Contract during negotiations;
- (g) to allow, or not to allow, the successful tenderer to enter into the proposed contract in the name of a different legal entity from that which provided a response to this RFT;
- (h) to enter into a contract outside this process, in circumstances where direct sourcing is permitted by the Commonwealth Procurement Guidelines (clause 8.65(a)); and
- (i) to publish the name of the successful tenderer.

2.42.2 Any rights reserved in this RFT is for the sole convenience of the ANAO. The establishment of a right in this RFT does not create an obligation on the part of the ANAO to take any action or any right in any tenderer that any action be taken. The ANAO may notify affected tenderers if it does any of the above but shall not be obliged to provide any reasons for its actions.

2.42.3 In any contract negotiations, the ANAO may seek variations to an offer or may seek supplementary offers in respect of any changes to the originally stated requirements. The ANAO reserves the right to enter into any such discussions and negotiations at its absolute discretion (which includes dealing with any tenderer as it deems fit without the need to correspond with other tenderers during this period).

## **2.43 Auditor-General Act**

2.43.1 The attention of tenderers is drawn to the *Auditor-General Act 1997*, which provides the Auditor-General or an authorised person with a right to have, at all reasonable times, access to information, documents and records.

2.43.2 In addition to the Auditor-General's powers under the *Auditor-General Act 1997*, if the tenderer is chosen to enter into a Contract, the tenderer will be required to provide the Auditor-General or an authorised person, access to information, documents, records and ANAO's assets, including those on the tenderer's premises. This will be required at reasonable times on giving reasonable notice for the purpose of carrying out the Auditor-General's functions and will be restricted to information and assets which are in the custody or control of the tenderer, its employees, agents or subcontractors, and which are related to the Contract. Such access will apply for the term of the Contract

and for a period of ten (10) years from the date of expiration or termination. Additionally, the ANAO will require the contractor to give all the associated working papers to the ANAO at the completion of each year's financial statement audit and on the expiry or termination of the contract. Note however, that the contractor may keep a copy for its own records.

- 2.43.3 Each tenderer should obtain, and will be deemed to have obtained, its own advice on the impact of this legislation on its participation in the RFT process.

**2.44 Security, financial and probity checks**

- 2.44.1 The ANAO reserves the right to perform such security, probity and/or financial checks and procedures as the ANAO, at its absolute discretion, may determine are necessary in relation to the tenderer, its officers, employees, partners, associates or related entities including consortium members and their officers or employees. The tenderer agrees to provide, at its cost, all reasonable assistance to the ANAO in this regard.

**Attachment A to Part 2**

NAME OF CLIENT: ARCo.....			
	Year 1 for year ending 30 November 2009	Year 2 for year ending 30 November 2010	Year 3 For year ending 30 November 2011
Hours to be delivered by:			
- Audit Partner			
- Audit Manager			
- Audit Senior			
- Auditors			
- Specialist staff (eg IT)			
Total hours to be delivered each year:			
Hourly rate by:			
- Audit Partner			
- Audit Manager			
- Audit Senior			
- Auditors			
- Specialist staff			
Total staff costs			
Any out of pocket expenses Yes/No: If yes, please provide details:			
Any other costs - Yes/No: If yes, please provide details:			
Total cost of audit for each year:			

**Attachment B to Part 2**

NAME OF CLIENT: ARCo	
Name of auditor:  Role:	
(To be completed for each member of the team working on the audit)	
Qualifications:	
Relevant audit experience:	
Relevant general experience:	

**Attachment C to Part 2**

I, **(1)** ..... [Name]

of..... [Address]

a director/partner of .....(ACN.....) (ABN.....)  
(the "**Tenderer**").

do solemnly and sincerely declare as follows:-

1. I am authorised by the Tenderer to make this declaration:
2. The Tenderer offers to supply the certain audit services at the prices tendered and on the conditions set out in the Request for Tender dated 16 June 2009 (the "**RFT**").
3. The tender to which this statutory declaration is appended (the "**Tender**") has not been prepared with the benefit of:
  - (a) information obtained from a current or former officer or employee of the Australian National Audit Office (ANAO) or the Australian River Co Limited in circumstances that constitute a breach of confidentiality or fidelity on the part of that person or a breach of legislation; or
  - (b) information otherwise improperly obtained from ANAO or the Australian River Co Limited.
4. The Tenderer through its officers, employees or agents, has not attempted and shall not attempt, to influence improperly any officer or employee of ANAO or the Australian River Co Limited in connection with the assessment of tenders.
5. The Tenderer acknowledges and agrees to all RFT conditions including without limitation, obligations and acknowledgments included in the RFT documents.
6. The Tenderer hereby authorises the ANAO and its officers, employees, agents or advisers to:
  - (a) undertake confidential reference, probity, financial and credit checks;
  - (b) seek any additional financial information required for the purpose of establishing the financial viability of the Tenderer; and
  - (c) agree to provide, at no cost to ANAO, reasonable assistance to ANAO to assist it in any checking it wishes to have undertaken under the RFT or otherwise.

AND I make this solemn declaration by virtue of the *Statutory Declaration Act 1959* and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

**(2)**



# **PART 3**

## **STATEMENT OF REQUIREMENT**

## **PART 3 - STATEMENT OF REQUIREMENT**

### **3.1 Introduction**

- 3.1.1 The Services to be provided by the successful contractor (Contractor) shall be in respect of the provision of audit services of the financial statements of the Australian River Co Limited for the years ending 30 November 2009, 2010 and 2011, with an option for a further 2 years, or until the Auditor-General ceases to be the auditor whichever is the earlier and shall include attest audit coverage and legal compliance as applicable.
- 3.1.2 In addition to the above attest audit coverage the Services provided shall include reasonable services which a professional auditor would normally supply. These may include the provision of advice on the effectiveness and efficiency of internal control and accounting systems, reviewing investment and provisioning procedures, providing interpretation of relevant new or revised accounting standards, legislation, review of printer's proofs and annual report etc.
- 3.1.3 Should a tender response identify any additional services or arrangements that a tenderer may propose as part of its proposal, the tenderer should indicate whether it considers any aspects of these to be confidential in terms of disclosure in the contract.

### **3.2 Outcomes and Reporting:**

- 3.2.1 The outcome of the auditing Services shall be recommendations to the Auditor-General on the form and content of the auditor review reports to be issued on the financial statements.
- 3.2.2 A report shall be made to the Auditor-General stating that all relevant audit procedures, including any requested by the Auditor-General, have been satisfactorily completed.
- 3.2.3 Working papers are to be made available in case the ANAO Signing Officer requires them or the audit is selected for examination as part of the ANAO Quality Assurance requirements. Additionally, the ANAO will require the contractor to give all the associated working papers to the ANAO at the completion of each year's financial statement audit and on the expiry or termination of the contract. Note however, that the contractor may keep a copy for its own records.
- 3.2.4 A Signing Officer Review Memorandum (SORM) needs to be prepared to support the audit opinion. Requirements are specified at Attachment A to Part 3.
- 3.2.5 In addition the following material would be expected to be prepared on behalf of the ANAO for submission by ANAO as the auditor (with indicative timing):
- Engagement letter detailing risks to ARCo's Audit Committee in December/January each year;
  - Closing reports on significant issues and the results of the review and audit to ARCo's Audit Committee – at the time the Audit Committee considers the final statements in February/March each year;
  - Management letter addressing internal control matters in respect of ARCo (if applicable) by February/March each year; and
  - A short report for inclusion in the ANAO's report to Parliament on the results of the annual audit of financial statements (where required).



### 3.3 Background to the Requirement

- 3.3.1 The audit would remain the responsibility of the ANAO. The Contract Authority/Project Manager would provide input and advice to various developmental aspects of the audit.
- 3.3.2 Any audit completed by the Contractor may be selected for review as part of the ANAO's normal quality assurance arrangements.

### 3.4 Contract Authority and Project Manager

- 3.4.1 The Contract Authority is the Auditor General's representative in respect of all aspects of the requirements specified in the SOR. The Contract Authority would act through the Project Manager [if applicable], for the conduct of the day to day management of the required Services.
- 3.4.2 Details of the Contract Authority and Project Manager are provided below.

<b>Contract Authority:</b> John Jones
<b>Project Manager:</b> John Jones

- 3.4.3 The Contract Authority/Project Manager will provide input to the audit process, as and when necessary. Areas where the Contract Authority/Project Manager will provide guidance and input include
- (i) Facilitate access to the Australian River Co Limited;
  - (ii) Attend opening and closing interviews and audit committee meetings etc; and
  - (iii) Report style, structure and content.

### 3.5 Required Standards of Performance

- 3.5.1 The standards of performance set out below apply to all of the required Services described in the SOR.
- a. **General**  
The Services are to be carried out to the satisfaction of the ANAO and otherwise in accordance with good commercial practice, professional standards and relevant Commonwealth, State and Local Government legislative requirements. The Contractor is expected to conduct all of the Services in a manner that enhances the overall quality and performance of the activities with which the Services are associated.
  - b. **Auditing Standards**  
The Contractor must comply with ANAO Auditing Standards.
  - c. **Avoidance of Disruption**  
The Contractor must conduct the required Services in a manner that avoids any disruption to the proper performance of the functions and activities supported by the Services or which are conducted in conjunction with the Services.

d. **Personnel Conduct and Behaviour**

The Contractor is responsible for the conduct of all employees. The Contractor is to ensure that personnel delivering the required Services observe all relevant personnel policies and procedures.

**3.6 Conditions Applying to the Delivery of the Services**

3.6.1 The conditions described below apply to all of the required Services described in **Statement of Requirements**.

a. **Contractor to be appointed Pursuant to Auditor-General Act**

The successful Contractor will be appointed under the provisions of Section 27 of the *Auditor-General Act 1997*. This will entitle the Contractor to receive relevant Commonwealth information and will bind the Contractor to the confidentiality provisions of Commonwealth legislation.

b. **Co-ordination**

The Contractor will be required to participate in regular and formal co-ordination meetings as they apply to the delivery of the required Services and the meeting of the Contractor's associated contractual obligations.

c. **Formal Reporting**

The Contractor will be required to provide reports on progress under the Contract and on the achievement of the required performance standards according to the project and audit plans. As a minimum, the reports are to include details of:

- i. status of task completion against project timetable;
- ii. variations in Contractor resource/management arrangements;
- iii. problems encountered by Contractor in performing any of the required Services;
- iv. outcomes of user satisfaction surveys;
- v. client complaints and rectification action taken;
- vi. actions taken to avoid re-occurrence of complaints and concerns;
- vii. corporate response to ANAO concerns regarding deficiencies in performance;
- viii. any other matters impinging on the performance of the contract requirements.

d. **Client Satisfaction enquiries**

The ANAO may conduct client satisfaction enquiries on a regular basis.

e. **Designated Personnel**

The proposal must designate the senior personnel to be involved in the consultancy and these cannot change without prior approval of the ANAO. The ANAO would expect some consistency of personnel to be used on subsequent audits to build on the experience gained in the earlier audits.

f. **Qualifications, Credentials and Accreditation**

The Contractor's personnel are to hold the professional qualifications, credentials and accreditation appropriate to the provision of the Services for which they are responsible.

g. **Facilities**

The ANAO will provide limited facilities to the Contractor in the form of a desk and telecommunication tools if the Contractor is required to operate from the ANAO's premises. In the main, however, the Contractor is required to conduct the audits from the client's premises, and it is expected that the Contractor will negotiate with

the client for access to minimum office furniture and equipment. The Contractor is expected to provide its own staff with computing facilities.

- h. **Contractor Access to Facilities**  
The Contractor is not to enter buildings or facilities of the ANAO or client agencies, except in the course of providing the required Services, or where prior approval has been provided by the Contract Authority.
- i. **Client Furnished Information (CFI)**  
During the conduct of the required Services, the Contractor may have access to private and confidential information relating to the operations of the ANAO or its personnel or its clients. The Contractor is to ensure that such information is treated as private and confidential at all times. Such information is not to be divulged to any person without the prior written agreement of the ANAO. This protection is to extend to information that comes into being during the course of the contract. All CFI is to be returned to the ANAO at the end of the contract.
- j. **Occupational Health and Safety**  
The Contractor is required to satisfy all required Occupational Health and Safety (OH&S) requirements associated with the delivery of the required Services.
- k. **Personal Identification**  
The Contractor may be required to carry identification cards when conducting audits in the client's premises.
- l. **Security Requirements**  
The Contractor is required to satisfy security requirements as specified by the ANAO in accordance with the draft contract and client organisation. Where the requirement is for the Contractor's personnel to be subject to clearance, vetting or checking procedures, and unless otherwise stated, the Contractor will bear the cost of such procedures.
- m. **Review Requirements**  
The Services are required to be performed in a manner that is consistent with the ANAO's systems and procedures. The Contractor is to make its personnel, facilities and internal records available for the purpose of any review the ANAO may wish to make to confirm satisfaction of that requirement. Where such reviews identify shortcoming or deficiencies in the Contractor's satisfaction of the requirements, the Contractor is to initiate immediate remedial action and respond to the audit findings.
- n. **Services to Audited Agencies**  
If, during the course of the consultancy, the Contractor wishes to provide any other services to a client, the Contractor will be required to seek the approval of the Auditor-General before offering to provide or providing such services.
- o. **Working Papers**  
The Contractor is to note that all working papers and correspondence will become the property of the ANAO. Additionally, the ANAO will require the contractor to give all the associated working papers to the ANAO at the completion of each year's financial statement audit and on the expiry or termination of the contract. Note however, that the contractor may keep a copy for its own records.

### **3.7 Conflict with Agreement**

- 3.7.1 Where the provisions of this Part conflict in any way with the provisions of the Contract, the provisions of the Contract shall prevail.

## Objective/Structure of the Signing Officer Review Memorandum (SORM)

1. The objective of the SORM is to provide a single document to the ANAO Signing Officer that includes all information and matters requiring consideration and/or clearance by the Signing Officer prior to the issue of an audit opinion on a set of financial statements.
2. A SORM should include the following elements:

### **Introduction**

A brief and general overview of the organisation.

### **Scope of the Audit**

Details of any non-standard objectives of the audit and the reporting requirements under which the audit report(s) will be issued.

### **Audit Resourcing**

Identification of personnel involved in the audit as well as a comparison of budget to actual audit resources and an explanation for any significant variations.

### **Financial Statements**

A brief explanation of the operating results is to be provided including any relevant statistical details/operational trends and major balance sheet movements (commercial).

An explanation of the composition of any unusual/new financial statement items

An outline of the audit approach in relation to significant financial statement items.

### **Accounting and Auditing Issues**

A detailed description of how assurance was obtained over material balances.

Discussion on the outcome of the audit of significant business risks identified in the strategy and audit planning documentation.

A discussion on the status of any performance or internal audit work which may impact upon the financial statements.

Discussion of significant matters reported to management as a result of the audit (if this has been summarised to management in (say) a Closing Audit Report, a cross reference to that report is sufficient).

Other significant audit/accounting/disclosure issues which were resolved without the need for formal management reporting (what the issue was and how it was resolved).

### **Lessons Learned**

The SORM should include reference to the major issues noted which have implications for either future financial statement audits for this client.

### **Summary of Audit Differences**

The net effect of all audit differences not adjusted by the auditee to be provided (again cross referencing to the Closing Audit Report if appropriate).

### **Attachments**

Attachments will include draft opinions and covering letters.

### **Statement of Work Performed**

The SORM should conclude with the following statement (modified as necessary where there have been variations on the approved strategy or where the audit opinion is to be modified):

*All audit work has been finalised in accordance with the approved audit strategy. As a result of the audit work conducted, sufficient appropriate audit evidence exists to support the issue of an unmodified audit opinion. The attached opinion is recommended for your signature.*

# **PART 4**

## **CONDITIONS OF CONTRACT**

# **PART 5**

## **GENERAL INFORMATION MATERIAL**

## BACKGROUND INFORMATION

### Australian River Co Limited and the consolidated entity

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#### Function

The principal activities of the Australian River Co Limited and the consolidated entity (ARCo) are to continue as the owner and head charterer of two vessels, which are subject to various charter/ sub charter arrangements between the Australian River Co Limited and a third party. In addition the consolidated entity continues to administer its worker compensation liabilities.

#### Audit Authority

The Australian River Co Limited and the consolidated entity is required to prepare financial statements in accordance with the requirements of the *Corporation Act 2001*.

Under the *Auditor-General's Act 1997*, the Auditor-General's functions include auditing financial statements of Commonwealth companies and their subsidiaries in accordance with the *Commonwealth Authorities and Companies Act 1997*.

#### Business Structure

ARCo comprises a Chairman and 2 Directors. ARCo also has a company secretary. Accounting and company secretarial services are provided by a private company under a management services agreement.

#### Key financial data year ended 30 November 2008:

Consolidated	2008 \$'000	2007 \$'000
Revenue from operations	2,571	2,545
Other Income	1553	1,358
Exchange Gains	(11)	192
Expenses	(907)	(412)
Net Profit	3206	3,683
Total Asset	40540	40,017
Total Liabilities (c)	15,348	14,348

Comments:

- (a) the financial statements apply the principles of tax effect accounting
- (b) the consolidated entity uses derivative financial instruments, such as forward currency to hedge its risk associated with foreign currency fluctuations
- (c) Provision for crew claims and related claims recoverable is based on an actuarial review of the company's claims exposure.

**It would be expected that the successful tenderer would have demonstrated specialist skills in tax effect accounting, derivative financial instruments and actuarial services.**

### **Audit Risk**

The overall risk assessment for the financial statements has been assessed as LOW.

### **Significant Issues**

The remaining operations of the consolidated entity are being operated with a view to winding down the consolidated entity at the earliest opportunity. At this date, a variety of options are being considered, deliberations on these matters have not been finalised.

### **Audit Timetable (including the expected date of signing of the 2009 audit)**

The timetable for the processing of the year ending 30 November 2008 financial statements was as follows:

Activity	Date
Draft Statements Received *	Approx January 2009
Audit Report Issued *	24 March 2009

\* it is expected that a similar timetable will be followed for the year ending 30 November 2009

### **Security Clearance Necessary**

In confidence

### **Location**

Melbourne City

Vessels operate from Queensland ports.

### **Website**

Not applicable

# **Annexure A - Information Security Checklist**

## **Introduction**

The Australian National Audit Office (ANAO) is a specialist public sector audit practice providing a full range of audit services to the Parliament and Commonwealth public sector entities.

ANAO audit clients include some 260 Commonwealth government bodies. In the process of performing the audit role the ANAO and its contractors collect a range of data and information concerning government and commercial operations. The ANAO and its contractors have a legal and professional responsibility for securely handling and managing this data and information as the reputation and position of trust held by the ANAO and its contractors are, in part, dependent on the ability to protect the information provided by clients.

Under clause 2.19.3 of the Request for Tender, the ANAO is therefore seeking additional information from all tenderers in respect of their Security and Quality Assurance and Control Arrangements as they relate to weighted Criterion 1 (the methodology proposed to be used to complete the audit including the use of electronic data processing facilities).

The ANAO's activities comply, where relevant, with the requirements of the Commonwealth Protective Security Manual (PSM), the Australian Communications Electronic Security Instructions 33 (ACSI-33) and relevant Australian standards. The compliance framework for the ANAO's IT security is the Information Security Management ISO/IEC 17799:2001 against which the ANAO undertakes regular Threat Risk Assessments (TRAs).

To assist the ANAO's assessment of tenderers' bids under weighted Criterion 1 the following checklist should be completed to identify the tenderer's position with respect to their security control arrangements. It should be noted that if any areas of compliance are unable to be met, this will not necessarily result in exclusion from the Tender. It may require the ANAO to conduct a risk assessment and suggest areas for mitigation.

## **Additional Information: Security, Quality Assurance and Control Arrangements**

Tenderers must complete the checklist by circling the applicable indicator: “Yes” or “No” to each question. If any response is “No”, please provide comment at the end of the section on how the risk(s) will be addressed.

### **1. Information Security Organisation**

Tenderer has an information security policy. Y/N

The information security policy clearly defines who is responsible for security issues. Y/N

Comments (if applicable).

### **2. Asset Classification and Control**

Tenderer applies the Commonwealth’s security classification system when dealing with classified material. Y/N

Tenderer has a procedure to ensure all its staff who will work on this audit understand the Commonwealth’s security classification system. Y/N

Tenderer uses labels according to the highest classification applied to documents and data obtained and developed during this audit. Y/N

Comments (if applicable).

### **3. Personnel Security**

Tenderer has a security clearance process, that includes background checking, applying to all its staff who will work on this audit. Y/N

Tenderer conducts security awareness training for its staff. Y/N

Tenderer has a formal disciplinary procedure to deal with its staff who commit serious or persistent breaches of security. Y/N

Tenderer has an incident detection and response policy or plan. Y/N

Comments (if applicable).

#### **4. Physical security**

Tenderer has a secure area for the processing and handling of classified material. Y/N

Tenderer uses physical and logical repositories that are at least 'intruder resistant' to store classified material. Y/N

Tenderer has security procedures to protect all equipment and media that contains audit information when it is off-premises. Y/N

Comments (if applicable).

#### **5. Cryptography**

Tenderer uses encryption to protect classified material held on portable computers. Y/N

Tenderer uses encrypted USB drives for the transfer of classified material between computers. Y/N

Comments (if applicable).

#### **6. Remote Access**

Tenderer has a policy that prohibits the use of home computers for processing and/or storing of audit material to be obtained or developed under this contract. Y/N

Tenderer has a policy that prohibits the transmission of classified material over unprotected networks. Y/N

Comments (if applicable).

## **7. Access to Systems**

Tenderer has policies and procedures governing access to its systems.	Y/N
Firewall(s) are in place to protect audit material to be obtained and/or developed under this contract.	Y/N
Tenderer prohibits the use of unauthorised software on its systems.	Y/N
Tenderer will NOT use wireless technology to transmit or receive audit material obtained or developed as part of this audit.	Y/N
Comments (if applicable).	

## **8. Business Continuity Management**

Tenderer maintains threat and risk assessments to identify events that can cause interruptions to business processes.	Y/N
Tenderer has a business continuity management plan.	Y/N
Comments (if applicable).	