

NSW ICAC EXHIBIT

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From: Rowe Karen
Sent: Friday, 30 October 2015 12:44 PM
To: Yan Yang
Subject: FW: Hill Rogers Spencer Steer Assurance Partners - Audit as at 30 June 2015
Attachments: Hill Rogers Spencer Steer Assurance Partners - Audit as at 30 June 2015.docx

questionnaire

From: Cullinane, Lorraine
Sent: Friday, 30 October 2015 11:34 AM
To: Collins Jennie; Byrnes, Barry; Rowe Karen
Cc: Capecchi, Elizabeth
Subject: Hill Rogers Spencer Steer Assurance Partners - Audit as at 30 June 2015

Hill Rogers Spencer Steer Assurance Partners			
Entity Name	City of Botany Bay	Provided By	Lorraine Cullinane 29/10/2015
Audit as at	30/6/2015		
Memo	Planning Questionnaire – discussions with management		

Aim:

The Auditing Standards require us as Auditor to discuss many aspects with management during the audit. This questionnaire is designed to cover the areas from the standards that should be discussed:

Fraud

1. On a scale of 1 to 10 (with 1 as unlikely and 10 as extremely high), what is management's assessment of a significant fraud occurring and what factors have contributed to that assessment?

3 – Potential risks have been identified in procurement processes that may increase the likelihood of fraudulent activity occurring.

2. What are the areas of the entity's operations where management believes there may be a risk of fraud occurring (potentially resulting in a material misstatement on the entity's financial statements)?

No areas where management is aware of an event resulting in a material misstatement on Council's Financial Statements

3. What systems have been implemented to identify and reduce the risk of a significant fraud occurring?

- Internal Audit Function
- Appointment of Manager Governance
- Recent appointment of Procurement Officer
- Procurement Policy and Procedures currently being reviewed
- Adopted Statement of Business Ethics
- Adopted Fraud and Corruption Prevention Policy
- Adopted Risk Management Policy
- Adopted Investment Policy
- Adopted Internal Reporting Policy
- Adopted Code of Conduct
- Code of Conduct and Botany Way Training provided to staff approximately every two years

- Human Resources Policy including Induction processes

4. Have there been any known or suspected events where a fraud may have been committed?

No known events, potential risks identified may increase the likelihood of fraudulent activity occurring.

5. How does management communicate with those charged with governance its processes for identifying and responding to the risks of fraud in the entity?

- Executive Committee
- Team Meetings
- Induction processes
- Training and development opportunities

6. How does management communicate with its employees its processes for identifying and responding to the risks of fraud in the entity?

- Adopted Policies on Intranet and Internet
- Training and development opportunities including Code of Conduct and Botany Way training
- Access to resources including ICAC on the Internet
- Internal Audit function
- Risk Management function
- Induction

Laws and Regulations

1. How does management identify laws or regulations that may be expected to have a fundamental effect on the operations of the entity?

- Council maintains a Compliance Register
- Subscription to Delegations Register through Hunter Councils
- CCH alerts
- Online subscriptions / email alerts
- External Risk Audit undertaken in October 2014

2. What policies and procedures regarding compliance with laws and regulations does the entity have?

- Compliance Policy
- Risk Management Policy
- Compliance Register
- Delegations Register

3. Has management identified any breaches of laws and regulations during the period?

No.

4. How does management identify, evaluate and account for litigation claims? Have any litigation claims been identified during the period?

Council applies the policies and procedures adopted by, and as a member of, the United Independent Pools and MetroPool. This includes access to claims assessment and legal services. Reporting on the status of development legal matters to Development Committee on monthly basis.

Related Parties

1. What risk assessment procedures does management use to identify, account for and disclose related party relationships and transactions?

- Annual completion of Returns and Disclosures of Councillors and Designated Persons
- Code of Conduct
- Declaration of Interest section included as agenda item on Business Papers
- Report of Returns and Disclosures of Councillors and Designated Persons submitted to Council in October each year
- Procurement Procedures requires disclosure of conflicts of interest

2. What are the identities of related parties at the current time and during the period in question? Obtain a list of management identified transactions for the period.

Nil.

3. Have the relationships with related parties changed during the period and if so how?

No.

Risk Management

1. Has the entity established and documented processes for:

- a) Identifying business risks relevant to financial reporting objectives;
- b) Estimating the significance of the risks;

- c) Assessing the likelihood of their occurrence; and
- d) Deciding about actions to address those risks.

Yes – Risk Management Policy adopted May 2015.

- 2. Are risks identified documented (e.g. risk register)? How often is the risk register reviewed?**

Yes – Risk Management Plan specifies annual review.

- 3. Have any risks of material misstatement to the financial statements been discovered that management had failed to identify (i.e. a risk not included in the risk register)?**

No – Risk Management Plan provides for annual review in November/December.