

CONTRACT FOR AUDITING SERVICES

between

the Auditor-General of Queensland

and

[name of Audit Service Provider]

THIS CONTRACT is made

BETWEEN: The **AUDITOR-GENERAL OF QUEENSLAND** (the “Auditor-General”);

AND: The **AUDIT SERVICE PROVIDER** named in Item 1 of the Schedule (“Audit Service Provider”).

BACKGROUND:

- A.** The Contract Auditor, a senior officer of the Audit Service Provider, is authorised to provide Auditing Services on behalf of the Auditor-General.
- B.** The Auditor-General has engaged the Audit Service Provider to perform Auditing Services, through the Contract Auditor and the Key Personnel, in relation to each Entity.

AGREED TERMS:

1. Definitions and Interpretation

1.1 In this Contract, unless the context otherwise requires, the following definitions apply:

“**Act**” means the *Auditor-General Act 2009*;

“**Auditor-General**” means the person for the time being holding or performing the duties of the Auditor-General or any other officer specified by the Auditor-General from time to time;

“**Audit Service Provider**” means the provider of the Auditing Services named in this Contract for Auditing Services;

“**Auditing Services**” means the performance of:

- (a) financial and assurance audits mentioned in section 40 of the Act; or
- (b) another type of audit, as specified in Item 2 of the Schedule,

in respect of an Entity in accordance with the Specifications and the Offer;

“**Completion Date**” means the date on which the deliverables mentioned in the Supply Conditions are provided by the Audit Service Provider to the Auditor-General;

“**Conflict of Interest**” means a situation where the private or business interests of the Audit Service Provider, Contract Auditor or a Key Person are likely to or could be perceived to interfere with the proper performance of the Auditing Services;

“**Contract**” means the contract formed between the Auditor-General and the Audit Service Provider for the performance of Auditing Services, comprising this document, its schedule, the Special Conditions, the Supply Conditions, the Specifications and the Offer;

“**Contract Auditor**” means the person named in Item 3 of the Schedule, being an individual appointed as a contract auditor under section 43 of the Act;

“**Entity**” means the public sector entity or entities named in Item 4 of the Schedule, in respect of which the Audit Service Provider is to perform the Auditing Services;

“**Entity Specific Specifications**” means the documentation known as ‘Entity Specific Specifications’ provided to auditors in order to tender an offer for the engagement of contract auditing services for the Entities specified in Item 4 of the Schedule;

“Estimated Expenses” means the total amount estimated to be incurred by the Audit Service Provider for disbursements and travel expenses in connection with the performance of the Auditing Services, as specified in Item 14 of the Schedule;

“Fees” means the fees payable for the Auditing Services, as specified in Item 5 of the Schedule;

“Funding Program” means a funding program administered by a State or the Commonwealth Government agency under which the Entity receives a grant, subsidy or funding;

“Instalment” means an instalment of the Fees, as specified in the table under the heading ‘Milestones and Fee Instalments’ in the Specifications:

“ITO” means the Invitation to Offer;

“Key Person” and **“Key Personnel”** mean the representatives of the Audit Service Provider specified in Item 6 of the Schedule, who are to perform the Auditing Services on the Audit Service Provider’s behalf, under the supervision of the Contract Auditor;

“Milestone” means a milestone specified in the table under the heading ‘Milestones’ Milestones and Fee Instalments’ in the Specifications;

“Offer” means those parts of the Audit Service Provider’s offer to provide the Auditing Services that are attached to this document;

“Opinion” means an opinion, report or certificate to be provided by the Audit Service Provider in relation to a Report;

“Report” means a report, statement, form, certificate or similar document that is required in relation to financial acquittal under a Funding Program;

“Schedule” means the schedule to this document;

“Specifications” means the specifications for the Auditing Services that are attached to this document;

“Special Conditions” means the special conditions, if any, specified in Item 15 of the Schedule; and

“Supply Conditions” means the document entitled “Contract Auditing Supply Conditions” described in Item 7 of the Schedule.

1.2 In this Contract:

- (a) a reference to an individual or person includes a corporation or other legal entity or, where a position is nominated, the individual occupying that position;
- (b) words importing a gender include any other gender and words in the singular include the plural and vice versa;
- (c) headings have been inserted for ease of reference only and are not intended to affect the meaning of this Contract;
- (d) where there is any inconsistency between a schedule to this Contract and a clause contained in this Contract, the clause will prevail to the extent of the inconsistency;
- (e) a reference to the Act or any other legislation includes any subordinate legislation made under it and any legislation amending, consolidating or replacing it; and

- (f) defined terms include other parts of speech and grammatical forms of the defined term.
- 1.3 Where the Audit Service Provider comprises two or more persons, this Contract binds them jointly and each of them severally.
- 1.4 If there is any inconsistency between a provision of this document, the Supply Conditions, the Special Conditions, the Specifications and the Offer, the documents will apply in the following order of precedence to the extent of the inconsistency:
 - (1) this document and its schedule;
 - (2) the Special Conditions;
 - (3) the Supply Conditions;
 - (4) the Specifications; and
 - (5) the Offer.
- 1.5 All the documents in clause 1.4 form the Contract.

2. Term

- 2.1 This Contract will commence on the date that it has been signed by both parties and unless earlier terminated, will expire at the end of the Completion Date.
- 2.2 The Auditor-General may, in the absolute discretion of the Auditor-General, extend this Contract by notice to the Audit Service Provider, for up to an additional 2 years from the Completion Date.

3. Auditing Services

- 3.1 The Audit Service Provider will perform the Auditing Services in respect of each Entity in accordance with the Supply Conditions for the financial years specified in Item 8 of the Schedule.

4. Conflict of Interest

- 4.1 The Audit Service Provider warrants that, to the best of the Audit Service Provider's knowledge, information and belief, no Conflict of Interest exists or is likely to arise in the performance of the Audit Service Provider's obligations under this Contract.

5. Fees

- 5.1 The Auditor-General will pay the Fees to the Audit Service Provider for the Auditing Services in accordance with the Supply Conditions.

6. Contingency

- 6.1 This clause applies if a Contingency Event occurs and the Audit Service Provider is required to undertake work outside the scope of the Auditing Services ('**Contingency Work**').
- 6.2 The Auditor-General may, in the Auditor-General's absolute discretion, agree that the Audit Service Provider will perform the Contingency Work and apply all or part of the Contingency Amount in payment of the fees for the Contingency Work.
- 6.3 If the Contingency Amount is insufficient to cover the fees for the Contingency Work, this clause does not apply to the Contingency Work.

- 6.4 The Audit Service Provider must notify the Auditor-General of the nature of the Contingency Work and an estimate of fees before commencing the Contingency Work. The Auditor-General may:
- (a) approve the Contingency Work and estimate of fees in which case:
 - (i) the fees will be deducted from the Contingency Amount; and
 - (ii) the Contingency Work will be governed by the Contract as if it were part of the Auditing Services;
 - (b) notify the Audit Service Provider that the work is not Contingency Work because it is within the scope of the Auditing Services, in which case, the Audit Service Provider must complete the work but is not entitled to payment of any amount in addition to the Fees;
 - (c) notify the Audit Service Provider that the Auditor-General does not accept that a Contingency Event has occurred, in which case, the Audit Service Provider must complete the work but is not entitled to payment of any amount in excess of the Fees; or
 - (d) notify the Audit Service Provider that the Auditor-General does not consider the fees to be reasonable, in which case the parties must negotiate in good faith an agreed amount of fees for the Contingency Work and clause 6.4(a) will apply.
- 6.5 The Audit Service Provider is not entitled to payment of any part of the Contingency Amount other than in accordance with this clause.
- 6.6 The Audit Service Provider must not commence the Contingency Work unless it has been approved by the Auditor-General under clause 6.4 (a).
- 6.7 In this clause:

Contingency Amount means the amount specified in Item 16 of the Schedule;

Contingency Event means an event that was not reasonably foreseeable at the time of entering into the Contract and that significantly changes the amount or nature of the work required to perform the Auditing Services including:

- (a) the restructure of an Entity;
- (b) the discovery of a potential fraud in relation to the Entity;
- (c) a requirement to provide an Opinion in relation to a Funding Program that is not included in the Entity Specific Specifications in the Specifications; and
- (d) any additional special requirements that are not included in the Auditing Services.

7. Notices

- 7.1 Any notice, request, notification, consent or approval (a “notice”) under the Contract must be in writing and may be sent by prepaid postage, fax, email or delivered by hand to the following respective addresses:
- (a) for the Auditor-General - as set out in Item 9 of the Schedule;
 - (b) for the Audit Service Provider - as set out in Item 10 of the Schedule;
- or such other address as a party may subsequently notify to the other.
- 7.2 The parties appoint the following persons to be their representatives for the purposes of management of the Contract and resolution of any disputes:

- (a) for the Auditor-General - as set out in Item 11 of the Schedule;
- (b) for the Audit Service Provider - the Contract Auditor.

8. Insurances

8.1 The Audit Service Provider must have and maintain for the term of the Contract, the following insurances:

- (a) public liability insurance, if specified in Item 12 of the Schedule, for the amount specified; and
- (b) professional indemnity insurance, if specified in Item 13 of the Schedule, for the amount specified.

The parties have executed this Contract as follows:

SIGNED by the)
AUDITOR-GENERAL OF QUEENSLAND) (signature)
 in the presence of:) / /
 (date)

.....
 (signature of witness)

SIGNED for and on behalf of the)
AUDITOR-GENERAL OF QUEENSLAND by) (signature)
 (name))
 (position),)

a person duly authorised in that regard,)
 in the presence of:) / /
 (date)

.....
 (signature of witness)

SIGNED for and on behalf of the)
AUDIT SERVICE PROVIDER by) (signature of partner)
 (name))
 (position),)

in the presence of:) / /
 (date)

.....
 (signature of witness)

SIGNED for and on behalf of the)
AUDIT SERVICE PROVIDER by) (signature of director)
 (name))
 (director),)

who has been duly authorised by resolution
 of the Board of Directors, in the presence of:) / /
 (date)

.....
 (signature of witness)

Schedule to Contract for Auditing Services

| Item | Description | Details |
|------|---|---|
| 1. | Name of Audit Service Provider: | [insert name of Audit Service Provider and relevant ABN or ACN] |
| 2. | Type of audit (if not a financial and assurance audit): | [insert description of audit and reference to relevant provision in the Act eg Audit of performance management systems under section 38 of the Act] |
| 3. | Contract Auditor: | [insert name of individual who has been appointed under section 43 of the Act] |
| 4. | Entities to be audited: | [insert Entities] |
| 5. | Fees: | [insert Fees] The Fees represent the fixed amount payable for the Auditing Services. |
| 6. | Key Personnel: | [insert names of Key Personnel and their position in the Audit Service Provider eg Fred Bloggs, Partner or Mary Smith, Senior Associate] |
| 7. | Supply Conditions: | Contract Auditing Supply Conditions dated [insert date] |
| 8. | Financial Years for which Auditing Services to be provided: | Financial Year ended [insert year] |
| 9. | Auditor-General's address for service: | [insert address; include street address, postal address, fax number and email address] |
| 10. | Audit Service Provider's address for service: | [insert address; include street address, postal address, fax number and email address] |
| 11. | Auditor-General's nominated contract management representative: | [insert name of officer and position] |
| 12. | Public liability insurance: | [insert if required and the amount] |
| 13. | Professional indemnity insurance: | [insert if required and the amount] |

| | | |
|-----|---------------------|---|
| 14. | Estimated Expenses: | <p>[insert the estimated expenses of the Audit Service Provider as contained in its offer]</p> <p>The Estimated Expenses represent the amount payable for the actual expenses incurred up to but not exceeding this amount.</p> |
| 15. | Special Conditions: | <p>[insert any special conditions required – see Part 4 of ITO]</p> |
| 16. | Contingency Amount | <p>[insert amount]</p> |

Specifications

Scope of Work

[Insert the Scope of Work set out in Part 2 of the ITO]

1. **Scope**

The scope of the Auditing Services is described below with the key deliverables for the audit undertaken each year including:

- Issue a client audit strategy.
- Audit financial statements, including signed and dated management certificates, recommended/signed independent auditor's report.
- Undertake and follow up on Sector-wide Reviews and Performance Management Systems Audits, as requested.
- Attend to specific requests from third party agencies (e.g. Treasury Auditor's requests).
- Report to the Auditor-General outlining
 - Scope of audit
 - Audit conclusion
 - Financial reporting issues
 - Comparative analysis explaining all new or unusual items and all material variances in relation to the financial statements
 - Identification of issues of public interest relating to the Entity which may be further pursued or investigated for possible reporting to Parliament by the Auditor-General (such matters may relate to public accountability, probity, propriety or compliance).
 - Details of any issues that require the attention of the Auditor-General and possible follow up during the next audit
 - Specific identified risks or issues and how these risks were dealt with during the audit
 - Advice of new risks or changes to existing risks.
- Issue management letters, which should contain audit observations, implications, recommendations and management comments.
- Update of client details (including permanent information).
- Provide QAO with an opinion, report or certificate in relation to a report, statement, certificate or form prepared by the Entity (e.g. annual report, certificates of compliance or expenditure, grant acquittal form) for a grant, subsidy or funding program set out in Attachment 1 - Entity Specific Specifications.
- Completion of the Auditing Services being when QAO has received all deliverables and confirmation is provided by the Auditor-General or his delegate of completion of audit services.

- Milestones and Fee Instalments:**

Financial Year Ended 30 June

| Milestone | Due Date * | Fee Instalment ** |
|--|--------------------------------------|-------------------|
| Client strategy issued to Entity <ul style="list-style-type: none"> >\$150,000 All others | 31 December 31 March | 15% |
| Interim management report issued <ul style="list-style-type: none"> >\$150,000 All others | 30 April 30 June | 15% |
| Audit report and recommended opinion delivered to QAO Sector Director | Prior to statutory deadline | 50% |
| Final completion acknowledged by QAO | Within 60 days of statutory deadline | 20% |

* Expected date only, to be negotiated with the successful tenderer

** The specified instalments are the % of the Audit Fee to be billed to the Auditor-General on completion of the Milestone by the specified date.

Financial Year Ended 31 December

| Milestone | Due Date * | Fee Instalment ** |
|--|--------------------------------------|-------------------|
| Client strategy issued to Entity <ul style="list-style-type: none"> >\$150,000 All others | 30 June 30 September | 15% |
| Interim management report issued <ul style="list-style-type: none"> >\$150,000 All others | 31 October 31 December | 15% |
| Audit report and recommended opinion delivered to QAO Sector Director | Prior to statutory deadline | 50% |
| Final completion acknowledged by QAO | Within 60 days of statutory deadline | 20% |

* Expected date only, to be negotiated with the successful tenderer

** The specified instalments are the % of the Audit Fee to be billed to the Auditor-General on completion of the Milestone by the specified date.

2. Summary of Excluded Activities

[Insert those Excluded Activities set out in Part 2 of Schedule of Details of the ITO
(subject to any post-offer negotiations)].

3. *Detailed Requirements Specification*

3.1 *Entity Specific Specifications*

[Insert attachments referred to in Part 2 of Schedule of Details of the ITO (subject to any post-offer negotiations)]

3.2 *Key Personnel Requirements*

[Insert the Key Personnel Requirements set out in Part 2 of Schedule of Details of the ITO (subject to any post-offer negotiations)]

Offer

[Insert Response Schedules to ITO, completed by Offeror]