



## ACCORD AUSTRALASIA PTY LTD

Probity Audit Report for the Accord “Recognised – Environmental Credentials Scheme”

Audit Period November 2015 to August 2018

October 2018



# INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ACCORD PTY LTD

## Background

Accord Australasia Ltd (“Accord”) engaged RSM to perform a reasonable assurance engagement in relation to the operations of the ‘*Recognised – Environmental Credentials Scheme*’ (the Scheme) for the period November 2015 to August 2018. Specifically, the audit is intended to provide confidence that the process is robust and independent, and free from any potential influence by Accord.

The Scheme consists of two parts:

- a set of criteria (Standard Criteria) defining the characteristics of environmentally preferable commercial cleaning products; and
- a fully independent third-party scientific assessment to determine whether products meet the criteria.

Davoren Environmental (“Davoren”) is currently engaged as the third-party assessment body.

The application and assessment process flowchart developed by Accord has been included as **Appendix A** of this report.

## Scope

Accord, under the Standard Criteria, has committed to a biennial independent “probity” audit, i.e. a paper-trail to audit and verify the Scheme operates arms-length from Accord/companies, with full integrity. This audit will provide confidence that the process is robust and independent, and the independence of the third-party assessment from influence by the applicant and/or any potential influence by Accord.

A total of 16 new applications have been received, and 30 licence renewals, under the Scheme since 2015. The scope of the audit was to review documentation which supports a sample of these applications and renewals in forming a conclusion on Accord’s independence in the application and assessment process throughout the period November 2015 to August 2018.

## Our independence and quality control

We have complied with the relevant ethical requirements for assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

In accordance with Australian Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, RSM maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Management responsibility

The Management of Accord is responsible for maintaining an effective internal control structure including control procedures in relation to *Recognised – Environmental Credentials Scheme*. This responsibility includes designing, implementing and maintaining internal controls relevant to issuing licences within the *Recognised – Environmental Credentials Scheme*.

Accord’s management is responsible for operating the Scheme and the application process in such a way as to exclude itself from exercising any influence on the assessment process conducted by the independent third-party assessor.

## RSM’s responsibility

Our responsibility is to express a conclusion on Accord’s independence in the *Recognised – Environmental Credentials Scheme* application and assessment process throughout the period 2015 to 2018. We conducted our reasonable assurance engagement in accordance with Auditing Standard ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This Standard requires that we comply with independence and ethical requirements and plan the engagement in order to perform effectively.

## RSM's responsibility (Cont.)

A reasonable assurance engagement is one designed to obtain evidence that the application and assessment process is robust, independent and free from any potential influence by Accord. The procedures selected to obtain this evidence depend on the practitioner's judgement, as does the assessment of whether any non-compliance is material.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Summary of procedures undertaken

The procedures performed in conducting the engagement included:

- holding an entry meeting to discuss and confirm procedures to be performed, timing and deliverables;
- obtaining an understanding of the systems, processes and controls Accord and Davoren have in place in relation to receiving and assessing applications;
- to consider management's processes and controls for the separation of responsibilities and activities in receiving and assessing applications;
- selecting and testing a sample of applications received (both successful and unsuccessful), obtaining all relevant documentation from both Accord and Davoren to enable a walkthrough of the processes followed, involvement of each party and evidence of decisions made. This included documentary evidence (emails, reports, etc); and
- reviewing the streamlined assessment process for licence renewal which contains some of the same processes/steps described above, for which we will also selected a sample for testing.

## Summary of findings

During the course of our engagement we identified and **three suggestions for improvement** which are detailed in [Appendix A – Findings](#) of the supporting Management Letter. These include:



Opportunity to implement technical assessment monitoring controls



Reviewer Checklist to contain sign-off provision



Processes, procedures and protocols to contain suggested review dates

## Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that we have reviewed, has not been reviewed entirely, hence no view is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the test performed are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

## Use of our reasonable assurance engagement report

This report has been prepared for the purpose of to providing confidence that the process is robust and independent, and free from any potential influence by Accord.

Our report is intended solely for the Directors of Accord for the purpose described above. We permit Accord to share this report with its stakeholders to enable those stakeholders to confirm that an independent assurance engagement has been commissioned by the Directors of Accord. However, we accept no responsibility or liability to such stakeholders for any loss occasioned as a result of access to reliance upon this report.

## INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ACCORD PTY LTD (CONT.)

### Conclusion

In our opinion, based on the audit procedures conducted, the application and assessment process was robust and independent, and was free from any potential influence by Accord, throughout the period November 2015 to August 2018.

Yours faithfully,

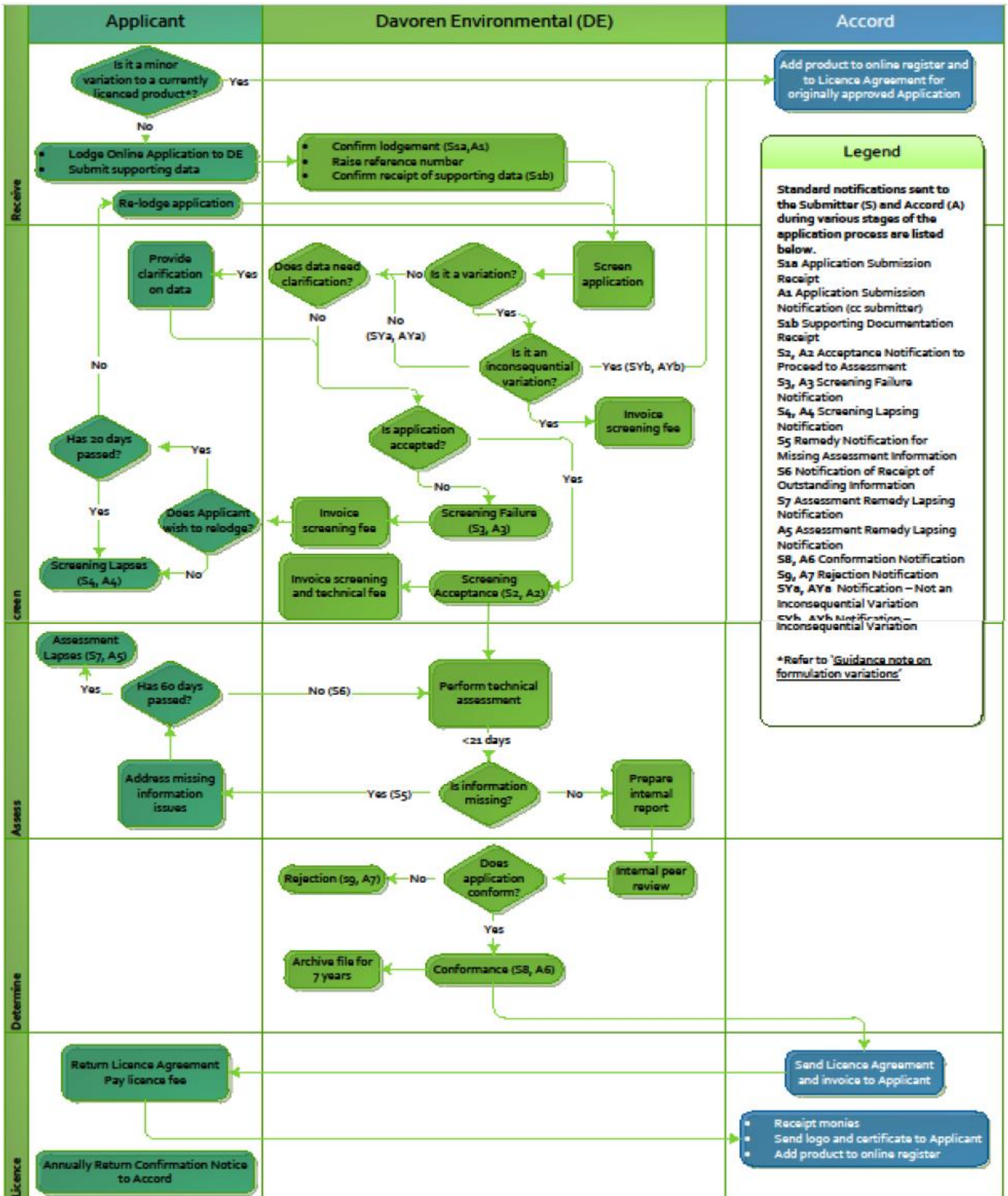
A handwritten signature in blue ink, appearing to read 'Tim Pittaway', with a stylized flourish at the end.

**Tim Pittaway**

Partner  
RSM

Sydney  
12 October 2018

# APPENDIX A - APPLICATION AND ASSESSMENT PROCESS



## **THE POWER OF BEING UNDERSTOOD**

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