

Independent reasonable assurance report to the Management of Export Finance Australia ('EFA') in relation to compliance with of its Policy and Procedure for environmental and social review of transactions, for the 2016-17, 2017-18 and 2018-19 reporting periods

12<sup>th</sup> Feb 2020

## Entity details

Name of entity	Export Finance Australia (EFA)
Name of contact person for audited body:	Ritchie Lees
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## Assurance description

Type of assurance	Subsequent
Kind of assurance	Reasonable Assurance
Objective of the assurance engagement	Assurance of EFA's application of its Policy and Procedure for environmental and social (E&S) review of transactions.
Reporting periods covered by assurance	1 July 2016 – 30 June 2017 1 July 2017 – 30 June 2018 1 July 2018 – 30 June 2019
Date terms of engagement signed:	26 July 2019
Date assurance report signed	12 February 2020

## Assurance team details

Name of assurance team leader	Terence Jeyaretnam
Organisation	EY
Phone number	+61 3 9288 8291
Address	8 Exhibition St, Melbourne VIC 3000
Names of other team members	<ul style="list-style-type: none"><li>- Nikki Hebenstreit</li><li>- Alex Lewin</li><li>- Kelly Ryan</li><li>- Hayley McGuinness</li></ul>

## Peer reviewer details

Name of peer reviewer	Dr Matthew Bell
Organisation	EY
Phone number	+61 2 9248 4216
Address	111 Eagle St, Brisbane City QLD 4000

## Our conclusion

To Export Finance Australia (EFA):

We have conducted a reasonable assurance engagement for all transactions completed by EFA<sup>1</sup> for the reporting period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2019, to report on whether the transactions were examined in line with:

- EFA's Policy for environmental and social (E&S) review of transactions (the "Policy", version of 5<sup>th</sup> December 2019, available from the EFA website<sup>2</sup>); and
- EFA's Procedure for E&S review of transactions (the "Procedure", version of 5<sup>th</sup> December 2019, available from the EFA website).

### 1.1 Responsibility of EFA

The management of EFA is responsible for:

- Ensuring that the E&S review of transactions occurring between 1<sup>st</sup> July 2016 and 30<sup>th</sup> June 2019 was performed fairly and in accordance with the EFA Policy and Procedure.
- Establishing and maintaining internal controls sufficient to ensure consistent review of transactions and projects in accordance with the requirements of the EFA Policy and Procedure.

### 1.2 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 on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, EY 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.
- EY has met the independence requirements of the *APES 110 Code of Ethics for Professional Accountants*.

### 1.3 Our responsibility

Our responsibility is to express an opinion as to whether EFA has complied with the EFA Policy and the EFA Procedure for the period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2019, in all material respects.

We conducted our reasonable assurance engagement in accordance with *Australian Standards on Assurance Engagements ASAE3100 Compliance Engagements* ("ASAE3100"), as issued by the Australian Auditing and Assurance Standards Board. The nature, timing and extent of procedures selected depend on the assurance team leader's judgement, including the assessment of the risks of material misstatement or material non-compliance of the matter, whether due to fraud or error.

In making those risk assessments, we considered relevant internal controls relevant to the EFA's application of the Policy and Procedure in order to design assurance procedures that are appropriate in

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<sup>1</sup> In line with EFA's Policy, military equipment transactions are excluded from the scope of our assurance

<sup>2</sup> Policy and Procedure are available at <https://www.exportfinance.gov.au/our-organisation/our-corporate-responsibility/transactions/overview/>

the circumstances; but not for the purpose of expressing an opinion on the effectiveness of EFA's internal control over the E&S review of transactions.

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

## 1.4 Summary of procedures undertaken

The procedures conducted in our reasonable assurance engagement included:

- Interviews with EFA management responsible for the performance and reporting of the assessment of transactions against the requirements of the Policy and Procedure to confirm operation of the internal control environment
- Interviews with EFA personnel responsible for compliance to understand the internal control environment as it relates to information security and fraud
- Development of a review checklist and associated work papers based on the requirements set out in the EFA Procedure
- Assessment of a sample of transactions for compliance with the EFA Policy and Procedure, including tests of key controls, based on the category definitions within the EFA Procedure

Category	Number
Category A	1 (all)
Category B	2 (all)
Category C	15 (all)
Other	72 out of 563

- Desktop research where necessary to gather publicly available information related to certain transactions
- Reporting of our conclusion.

As part of this engagement, we identified opportunities and made suggestions on how risk assessment, internal data collection and reporting systems can be improved. These have been provided in a separate management memorandum and do not impact our stated conclusion.

## 1.5 Use of our reasonable assurance engagement report

This report represents the assurance provider's independent opinion. EY's responsibility in performing its assurance activities was to the management of EFA alone and in accordance with the scope of work agreed with EFA (Appendix 2).

Accordingly, we expressly disclaim and do not accept any responsibility or liability to any other party either on the reliance on this Assurance Statement or on the subject matter to which it relates, to any person other than the management of EFA, or for any purpose other than that for which it was prepared. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

## 1.6 Inherent limitations

A reasonable assurance engagement consists of making enquiries, primarily of persons responsible for performance of the E&S review, applying analytical and other review procedures, and examination of evidence for a number of transactions and, where relevant, associated projects. The review procedures selected depend on the assurance provider's professional judgment, including assessment of the risks of material misstatement of the review prepared by EFA, whether due to fraud or error. In making this assurance assessment, we considered internal controls relevant to the entity's performance of the transaction review process in order to design procedures that are appropriate. While we considered the effectiveness of EFA's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with compliance requirements may occur and not be detected. A reasonable assurance engagement as to EFA's application of its Policy and Procedure for E&S review of transactions throughout the relevant period does not provide assurance as to whether compliance with the requirements will continue in the future.

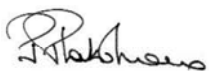
Additionally, non-financial performance data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

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

## 1.7 Our conclusion

In our opinion, the E&S review of transactions and, where relevant, their associated projects, completed by EFA between 1st July 2016 to 30th June 2019, was properly completed, in all material respects, in accordance with the requirements of the EFA *Policy for environmental and social review of transactions* and the EFA *Procedure for environmental and social review of transactions*.

Ernst & Young



Terence Jeyaretnam FIEAust EngExec  
Partner  
Melbourne Australia  
12<sup>th</sup> February 2020

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