



Risk & Insurance Audit Checklist

1. THE INSURED

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| <p>1.1 List all the Parties and Corporate Entities interested in the assets and operations mentioned by name in the insurance documentation and included in the Named Insured.</p> <p>1.2 What are the names of all Directors?</p> <p>1.3 Have any of the Named Insured or Directors of Corporate Entities ever experienced individually or in association with other entities, directorships, businesses or whatever:</p> <ul style="list-style-type: none">(i) The cancellation, declinature or refusal of insurance policies.(ii) The imposition of increased penalty terms for insurance for any reason.(iii) The rejection or declinature of insurance claims. <p>1.4 Has any of the Named Insured or Director or Officer of any of the entities comprising the Named Insured ever been convicted of a criminal offence. If so what are the details of each offence?</p> | |
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2. THE BUSINESS

- 2.1 What is the full nature of the Trade, Business or Occupation of all the insured entities?
- 2.2 How long has the business been conducted?
- 2.3 Scope of Operations:
- (i) Local / Local and Interstate / Regional inc South East Asia / Global?
 - (ii) Extent of operations in Canada, and USA?
- 2.4 Overseas representation:
- (i) Countries where registered for business?
 - (ii) Location of all overseas offices or facilities?
 - (iii) Countries where resident representatives are located?
 - (iv) Do representatives hold a Power of Attorney?
 - (v) Countries where represented by an Agent?
 - (vi) What authorities are vested in the Agent?
- 2.5 In Australia is the business carried on:
- (i) Only at premises occupied by the Named Insured?
 - (ii) At own premises and at the premises of others?
 - (iii) Mainly at the premises of others?

3. THE PREMISES

- 3.1 Supply/obtain a listing of:
- (i) All owned properties.
 - (ii) All leased properties.
 - (iii) All other locations from where business operations are carried on.
- 3.2 What covenants have been given in lease agreements particular in respect of:
- (i) Responsibility for damage to the premises and insurance.
 - (ii) Responsibility for loss of rent due to loss due to an insured period and insurance. Is a period of cover stipulated and if so what period?
 - (iii) Does the lease provide protection to landlord / exposure to tenant by stipulating that the tenant is bound to the lease if repairs are started and completed within a set time frame? If yes what is the time frame?
 - (iv) Naming of parties in the insurance policy or noting of interests
 - (v) Damage to premises arising from negligence of the lessee.
 - (vi) Abatement of rent in the event of major damage to the premises.
 - (vii) Responsibility for outgoings in the event of major loss.
 - (viii) Indemnity to the Lessor for claims made by the public or customers using the premises or facilities.
 - (ix) Breakage of glass.
 - (x) Other damage.
 - (xi) Operation of lifts and escalators.
- 3.3 Give details of any official orders requiring the upgrading of any buildings to current building requirements.
- 3.4 Can the premises be reinstated exactly as they are if badly damaged?
- 3.5 If 3.4 answered "no" identify the changes required and the buildings affected.

<p>3.6 Determine the Client estimates of the following values and reinstatement costs in relation to each owned property:</p> <ul style="list-style-type: none">(i) Estimated Market Value less land value.(ii) Current present value (Reinstatement cost in new materials less allowance for betterment).(iii) The cost of replacement in new materials the same as at present, ie. not more extensive or better than the original when new. Include allowance for Architect's, Engineer's and other Professional Fees.(iv) Estimated additional cost of upgrading to conform with current Building Regulations and Town Planning requirements if the premises is totally destroyed. <p>3.7 What is the estimated cost of demolition and removal of the structure and debris from the building and contents of the most extensive premises. NB. Make special allowance for asbestos removal if required as the presence of asbestos could entail all of the debris having to be disposed of in a specialised manner at extremely high cost.</p> <p>3.8 Have the cost estimates in 3.6 and 3.7 been confirmed by a qualified Professional Building Consultant.</p> <p>3.9 Are the premises mortgage or under finance and if so to whom.</p> <p>3.10 What is the amount of the indebtedness?</p>	
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4. PLANT & EQUIPMENT PLUS OTHER CONTENTS, EXCLUDING COMPUTERS & ASSOCIATED SYSTEMS

- 4.1 Is the plant and equipment owned, leased or otherwise under finance?
- 4.2 Name of Lessor or Financier and date when the lease or finance is required to be repaid.
- 4.3. What special covenants have been given by Clients in relation to leased property?
- 4.4 Do you regularly have items of plant and equipment elsewhere than at your own premises?
- 4.5 If answer 4.4 "yes", describe the plant and equipment, state its estimated value and location.
- 4.6 List Key items of equipment and plant vital to the business:
 - (i) Were any specially designed and manufactured for Clients?
 - (ii) If so where, in Australia or overseas?
 - (iii) Where are the plans kept? Are they readily available?
 - (iv) How readily can the equipment be replaced and what is the lead time to do so including commissioning?
 - (v) What is the present cost of replacement including making, delivery, and installation and commissioning? NB. Allow for currency fluctuations.
- 4.7 Can remaining plant and equipment be readily procured in Australia or overseas.
 - (i) What is the lead time for replacement?
 - (ii) What is the cost of replacement including making, delivery, installation and commissioning? NB. Allow for currency fluctuations if made overseas.

<p>4.8 Determine Client estimates of the following values and reinstatement costs for plant and equipment and other contents.</p> <p>(i) Current Book Value.</p> <p>(ii) Current replacement cost of equipment & contents of the same quality and capacity allowing for purchase, delivery, installation and commissioning.</p> <p>(iii) Estimated cost of rewriting or recreating necessary books, records, documents, plans and designs.</p> <p>4.9 To what extent is the business vulnerable to financial loss from the loss of documents? Please identify the documents and the extent of the financial problem.</p>	
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5. COMPUTER HARDWARE, SOFTWARE AND INFORMATION SYSTEMS

<p>5.1 Is the hardware and software owned or leased?</p> <p>5.2 Name of Lessor or Financier.</p> <p>5.3 Amount of indebtedness and date of expiry of the lease or contract.</p> <p>5.4 Are there any special provisions in the arrangements which should be noted?</p> <p>5.5 Details of hardware (manufacturer's name/type/model/series/etc).</p> <p>5.6 Is the equipment under warranty or covered by a current service agreement?</p> <p>5.7 Is the applications software unique to the business?</p> <p>5.8 If 5.7 answered "yes", are master copies kept elsewhere in a secure place?</p> <p>5.9 If 5.8 answered "yes", have the master copies been tested to ensure they work?</p> <p>5.10 Is replacement equipment readily available in the event of major loss?</p> <p>5.11 Have satisfactory arrangements been made for back up and disaster recovery in the event of loss and damage to equipment?</p>	
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<p>5.12 How long would it take to achieve startup?</p> <p>5.13 How often is the existing system backed up?</p> <p>5.14 Where are the backup tapes kept overnight and who is responsible for this function?</p> <p>5.15 Is there a serious exposure to financial loss from the destruction or misplacement of unprocessed hard copy documents?</p> <p>5.16 If 5.15 answered "yes", which documents are in this category and what is the possible extent of the financial loss?</p> <p>5.17 Is it likely the system's hardware would have to be fully replaced if major damage occurred?</p> <p>5.18 Provide the following values and cost estimates:</p> <ul style="list-style-type: none">(i) The cost of reconstituting or replacing computer records and software in the event of its destruction.(ii) The present book value of your EDP Hardware.(iii) The estimated cost of replacement of EDP Hardware of the same capacity including delivery, customisation, installation and commissioning.	
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6. STOCK & MERCHANDISE	
<p>6.1 Nature of raw materials and finished goods.</p> <p>6.2 Determine the system for quality control sampling, testing and assurance including recording processes and retention of records applicable to:</p> <ul style="list-style-type: none"> (i) Raw Materials (ii) Finished goods <p>6.3 Are the manufactured products produced to an Australian Standard. Please give the details if answered "yes".</p> <p>6.4 Determine if the Clients have in-house design and R&D teams undertaking product design and development.</p> <p>6.5 Have the Client's products and the instructions for usage been evaluated for fitness and suitability by an independent professional firm or organisation. What was the result?</p> <p>6.6 Determine whether such an examination as under 6.4 been conducted for the express purpose of establishing a 'state of the art' defence as envisaged under the Trade Practices Amendment Act 1992 for future claims in relation to goods supplied after 9 July 1992. If so, please:</p> <ul style="list-style-type: none"> (i) Identify the Professional Firm or Organisation carrying out the evaluation. (ii) Annex a copy of the report. (iii) Ensure Client has archived the report with legal advisers or in another place of safety. <p>6.7 Is the business dependent upon any single suppliers of raw materials?</p> <p>6.8 Are alternative sources of raw materials readily available to meet the Client's requirements should their sole or main supplier due to accident or other cause be unable to deliver?</p> <p>6.9 Over what period could normal production be maintained from the existing stocks of raw materials?</p>	

<p>6.10 Determine if the value of stock and merchandise fluctuates seasonally or for any other reason. If so:</p> <ul style="list-style-type: none">(i) What is the reason?(ii) When does this occur?(iii) To what extent (+ \$'s)? <p>6.11 Is your inventory of stock fully computerised?</p> <p>6.12 How frequently are the stock records updated?</p> <p>6.13 What are the general terms of sale on which stocks are sold?</p> <p>6.14 What product warranties or guarantees are offered?</p> <p>6.15 Who services the warranties or guarantees?</p> <p>6.16 What is the present number of warranty claims presented annually in Australia and their cost?</p> <p>6.17 Are the products mixed, blended, re-processed or incorporated into other manufacturer's production to become part of a new product? If so:</p> <ul style="list-style-type: none">(i) To which Trades is the Client a supplier?(ii) What are the categories or types of final products?(iii) Are any for the aircraft or motor industry or food for consumption by humans or animals?(iv) Are there any special agreements in relation to the prescription or quality of the goods supplied by the Clients?(v) Is there a medium to high risk of involvement in Product Recall liabilities?(vi) If so what is the estimated maximum loss exposure in \$AUD from the worst kind of incident the Client can depict? <p>6.18 What is the current book value of stock?</p>	
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<p>6.19 What is the main distribution of stock values:</p> <ul style="list-style-type: none">(i) At premises owned by Client:<ul style="list-style-type: none">Location 1Location 2Location 3Location 4(ii) At premises of others (excluding carrier's stores):<ul style="list-style-type: none">Location 1Location 2Location 3Location 4(iii) Carrier's stores:<ul style="list-style-type: none">Location 1Location 2Location 3Location 4(iv) In transit within Australia and for which the Client is responsible? <p>6.20 What is the lead time for the replacement of raw materials in the event of major loss or destruction?</p> <p>6.21 Will the basis of settlement proposed under the insurance for raw materials and finished goods properly compensate the Client for loss or damage?</p>	
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7. IMPORTS

- 7.1 Determine the nature of imports.
- 7.2 Determine the Annual Value of imports.
- 7.3 Determine the maximum value of imports for any one consignment and ship.
- 7.4 What are the 'Conditions of Sale' to the Client?
- 7.5 Has the Client agreed to waive or hold harmless the supplier from liability for defective goods?
- 7.6 Has the Client agreed to provide the local service for the manufacturer's warranties and, if so, on what basis?
- 7.7 Are purchases sourced through the Manufacturer of the goods or via a Trader?
- 7.8 Is the purchase of imports of raw materials by specification?
- 7.9 What sampling and testing is carried out on imports?
- 7.10 Where are the records kept, and how long are they kept for?
- 7.11 Determine the Annual Value of imports.
- 7.12 Has the Overseas Supplier effected Insurance cover for Australia in respect of its liability for defective products and, if so:
 - (i) Is there written evidence of cover?
 - (ii) Does it include cover for faulty design, error in formula and description of the products?
 - (iii) What is the Limit of Liability and deductible and is the Insurer locally represented?

8. EXPORTS

- 8.1 Determine the description of goods exported from Australia.
- 8.2 What are the 'Conditions of Sale'?
- 8.3 Estimated Annual Value of exports to overseas countries (\$AUD):
- (i) New Zealand
 - (ii) China, South East Asia and Western Pacific
 - (iii) North America (Canada and USA)
 - (iv) UK
 - (v) Other EEC Countries
 - (vi) Africa
 - (vii) Middle East Countries
 - (viii) India
- 8.4 What product warranties or guarantees are offered?
- 8.5 What arrangements have been made for servicing warrantees for export goods?
- 8.6 Determine the number of warranty claims and the cost of servicing them by region.

9. MONEY

- 9.1 How often is banking carried out?
- 9.2 What is the normal maximum value of cash, Bankcard or similar vouchers, cheques and negotiable securities likely to be found at any one time:
- (i) On premises out of safes and strongrooms, viz offices, showrooms elsewhere.
 - (ii) In safes and or strongrooms.
 - (iii) In transit:
 - to Bank
 - to other premises
 - with salesmen and travellers
 - at the homes of employees
 - elsewhere
- 9.3 What are the Payroll arrangements?
- 9.4 How is cash moved from premises to Bank and what are the security arrangements?
- 9.5 Are there peak periods of cash aggregation for seasonal or other reasons and if so are the Police notified and special arrangements made to deal with the added risk? If so:
- (i) When does this occur?
 - (ii) What is the additional value at risk in \$AUD?

10. WORK AWAY FROM PREMISES

- 10.1. Is contract work undertaken on land or premises owned by other parties?
- 10.2. What is the nature of that work?
- 10.3. What is the estimated Annual Value of Contracts?
- 10.4. Are there standard conditions of contract under which work is performed? Obtain copies of current contracts.
- 10.5. Are Deposit Guarantees or Performance Bonds issued?
- 10.6. If 10.5 answered "yes", what is the aggregate liability under all Bonding arrangements currently in force?
- 10.7. Does any work involve welding or cutting operations or the use of flammable materials and substances, hazardous chemicals or explosives?
- 10.8. If answer to 10.7 is "yes":
- (i) If explosives used:
 - is that work carried out by Client employees or contracted out?
 - if by Client employees:
 - * how long licensed?
 - * what experience has the person had?
 - * has the person been involved in incidents causing either bodily injury or damage to property?
 - * if so, what are the details of the events and the cost of claims?
 - if by Independent Contractors:
 - * Under what terms?
 - (ii) If welding or cutting, is there a system for Hot Work Permits?
 - (iii) How is the responsibility for the storage of hazardous chemicals and or explosives managed away from premises?

<p>10.9 Is any work subject to Statutory or other requirements to make good or restore land or other property?</p> <p>10.10 Determine the exposure to financial loss in the event of the insolvency of the Principal or the Head Contractor.</p> <p>10.11 What action has been taken to control or reduce the exposure under 10.10?</p>	
11. PUBLIC & PRODUCTS LIABILITY RISK	
<p>11.1 Determine the scope of the attendant risk of damage to property and bodily injury from the general operations of the business carried on at premises occupied by the Clients taking into account:</p> <ul style="list-style-type: none"> (i) The nature of the processes, chemicals, pressure vessels and dangerous things created on the land. (ii) The extent of public access to the premises including contractors and contract labour regularly at each site. (iii) The proximity and value of surrounding property and the proximity of neighbours. (iv) The discharge of pollutants into the atmosphere, into drains and watercourses under licence and the possible increase in the rate of discharge following an accident. (v) If the premises are tenanted or occupied also by tenants, the exposure to liability for damage to surrounding property or for bodily injury in the event of negligence causing fire, explosion or water leakage in the premises or disrupting electricity causing damage to computer and electronic equipment. (vi) The extent of possible liability for financial loss from the disruption of the businesses of those whose property has been damaged or who have suffered bodily injury. 	

<p>11.2 Determine the scope of the exposure to similar liabilities to those under 11.1 if carrying on operations elsewhere and particularly at the premises of others taking into account -</p> <ul style="list-style-type: none">(i) The value of the surrounding buildings and equipment and the extent of financial loss which may follow an accident and disruption of the business of others.(ii) The presence and value of earth moving equipment, cranes and unregistered plant.(iii) The presence and use of explosives, flammables and dangerous materials.(iv) The extent of public access.(v) The value of plant and equipment of other contractors and numbers of their personnel working on the same project. <p>11.3 Consider the extent to which the Clients have protected themselves by contract and the likelihood of disclaimers or rights being upheld.</p> <p>11.4 Determine whether Public and Products Liability Insurance has been effected and in relation to each layer if there is more than one:</p> <ul style="list-style-type: none">(i) Whether the cover is a Broadform "Occurrence" wording.(ii) The limitations if any placed on the definition of "Occurrence" and when it can occur.(iii) The Limits of Liability applicable.(iv) The Limits applicable to Legal Expenses.(v) The extent of cover for exports.(vi) Restrictions on the scope of cover if the Client has a Branch Office or is represented in any overseas country by any person holding a power of attorney.(vii) Whether the Products Liability insurance policy includes design or error in formula or prescription cover and advice.	
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<p>11.5 Have the Public and Products Liability insurances been maintained with the one Insurer.</p> <p>11.6 If 11.5 "yes", determine the name of Insurer and the history of cover and policy limits.</p> <p>11.7 If 11.5 "no", over what period is the history of the placement of Public and Products Liability insurance available, and where are the records kept? Give details for each type of Policy:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Year</u></th> <th style="text-align: left;"><u>Insurer</u></th> <th style="text-align: left;"><u>Limit</u></th> </tr> </thead> <tbody> <tr><td>Current year -1</td><td></td><td></td></tr> <tr><td>Current year -2</td><td></td><td></td></tr> <tr><td>Current year -3</td><td></td><td></td></tr> <tr><td>Current year -4</td><td></td><td></td></tr> <tr><td>Current year -5</td><td></td><td></td></tr> <tr><td>Current year -6</td><td></td><td></td></tr> <tr><td>Etc...</td><td></td><td></td></tr> </tbody> </table> <p>11.8 Is protection needed for any cover gap due to:</p> <ul style="list-style-type: none"> (i) The scope of cover under past policies linking bodily injury or damage to property to accidents or occurrences to the current period of insurance only. (ii) The absence of historical information regarding past insurance coverage. (iii) The inadequacy of the protection effected in past years by Own or Acquired Companies when considered in conjunction with present Court Awards. <p>11.9 What is considered to be the worst Products Liability disaster which could affect the Client business and what is the attendant risk to life and property?</p> <p>11.10 Is the Policy Limit of Liability for Products sufficient to cover such an eventuality as envisaged under 11.9?</p> <p>11.11 Does the Business have Products Recall or Products Guarantee Insurance cover?</p> <p>11.12 If 11.11 "yes", what is the amount of cover?</p>	<u>Year</u>	<u>Insurer</u>	<u>Limit</u>	Current year -1			Current year -2			Current year -3			Current year -4			Current year -5			Current year -6			Etc...			
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<p>11.13 Determine if the Clients Laboratory and R&D professional staff undertake fee based outside assignments.</p> <p>11.14 Has separate Professional Indemnity Insurance been effected?</p> <p>11.15 What is considered to be the worst Products Recall disaster which could affect the Client business?</p> <p>11.16 Is the Products Recall Limit of Liability sufficient to cover such an eventuality as under 11.15?</p>	
<p>12. THE ENVIRONMENTAL RISKS</p>	
<p>12.1 What environmental considerations arise from:</p> <ul style="list-style-type: none"> (i) The operations, processes or products of the Business. (ii) The storage and use of hazardous chemicals or explosives. (iii) Chemical emissions. <p>12.2 Is there a possibility of ground contamination?</p> <p>12.3 Has the Client had the level of the existing contamination assessed?</p> <p>12.4 If any site has been contaminated, is there a program to clean up the site and to mitigate the risk of further degradation?</p> <p>12.5 Is the premises or plant subject to an EPA permit or licence?</p> <p>12.6 Has the Client been fined for breach of EPA Regulations or Permits?</p> <p>12.7 Has a 'Disaster Plan' been developed for implementation in the event of a major fire or accident to prevent or mitigate the effects of damage to life and surrounding property, land and watercourses from chemical pollution?</p> <p>12.8 If answer 12.7 "yes", have the staff and employees been trained and how often are drills carried out?</p>	

13. TRANSPORTATION

13.1 Does the Client maintain its own fleet of vehicles for executive staff, sales and carriage of goods?

13.2 What is the make-up of the fleet?

13.3 Is there a Driver Training programme or a system of Safe Driver Awards in operation?

13.4 What is the value of vehicles centrally garaged overnight?

13.5 What protection is provided against loss by fire and vandals (watchmen / sprinklers / floodlighting / dogs).

13.6 Is the fleet insured for property losses?

If answer "yes":

- (i) With whom is it insured?
- (ii) What is the basis of the cover?
- (iii) Are regular accident and damage reports provided by the Insurers?

If answer "no":

- (i) How are losses funded?
- (ii) Is there a Risk Management Program?
- (iii) Who is accountable for management co-ordination and monitoring?
- (iv) Against what standards are the results compared for average cost of claims and the incidence of major loss?

13.7 Are contract carriers used? If so:

- (i) Are they required to carry Comprehensive Motor and Third Party Liability insurance and if so for what amount of cover?
- (ii) Does their insurance protect Client Companies?
- (iii) What are the contractual obligations of the contractor/s to indemnify and hold harmless the Client from claims for loss, damage or bodily injury arising from the contractor's operations?

<p>(iv) Are contractor's vehicles garaged on Client premises overnight?</p> <p>(v) If so what is the estimated value of the largest likely aggregation of vehicles?</p> <p>(vi) Determine whether the Client has any liability for negligence or otherwise in the event of loss or damage to such contractor vehicles.</p>	
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14. CREDIT RISK

<p>14.1 What is value of annual sales?</p> <p>14.2 What are the Trading Terms of the business?</p> <p>14.3 Does the Client Sale Note contain a 'Romalpa Clause'?</p> <p>14.4 What is the annual value of sales to each of the Top Ten customers?</p> <p>14.5 What is the outstanding account balance for each of the Top Ten customers and the amount outstanding in excess of Trading Terms graded by aging?</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: left;"><u>Balance Due</u></th> </tr> </thead> <tbody> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2"><u>Overdue</u></td> </tr> <tr> <td>\$</td> <td>30 days</td> </tr> <tr> <td>\$</td> <td>60 days</td> </tr> <tr> <td>\$</td> <td>90 days</td> </tr> </tbody> </table> <p>14.6 What is the Total of your Sundry Debtors Accounts outstanding last month and the amount overdue in excess of normal trading terms.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><u>Total Due</u></td> <td style="width: 40%;">\$ _____</td> </tr> <tr> <td colspan="2"><u>Overdue</u></td> </tr> <tr> <td>\$</td> <td>30 days</td> </tr> <tr> <td>\$</td> <td>60 days</td> </tr> <tr> <td>\$</td> <td>90 days</td> </tr> </table>	<u>Name</u>	<u>Balance Due</u>	 		<u>Overdue</u>		\$	30 days	\$	60 days	\$	90 days	<u>Total Due</u>	\$ _____	<u>Overdue</u>		\$	30 days	\$	60 days	\$	90 days	
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<p>14.7 What procedure applies to the authorisation of further orders to Customers with accounts in arrears?</p> <p>14.8 Is the present Control System satisfactory?</p> <p>14.9 What impact would the insolvency of a Major Customer have on the business?</p> <p>14.10 Is the credit worthiness of these Major Customers regularly monitored for Clients by external agencies?</p> <p>14.11 Has Credit Insurance been purchased or considered as an option?</p> <p>14.12 Is the present Credit Risk Management program sufficient?</p>	
15. FIDELITY, FRAUD & EMBEZZLEMENT	
<p>15.1 Is there any history of embezzlement or fraud by staff or employees?</p> <p>15.2 What occurred? Are the systems or controls introduced to prevent a recurrence properly maintained and still relevant to the risk?</p> <p>15.3 Is there a high turnover of staff and employees?</p> <p>15.4 Is the business in a high state of growth or otherwise under pressure from backlogs or any other cause?</p> <p>15.5 Is the state of the bookkeeping and recording satisfactory?</p> <p>15.6 To the knowledge of the Clients, have any of the staff or employees been convicted of any criminal offences?</p> <p>15.7 Do the systems in the area where any such convicted person is working incorporate adequate supervisory control features?</p> <p>15.8 Is the business experiencing unexplained shortages in inventories of stock, plant or equipment? If so where?</p> <p>15.9 Are cheques pre-numbered and/or pre-signed?</p> <p>15.10 Where are they kept? What are the security arrangements and how are they accounted for?</p> <p>15.11 What is the system for authorising payments?</p>	

<p>15.12 Is a daily check summary produced for verification?</p> <p>15.13 Is there sufficient separation of the authorising signatories?</p> <p>15.14 To what extent is middle and senior management involved in the Authorisation process?</p> <p>15.15 Are Debtor and Creditor accounts and balances reconciled with Supplier or Customer statements and with what frequency?</p> <p>15.16 What is the state of the reconciliation process including private ledger accounts?</p> <p>15.17 Is the authorisation process and responsibility for cash highly concentrated in certain key individuals?</p> <p>15.18 Is the payroll list periodically checked with other records to ensure that employees are correctly paid on time for the work they do and that the numbers and names correspond?</p> <p>15.19 What is the system for handling income:</p> <ul style="list-style-type: none">(i) How are cash sales documented and verified?(ii) Are cash and/or bankcard vouchers and cheques reconciled and processed daily?(iii) How is unallocated cash dealt with?(iv) What is the general state of unallocated cash in the accounts?(v) Is there any peak period where the business operates differently resulting in large aggregations of cash and if so, how is this managed? <p>15.20 What is the amount of the petty cash and other floats held in cash to facilitate normal business dealings?</p> <ul style="list-style-type: none">(i) How often are these floats reconciled and by whom?(ii) Is the level of supervision adequate? <p>15.21 Are there particular areas where the business is vulnerable to loss by fraud or dishonesty?</p>	
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<p>15.22 Under present systems, over what period of time could fraud and dishonesty losses occur before being detected?</p> <p>15.23 What is considered to be the maximum possible exposure to loss from fraud and dishonesty:</p> <ul style="list-style-type: none"> (i) From acts committed by one person? (ii) From general leakages on an annual basis? 	
<p>16. PROPERTY PROTECTION & SECURITY</p>	
<p>16.1 Are all of the premises:</p> <ul style="list-style-type: none"> (i) Solely occupied by the Clients? (ii) Detached from other premises? <p>16.2 Are any of the premises:</p> <ul style="list-style-type: none"> (i) Built on filled land? (ii) In areas subject to earthquake, cyclone, tsunami or bushfire? (iii) Exposed to landslip from adjoining terrain? (iv) Exposed to damage from the processes and nature of adjoining or nearby premises? <p>16.3 Are all of the premises sprinklered by approved double water supply systems with fire hydrants and hand appliances?</p> <p>16.4 Are there external drenchers?</p> <p>16.5 What other suppressant for fire or explosion exist?</p> <p>16.6 Has any authority requested the upgrading of the fire protection system to current requirements and have orders been issued?</p> <p>16.7 Do the Clients have their own fire brigade or fire fighting unit at any premises?</p> <p>16.8 Is there high pile storage and if so has the sprinkler system been upgraded to match the requirements of Regulations for the additional fire load?</p>	

<p>16.9 Which of the following are employed:</p> <ul style="list-style-type: none">(i) Gatekeeper:<ul style="list-style-type: none">- Full time- Business hours only(ii) Caretaker:<ul style="list-style-type: none">- During non-business hours(iii) Watching Service:<ul style="list-style-type: none">- 24 hour- Full time in non-business- Periodic walk through in non-business hours by patrolman. <p>16.10 Are factory premises properly fenced with security wire?</p> <p>16.11 What is the quality of perimeter lighting and is it on all night or for selected hours only?</p> <p>16.12 Are the grounds and adjoining land free of grass and similar growth with the attendant risk of fire?</p> <p>16.13 Are cases and drums or other goods stacked around the site and if so:</p> <ul style="list-style-type: none">(i) Are the stacks well clear of power lines?(ii) Are they straight and well maintained?(iii) Do they present any threat to the buildings from the nature of their packaging or contents?(iv) Do they obstruct the view and provide a ready means of cover for intruders?(v) Are they exposed to fire risk from grass or any surrounding material or from vandals or children? <p>16.14 Is there a procedure for authorising visitor access to sites including contractors? Give details.</p> <p>16.15 Is there a system of monitoring contractor's plant and materials to be used and stored at any premises and for issuing site work permits?</p> <p>16.16 If 16.15 answered "yes", what is the process of monitoring and ensuring compliance?</p>	
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<p>16.17 Confirm whether any of the following are stored and ascertain details and safety arrangements:</p> <ul style="list-style-type: none">(i) Bulk LPG gas(ii) Petrol(iii) Flammable Solvents/ lacquers/ acetone(iv) Explosives(v) Poisons and Hazardous Chemicals <p>16.18 What types of safes exist for the storage of cash and documents. Are they drill and torch resistant?</p> <p>16.19 Are the safes or any critical areas alarmed to warn of intruders and connected to a Central Station monitored by a 24 hour Security Service?</p> <p>16.20 Has the business or any of its premises been threatened with damage or disruption by letter or anonymous telephone callers?</p> <p>16.21 Have any of the Directors or Executives been threatened with harm by letter or anonymous callers?</p> <p>16.22 If "yes" to either 16.20 and 16.21, when did this occur, were the police notified and with what result?</p> <p>16.23 What is the relationship with neighbours and adjoining owners? Is there any history of aggravation from noise or the processes generally or action against the Clients for nuisance or other reason? If "yes", give details.</p> <p>16.24 Is there a history of trespass upon the premises by children or others?</p> <p>16.25 If 16.24 "yes", what measures have been adopted to safeguard against these intrusions and how successful are they?</p> <p>16.26 Do the Directors of the Client Companies or Senior Executives travel to Countries where kidnap of key personnel has occurred and extortion demands have been made?</p>	
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16.27 Are any of the Client processes secret, and is the continuance of secrecy significant to the value of any of the Client Companies? If so:

- (i) Determine the level of security in relation to the process and intellectual property risk.
- (ii) Ascertain if important documents, plans and software kept in a place of safety from risk of loss and/or damage.
- (iii) What are the controls to safeguard against copying or theft by employees or unauthorised persons or from industrial espionage?
- (iv) What backup material is retained elsewhere for immediate use in the event of loss or damage at any premises?

16.28 What is the history of strikes and industrial unrest in the Client businesses?

16.29 Is the present measure of employee morale excellent or is there unrest and hostility?

17. ASBESTOS

- 17.1 Is asbestos handled stored or utilised in the business?
- 17.2 If 17.1 "yes", give full details of the type of asbestos and the nature of usage or storage.
- 17.3 Ascertain the number of years of working with asbestos and identify the year or years when this occurred.
- 17.4 Is any work carried out elsewhere at contract sites or other premises where there is contact with asbestos?
- 17.5 If 17.4 "yes", give full details and identify the year or years when this occurred.
- 17.6 If working with asbestos, what OHS programs are in place and how frequently are employees subject to health checks?
- 17.7 Determine the full details of any injuries or claims related to contact with asbestos and the names of the insurer/s covering the risk.
- 17.8 If there is any history of working with asbestos, does the Client have a complete history of past insurers and periods insured for their Workers Compensation and Public Liability covers?

18. INSURANCE

18.1 Which of the following insurance covers have been effected, and what are the conditions of cover and the premium payable.

Buildings Plant & Stock - whether against the risks fire and named perils or Industrial Special Risks protection.

Accounts Receivable due to the destruction of records

Consequential Loss of Profits or Business Interruption

Machinery Breakdown and Consequential Loss

Computer Breakdown and Consequential Loss

Credit Insurance

Environmental cover

Motor Vehicle

Burglary & Money

Fidelity and Crime

Plate Glass

Sickness & Accident and supplementary Employee Benefits protection

Marine Hull

Marine Cargo

Marine Liability

Public & Products Liability

Product Recall and Product Guarantee

Directors & Officers Liability

Employment Practices Liability

Statutory Liability

WorkCover

Financial and Performance Bonds

Captive arrangements

19. PROFESSIONAL INSURANCE ADVISERS	
<p>19.1 Determine the name/s of the present Insurance Broker/s.</p> <p>19.2 Ascertain the extent to which the history of past placements of insurances is available and confirm that relevant documentation is properly archived in a secure place for retrieval when necessary.</p> <p>19.3 Are there any Assets or operations of the business for which the Clients have not been able to obtain insurance cover?</p> <p>19.4 If 19.3 "yes", please determine the full details of the risks, the reasons and the names of the Insurers who refused cover.</p> <p>19.5 Determine the Client loss experience for the last 3 years under:</p> <ul style="list-style-type: none"> (i) Insurance policies placed with non-owned Insurance Companies. (ii) Captive Insurance arrangements. (iii) Self assumed risks where decisions have been taken not to place risk with an Insurer. 	

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