

	Policy for the use of internal and external auditors for non-audit services
	Director of Finance
	Assistant Director of Finance (Finance and Corporate Services)
	Audit and Risk Committee
	October 2021
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Part 1 Engaging Internal Auditors for non-audit services

Overarching Principles

1. The independence and objectivity of the internal auditors is an important element of the good governance of the University.
2. Within certain parameters, the internal auditors can provide certain non-audit services

Providing recruitment services in relation to key management positions within the University, or seconding employees to key management positions within the University, or advising on the quantum of the remuneration package of employees in key management positions; and
any joint business activity, save as otherwise agreed by the Audit Committee.

The internal auditors may not undertake external audit services.

Permitted non-audit services

10. In some circumstances the internal auditors' detailed understanding of the University's business may make it more appropriate to instruct them to undertake permitted non-audit services rather than another body, for example for reasons of efficiency or confidentiality. These services are:

Investigation or review of areas of concern arising from a proven or suspected fraud, or other incidents giving rise to concerns over control weaknesses;
Assistance in tax compliance activities and advice on recent developments and/or complex or high risk areas;
Secondments to lower level positions; and
Other activities as may be agreed by the Audit Committee from time to time.

Pre-approved permitted non-audit services

11. Except where the internal auditors are appointed i

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Where these conditions are not met the agreed approval process as set out below must be followed. **Approval process**

Except where pre-approved in accordance with paragraphs 10 and 11, above, the advance written approval of the Audit Committee must be obtained for the engagement of the internal auditor with respect to any permitted non-audit services.

Assignments exceeding £15 000

Any assignment in excess of £15 000 net of VAT can only be awarded to the internal auditor after competitive tender. The inclusion of the internal auditor on a tender list requires

the prior approval of the Audit Committee via written consent if there is no scheduled meeting due.

A specific written request for authorisation for inclusion on a tender list for the provision of non-audit services must be submitted to the Audit Committee by the Director of Finance. Each

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an estimate of the total cumulative fees (including reasonable expenses) that will accrue to the internal auditor in the provision of all of its services for the year in question.

Once approval is received the internal auditor may be appointed to carry out the assignment.

Regular reporting to Audit Committee

The Audit Committee will be notified of all non-audit work and fees paid each term at the regularly scheduled termly meetings.

Part 2 Use of external auditors for non-audit services

Overarching Principles

The independence and objectivity of the external auditors is an important element of the good governance of the University.

Within certain parameters, the external auditors can provide certain non-audit services but their independence and objectivity must be safeguarded at all times.

Scope of this Policy

2. This document sets out the policy for the appointment and remuneration of the external auditors for any non-audit work undertaken on behalf of the institution. It outlines the control processes that will be put in place to ensure compliance with the policy.
3. This policy defines two types of non-audit related services being
those which the external auditor is explicitly excluded from undertaking ("prohibited non-audit services") ; and
those which are permitted where specific approval from the Audit Committee is obtained before the external auditor is contracted ("permitted non-audit services").
4. The policy also makes provision, with appropriate notification after the fact, for the Audit Committee to pre-approve use of the external auditor as a matter of policy without the need to seek specific approval of the Committee prior to contracting with the Auditor for engagement ("pre-approved permitted non-audit services").

Responsibility for Policy Implementation and Amendment

The Director of Finance is responsible for the implementation of this policy. Where a service is not listed below, or categorisation is difficult, the Director of Finance will consult with the Chair of the Audit Committee to determine the correct application of the policy

The categories of non-audit services set out below can be amended only by the Audit Committee.

Prohibited non-audit services

8. In addition to any non-audit service provision specifically prohibited, the following are prohibited:

Taxation assignments where fees are contingent and/or dependent on uncertain tax law and audit judgement;

Taxation advocacy before a regulatory or statutory body on a matter which is material to the financial statement or dependent on audit judgement;

Taxation Planning;

Handling Taxation payments on behalf of the University;

Internal audit services;

Design or implementation of financial information or information technology systems;

Valuation and/or other appraisal services where the results will or maybe incorporated in audited financial statements;

Assistance in tax compliance activities and advice on recent developments and/or complex or high risk areas;

Secondments to lower level positions; and

Other activities as may be agreed by the Audit Committee from time to time.

Pre-approved permitted non-audit services

Where work is not disallowed under paragraph 8, above, the external auditors may be appointed by the Director of Finance to carry out individual assignments without further approval of the Audit Committee, subject to the following conditions:

The value of any individual assignment must not exceed £15 000 net of VAT; and

There can be no more than five assignments approved in this way in any one financial year; and

an explanation of the rationale for including the external auditor
the safeguards in place to eliminate or reduce to an acceptable level any potential threat to auditor objectivity; and
an estimate of the total fees (including reasonable expenses) that will accrue to the external auditor in the provision of the services
an estimate of the total cumulative fees (including reasonable expenses) that will accrue to the external auditor in the provision of all of its services for the year in question.

Once approval is received the external auditor may be included in the tender list.

Where, following the tender process, the external auditor is appointed to carry out the work the Director of Finance will notify the Audit Committee within one week where an appropriate meeting is not scheduled.

Assignments below £15 000 but exceeding the annual limits for pre-approval

17. Where an assignment is below £15 000 net of vat in value but is not eligible for pre-approval within the pre-approval framework owing to the cumulative number or value of other assignments already pre-approved, a specific written request must be submitted to the Audit Committee by the Director of Finance for its consent, whether at a scheduled meeting or by written consent where an appropriate meeting is not scheduled.

Each request will include:

a description of the service to be provided
an explanation of the rationale for appointing the external auditor
the safeguards in place to eliminate or reduce to an acceptable level any potential threat to auditor objectivity ;and
an estimate of the total fees (including reasonable expenses) that will accrue to the external auditor in the provision of the services
an estimate of the total cumulative fees (including reasonable expenses) that will accrue to the external auditor in the provision of all of its services for the year in question.

Once approval is received the external auditor may be appointed to carry out the assignment.

Regular reporting to Audit Committee

The Audit Committee will be notified of all non-audit work and fees paid each term at the regularly scheduled termly meetings.