



External Auditors for Non-Assurance Services Policy

1. INTRODUCTION

The University may require services in addition to those associated with the audit and assurance of the University's financial statements that the external auditors are suitably qualified to provide.

2. PRINCIPLES

Where a service is required that the external auditors are considered competent to provide the Chief Financial Officer will consider the following issues:

- Whether the external auditors have the relevant skills and experience to undertake the task
- Whether, having regard to the procurement strategy and procedural requirement, they are the most suitable persons to undertake the work
- Whether undertaking the work would threaten the actual or perceived objectivity or independence of the external auditors in carrying out the external audit of the financial statements, and
- The significance of the fee for the non-assurance service, both for the specific piece of work and in the aggregate of non-assurance services for the year.

3. CONDITIONS

Non-assurance work will only be awarded to the external auditors where all of the following conditions apply:

- The staff who are responsible for the external audit at engagement lead and manager level are not involved in the non-assurance work
- There is a sound rationale for the external auditors to be awarded the work, including reference to skills, experience, knowledge of the University and price, and
- The work is not of a nature that, depending on its outcome, might compromise the integrity or objectivity of the external audit team.

In normal circumstances the total fees *in any one financial year for non-assurance work* would not be expected to exceed the annual fee for audit services. *From time to time, particularly in relation to taxation advice, there may be a need for total fees in any one financial year to exceed the annual fee for audit services. Where this is the case this should be raised with the Audit & Risk Committee as a matter of urgency.*

4. AUTHORITY LIMITS

Where the fee involved for any work awarded to the external auditors is up to £25,000 (excluding VAT) then the Chief Financial Officer should report the matter to the Audit & Risk Committee. Where the fee for any work exceeds £25,000 (excluding VAT) or when aggregated with fees for other non-assurance work in any one financial year exceeds £50,000 (excluding VAT) the Chief Financial Officer should seek approval of the Audit & Risk Committee before entering into agreement with the external auditors to undertake non-assurance services.

The assessment of fees involved will be based on the amounts committed to by the University at the point of engagement.

Where the Chief Financial Officer is of the opinion that all the conditions are not met but there is still a case for the external auditors to carry out non-assurance work the Chief Financial Officer should seek approval of the Audit & Risk Committee prior to entering into agreement with the external auditors to undertake the non-assurance services.

At all times the University will work collaboratively with the external auditors to ensure that there are safeguards in place to ensure audit independence is not compromised.

Wherever possible the basis for calculating fees should be based on resources estimated to complete the non-assurance work. It is recognised that certain elements of work able to be carried out may be speculative in nature, for example seeking to reclaim VAT under a previously untested interpretation of legislation. Where the Chief Financial Officer is of the opinion that this is likely to be the optimal basis for fees, the Chief Financial Officer should seek prior approval of this basis for fee calculation from the Audit & Risk Committee based upon estimates of the potential benefit to the University and associated fees.

As part of the annual report to Business Review Committee and Audit & Risk Committee, the Chief Financial Officer will present a report listing all non-assurance services, their fees and the relevant authorisation.

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