

## Policy and procedure for engaging the University's auditors for "non-core" audit services

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Developed in consultation with	Procurement Chair of the Audit Committee and member of Audit Committee
Owner	Registrar & Secretary's Office
Target audience	<ul style="list-style-type: none"> <li>Staff involved in the procurement of professional services for which use of the University's auditors might be considered.</li> <li>University auditors (in addition to their own policies and professional standards).</li> </ul>
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Links to other internal policies / procedures	<ul style="list-style-type: none"> <li><a href="#">Financial Regulations</a></li> <li><a href="#">Conflict of Interests Policy</a></li> <li><a href="#">Counter Fraud Policy</a></li> <li><a href="#">Anti-bribery and Corruption Policy</a></li> <li><a href="#">Fraud &amp; Bribery Response Plan</a></li> <li><a href="#">Whistleblowing Policy &amp; Procedure</a></li> </ul>
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## **Policy and procedure for engaging the University's auditors for "non-core" audit services**

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### **1. Purpose**

The purpose of this policy is to provide governance around the engagement of the University's auditors for **non-core audit services** and to ensure that auditor independence and objectivity is not compromised.

### **2. Definitions**

**2.1 Non-core audit services** are defined as professional services provided by:

- (a) The University's **internal auditors** that fall outside of the annual internal audit plan agreed by the Audit Committee.
- (b) The University's **external auditors** which fall outside the scope of its external audit of the University's annual financial statements.

### **3. Prohibited non-core audit services**

#### **3.1 External auditors**

External auditors are prohibited from activities which would generally be perceived as making judgements or decisions that are the responsibility of management and would compromise their objectivity in undertaking the external audit. Key members of the audit team should not be engaged for non-core audit services. Examples include:

- Work related to accounting records and financial statements that will ultimately be subject to external audit
- Tax compliance services relating to Payroll tax and Customs duties
- Management of, or significant involvement in, internal audit services
- Secondments to management positions that involve any decision making
- Investment advice and banking services
- Financial information / accounting systems design or implementation
- Legal or litigation support services
- Human resources services, with respect of advising the Remuneration Committee, payroll services, restructuring, or providing recruitment services in relation to key management positions
- Valuations services where the results will or may be incorporated in the audited financial statements, including valuations performed in connection with actuarial services
- Any work where a mutuality of interest is created that could compromise the independence of the external auditor
- Any other work which is prohibited by UK ethical guidance or other relevant legislation or regulation

#### **3.2 Internal auditors**

Appropriate consultancy work may be undertaken by internal auditors in line with University procurement procedures. Key members of the audit team should not be engaged for non-core audit services. However, use of their services for work in the following areas is prohibited:

- Financial information / accounting system design or implementation
- Mergers
- Business planning or taking management decisions
- Cash management, initiating transactions and budgeting

## 4. Permitted non-core audit services

### 4.1 External auditors

Subject to approval by the Audit Committee Chair, the external auditor is permitted to undertake the following non-audit work:

- advice on the preparation of financial information and the application of GAAP
- training support for accounting projects and in relation to accounting standards
- assistance with tax compliance activities, ***provided such advice does not conflict with the auditor's statutory guidance and responsibilities and they have no direct or have immaterial effect on the audited financial statement***, this may include:
  - provision of tax advice, e.g., in relation to corporate transactions, recent developments and/or complex or high-risk areas
  - expatriate tax matters
  - preparation of draft returns
  - correspondence with tax authorities
- transfer pricing advice
- such other activities as may be agreed by the Audit Committee from time to time

### 4.2 Internal auditors

Subject to approval by the Audit Committee Chair, internal auditors may be engaged for consultancy work in the following areas:

- contract compliance
- tax advice
- non-accounting system consultancy
- review of performance of external suppliers
- support with procedures or investigations as appropriate under the [Whistleblowing Policy](#) or the [Fraud & Bribery Response Plan](#)
- such other activities as may be agreed by the Audit Committee from time to time

## 5. Approval process

5.1 All non-core audit work requires prior written **approval** from the Chair of the Audit Committee (or their nominee).

5.2 A written request for authorisation for the provision of non-audit services must be submitted to [governance@leedsbeckett.ac.uk](mailto:governance@leedsbeckett.ac.uk) setting out:

- (a) a description of the service to be provided;
- (b) whether there are any safeguards in place to eliminate or reduce to an acceptable level any potential threat to the auditors' objectivity and independence that may result from the provision of the services, this should also identify the audit team; and
- (c) a fee estimates.

5.3 A Schedule of requests for non-core audit work and its approval (or otherwise) will be maintained by the Registrar & Secretary's Office.

## 6. Reporting

6.1 Reporting of core audit and non-core audit remuneration is disclosed to the Audit Committee in a number of documents, including:

- The Audit Committee's Annual Report and Opinion
- The annual reports of the internal and external auditors
- A quarterly update, along with any additional commentary on assignments, reported to the Audit Committee via a Chair's action
- The Financial Statements