



## **Policy for the appointment of, and reporting on, the use of the external and the internal auditors for non-audit services**

This document sets out the University of Sheffield's policy for the appointment and remuneration of the external auditors and the internal auditors for non-audit services. The document also outlines the control processes that will be put in place to ensure compliance with the policy.

### **Work as auditors, reporting accountants or consultancy activities**

Whilst it is difficult to be precise about the definition of other work the external auditor and internal auditor may undertake, it includes the following:

- any other review of the accounts for regulatory purposes;
- assurance work related to compliance and corporate governance, including high-level controls;
- specific project or grant audits in accordance with external sponsor requirements;
- regulatory reviews or reviews commissioned by the Audit Committee;
- accounting advice and reviews of accounting standards;
- consultancy services including the provision of best practice advice and workshops on emerging and strategic initiatives.

The appointment itself should follow the University's procurement guidelines. Any assignment in excess of £10,000 requires the approval of the Authorised Financial Officer, who will consult with the chair of the Audit Committee in respect of any assignment over £25,000.

The Audit Committee will receive an annual report analysing fees paid for non-audit services in the previous financial year. The report will also contain commentary on the procurement processes followed and any future assignments agreed.

### **Restrictions**

As noted above, there may be occasions when the external auditor is best placed to undertake other accounting, investigatory, advisory and consultancy work on behalf of the institution, because of the auditor's in-depth knowledge of the institution.

However, the following are specifically prohibited to be undertaken by the external auditor:

- work related to accounting records and financial statements that will ultimately be subject to external audit;
- management of, or significant involvement in, internal audit services;
- secondments to management positions that involve any decision-making;
- 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.

### **Work as Tax advisors**

The external auditor may provide tax advisory services, including tax planning and compliance, provided such advice does not conflict with the auditor's statutory responsibilities and ethical guidance.

The appointment itself should follow the University's procurement guidelines and in conjunction with advice from the external auditor, the Authorised Financial Officer will determine whether the appointment of the external auditor for any tax work would conflict with the auditor's statutory duties.

Any assignment in excess of £10,000 requires the approval of the Authorised Financial Officer, who will consult with the chair of the Audit Committee in respect of any assignment over £25,000.

The Audit Committee will receive an annual report analysing fees paid for tax advisory services in the previous financial year. The report will also contain commentary on the procurement processes followed and any future assignments agreed.

### **Merger and acquisition support**

It is permissible for the external auditor to be appointed to undertake specific merger and acquisition activities on behalf of the institution. However, the auditor cannot be appointed to undertake such work without the prior approval of the Authorised Financial Officer.

The appointment should follow the University's procurement guidelines and the Authorised Financial Officer will consult with the chair of the Audit Committee regarding any assignment that could involve fees in excess of £10,000. Any fees paid in respect of merger and acquisition activity will be reported annually to the Audit Committee together with commentary on the procurement processes followed.