

## 2.2.12 Approval for Audit Service Providers to perform other audit and related services for auditees

### Introduction

This section provides policies and guidance for Audit Service Providers (ASPs) to obtain the Auditor-General's approval to perform other audit and related services for auditees either:

- on behalf of the Audit Office (the Office)
- in their own right in response to a request by an Office auditee
- a combination of the above.

Other audit and related services include engagements conducted under Auditing and Assurance Standards, Review Standards and Related Service Standards issued by the Australian Auditing and Assurance Standards Board. These include audits and reviews of special purpose financial statements, compliance audits and reviews and acquittal of grant funding.

These engagements may be requested as a one-off arrangement, or as an annually recurring service.

ASPs **must not engage in the provision of non-audit related services** to an Office auditee that are captured within APES 110 or APES 320 'Quality Management for Firms that provide Non-Assurance Services', such as advisory or consultancy services<sup>1</sup>. A non-audit service is not considered to be 'other audit and related services'.

The Agreement to provide Auditing Services requires ASPs to obtain the Auditor-General's (or delegate's) written approval prior to performing any other audit and related services during the period of appointment. Obtaining approval to perform these engagements allows the Office to monitor all the other audit and related services provided to our auditees.

This policy provides for engagements where all other audit and related services, irrespective of the nature, will be performed by the ASP.

[Policy 2.2.10 'Approval for the Audit Office to perform other audit and related services for Auditees'](#) contains the requirements when the Office will perform the engagement and issue the Independent Auditor's Report or the Independent Assurance Practitioner's Report.

The Office needs to ensure that in performing these services, ASPs do not compromise the Auditor-General through non-compliance with the ethical standards, including independence.

### Policies and guidance

1. ASPs must complete the ['Approval for Audit Service Providers to perform other audit and related services' form](#) where the engagement has not been included as part of the ASP's original agreement to provide auditing services. The assessment covers all other audit and related services, and shall include details of the:
  - other audit and related service
  - associated fees
  - description of the procedures to ensure any identified independence threats have appropriate safeguards.

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<sup>1</sup> Non-Audit services are referred to in APES 110 and APES 320 as non-assurance services.

### **Documentation of other audit and related services**

2. As part of the assessment of the other audit and related services, the Office's Engagement Controller (EC) must consider any of the ASP's involvement with the:
  - auditee through any interest / relationship, such as partnering with the auditee to consult or provide services to entities outside of the public sector, and so on
  - auditee's regulator or parent entity(ies), where relevant, such as providing services to the auditee's parent entity that directly cover the auditees' operationsthat may threaten or be perceived to threaten the independence of the Auditor-General or conflict with providing the auditing services to the Auditor-General.

### **Independence assessment**

3. An other audit and related service should not be recommended or approved if a threat cannot be reduced to an acceptable level by applying appropriate safeguards.

### **Approvals**

4. The Office team should advise the ASP to allow sufficient time for the Office to consider and approve/decline requests to perform the other audit and related services. It is not expected that the approval process be onerous.
5. Approvals to perform other audit and related services must be made in accordance with the delegation instrument 'Authority to approve other audit and related services'.
6. Engagements performed by ASPs can only be approved for a period that does not exceed the ASP contract term.
7. A new approval is required in the following circumstances:
  - on expiry of the contract term
  - there is a change in the nature, scope or risk of the engagement.

### **Assistant Auditor-General approval**

8. Assistant Auditor-Generals (AA-Gs) can approve an ASP to perform other audit and related services on the presumption that the fundamental principles are met, and the engagement does not relate to a report on prospective or non-financial data.

### **Deputy Auditor-General approval**

9. The Deputy Auditor-General's approval is required where the:
  - engagement relates to a report on prospective or non-financial data; or
  - other audit and related services create a threat to independence under APES 110.

## **Monitoring**

10. On a quarterly basis, Quality and Technical will review and report on new instances of other audit and related services approved per ASP firm and auditee. This reporting will be to the Assistant Auditors-General Financial Audit and the Deputy Auditor-General.

## **Effective date**

Issued February 2024 and effective February 2024.