2.5.3 Technical Issues Committee (TIC)

Introduction

This section provides policy and guidance on the role and operation of the Technical Issues Committee (TIC).

The Audit Office is responsible for the audits of all NSW public sector agencies, universities and councils. This policy seeks to ensure a consistent and appropriate approach in relation to:

- the treatment of complex or significant technical accounting and auditing issues, which may set precedent, or have sector-wide implications
- issues where the audit team disagrees with the auditee’s technical position
- the inclusion or removal of, a modification to an Independent Auditor’s / Assurance Report (IAR)
- the retrospective treatment of prior period errors and changes in accounting policy (other than those resulting from the first-time adoption of an Accounting Standard or Treasury / Local Government mandate) where a relevant precedent has not previously been established.

This policy is applicable to all financial audit and assurance work.

Policies and guidance

1. The TIC’s role is to review and conclude upon:
   a) the appropriateness of the audit opinion / conclusion where:
      • there is a proposed modification to or removal of modification for the IAR for all audit and assurance engagements conducted by the Audit Office
      • Key Audit Matters (KAMs) have been included in the IAR
   b) accounting treatments of complex, contentious and significant technical issues
   c) retrospective restatements under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (other than first-time adoption of an Accounting Standard) where a relevant precedent has not previously been established
   d) differences of opinion between the team and auditee or within the audit team.

2. The Engagement Controller (EC), Engagement Quality Control Reviewer (EQCR) or sponsoring Assistant -Auditor-General (AA-G) (where an EQCR has not been appointed), and Executive Director of Professional Services may refer matters to the TIC.

3. For the detailed decision making process of the TIC, refer to the TIC workflow.

4. The Auditor-General is the Chair of the TIC. The Auditor-General may delegate the role of the Chair to the Deputy Auditor-General (DA-G).

5. The TIC consists of a quorum of:
   - the Chair (which may be the Auditor-General or the Deputy-Auditor-General)
   - the Deputy-Auditor-General (if not the Chair)
   - one Financial Audit Director, selected from a pool of four Directors (not being the Director who submitted the issue to the TIC)
   - the Director responsible for the Total State Sector Accounts audit (if the issue relates to state agency auditees) or their delegate
   - one Assistant -Auditor-General of Financial Audit (who is neither the sponsoring AA-G nor the EQCR on the engagement).
6. Although not part of the TIC, the following attendees are also required:
   - the Engagement Manager (EM) or the EC and sponsoring AA-G of a matter included for discussion
   - the Executive Director, Professional Services (EDPS) (or delegate)
   - a Quality and Innovation Group (QIG) staff member to perform the secretarial role.
7. The Chair of the TIC may fill casual TIC vacancies by appointing Directors of Financial Audit to the TIC.
8. Teams should use the following templates and follow the instructions within when seeking advice or approval:
   - TIC technical position paper
   - requesting a modification to an IAR
   - requesting a removal of a modification from an IAR
   - correction of a prior period error/change in accounting policy.
9. Teams must provide papers to QIG at least three working days before the TIC meeting so that QIG can prepare an agenda and send out to the TIC members three working days before the TIC meeting.
10. The Chair of the TIC must consider all views and endorse a single view. If consensus cannot be reached, the TIC member(s) who disagrees with the TIC decision must outline the reasons for their disagreement.
11. The minutes of the TIC will record the main considerations of TIC members and the Chair’s views expressed when making the final decision.
12. QIG must maintain a register of TIC issues and decisions. The register must include whether the matter sets a precedent. Where a decision of the TIC creates a precedent, the EDPS or an AA-G must communicate the matter to the Financial Audit Branch.

**Effective date**

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