

Agenda Item 9(a) – APESB Survey on Auditor Independence and Non-Assurance Services – General Survey

Tuesday, March 01, 2022

48

Total Responses

Date Created: Wednesday, October 13, 2021

Complete Responses: 48

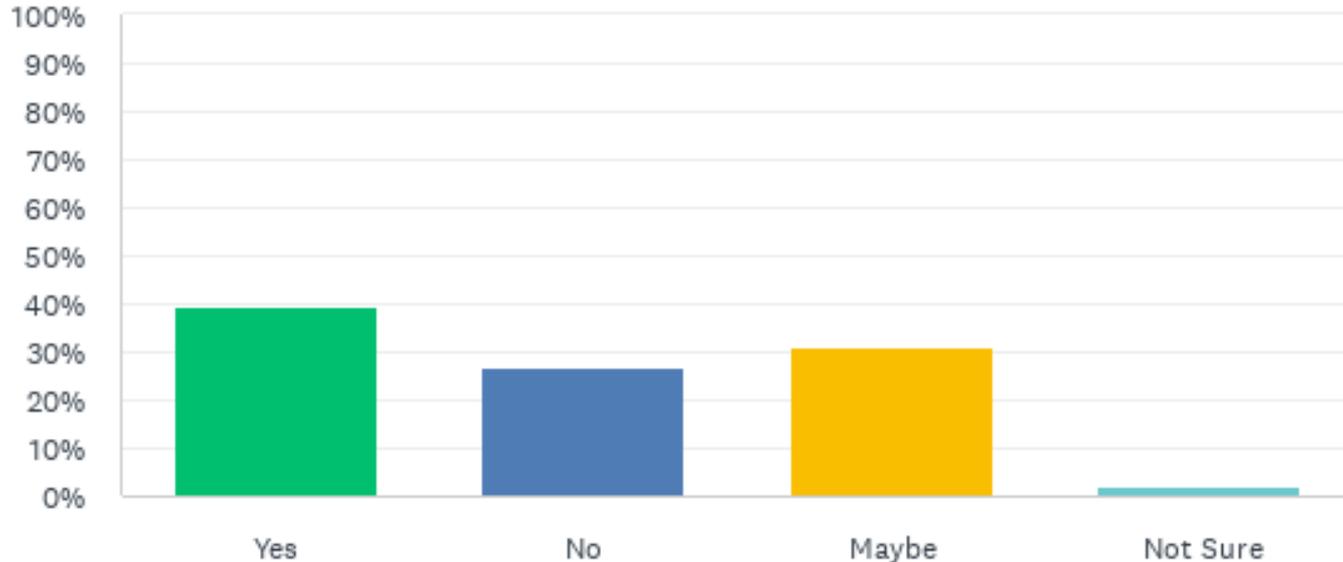
Q1: Select your primary role/occupation from the categories below:

Answered: 44 Skipped: 4

ANSWER CHOICES	RESPONSES	
Auditor – Big Six	25.00%	11
Professional Accountant in Public Practice (excluding Auditors)	20.45%	9
Auditor – SMP	15.91%	7
Professional Body / Association	9.09%	4
Investor / Shareholder	4.55%	2
Auditor – Mid-tier	4.55%	2
Professional Accountant in Business (i.e., not in public practice)	4.55%	2
Lawyer / Solicitor	4.55%	2
Public Sector Organisation / Employee	4.55%	2
Director / Those Charged with Governance of an Entity	2.27%	1
Executive Management (e.g., CEO, CFO, COO)	2.27%	1
Standard Setter	2.27%	1
Academic	0.00%	0
Regulator	0.00%	0
TOTAL		44

Q2: Perception of auditor's independence. Auditor independence comprises two key components – independence of mind and independence in appearance. While the auditor needs to approach an audit engagement with an independent mindset, they also need to consider whether their actions could affect how other stakeholders perceive their independence. When an auditor provides audit and non-assurance services to the same audit client that is a public interest entity, does it impact your perception of the auditor's independence?

Answered: 48
Skipped: 0



Q2: Continued – Please provide an explanation for your response

Q2 Continued - Please provide an explanation of your response (33 of 48 provided responses)
This is highly dependent on the type of non-assurance service and the risks that service creates. It is difficult to make a blanket statement on such services.
I believe auditors apply a specific lens to their audit responsibilities that is not impacted by other services provided.
Provided the services are provided in accordance with the Code then it should not impact perception of independence.
Current independence standards are appropriate and stringent to protect auditor independence by addressing threats and having clear restrictions on services that would impact independence
Depends on the whether there is a self-review threat. A lot of non-assurance services provided by audit firms would not impact the financial statements or would not be subject to audit procedures, and therefore independence could not be impaired.
It completely depends on the nature and extent of services. I feel confident that there is a range of services that are appropriate to deliver to audit clients as long as the firm is assessing the risk and where necessary, applying safeguards. There have always been some services that no safeguard can eliminate the risk and are therefore prohibited. This has in my opinion been a reasonable approach.
Feel obliged to support non-assurance providers and under estimate impact
Depends on the circumstances and work being done
The provision of non assurance services to an audit client in of itself does not automatically mean there is a risk to independence. Yet whenever there is an 'audit failure' it is the first thing commentators point to. We go round in circles on this & in many respects we are asking the hunters to turn gamekeepers here. The only way to resolve is to not to mess around with soft definitions of prohibited services where no two cases are ever judged the same but to decide once & for all -are we willing to remove all doubt & have a single supply relationship -audit & nothing else on a particular client? May seem a harsh response but it removes a question mark that has hung over the profession for decades & will continue to do so & it may offer a chance at genuine competition & diversity in the audit market.
It depends on the services e.g. assistance with financial statement disclosures may be acceptable. Consulting work may not.
regardless of the audit client, we carry out same audit procedures without impairment auditor independence
If the firm has given poor non-assurance advice will the auditor be able to highlight and amend?
Depends on the nature of the services provided, whether they are being provost by the same partner and disclosure of these additional services to the public.
Non-assurance services provided to the same client to whom the assurance services are offered, puts lot of interest of the concerned auditor's at stake and auditors generally ignores some of the key audit findings to keep the assignment going.
Irrespective of size/nature of non-assurance services, their existence always raises a question of independence. When the 'other' services are large or advisory, my levels of concern increase.
Yes, it is hard for the auditor to challenge advice of non-assurarer

Q2: Continued – Please provide an explanation for your response

Q2 Continued - Please provide an explanation of your response (33 of 48 provided responses)
Who cares. It is on the auditor and the company to make the decision and provide the statement of independence. As professionals I trust them. If not and something goes wrong, the repercussions on them need to be stronger to reinforce the need to take the decision of non audit services seriously.
The work itself does not cause me to question independence
It is both an actual and perceived conflict. Actual conflict arises as two parts of the firm are reliant on the client and it is difficult for the auditor to express an in-depth Kew.
As an auditor of a PIE you would expect both independence of mind and in appearance. The best way this can be achieved is a total prohibition of NAS for PIEs.
Large non-assurance fees in comparison to audit and assurance service may impact both mind and appearance of independence
It will depend on the nature and scope of the services, the threats created by those services, and the safeguards applied by the auditor to reduce the threats created.
The nature of the non-assurance services being provided is the main factor I use to determine if there could be an impact on the auditor's independence.
This depends on whether the NAS, triggers a threat to independence (eg Self-interest, Self-review, advocacy etc).
Depends on the nature of the service
We see audit as a loss leader and when we compare the payments for non-assurance and assurance services assume the former is more profitable.
Contrary to independence in appearance. Why the dividing line of PIEs? Same principle applies to all financial statement audits.
The auditor will have prior knowledge on the client (familiarity) that will impact their opinion and findings in audit.
The context and circumstances are important to consider; as well as the types of services being provided.
I trust the regulations to ensure appropriate non-assurance services are being provided
To most users the provision of non-assurance services represents a threat to independence at the least and a potential conflict of interest at the worst depending on the subject matter of the non-assurance services and how it may have direct impact to the auditor's independence.
If clear and effective safeguards can be employed to protect the auditor's independence the service should be permissible.

Q3: Perception of auditor's independence. In your opinion, what matters impact, either favourably or unfavourably, an auditor's independence?

Answered: 46 Skipped: 2

Key themes raised by respondents (note some respondents raised more than one theme)			
Unfavourable	No. of responses	Favourable	No. of responses
Unfavourable		Favourable	
Level of fees from NAS compared to audit/fee dependence.	14	Public disclosures - compliance with independence requirements and split of NAS and audit fees.	5
Provision and nature of non-assurance services and take-up of advice and strategy.	10	Partner rotation.	4
Remunerating audit partners on their sale of services to audit clients/revenue and profit sharing/remuneration structures for audit partners.	7	Awareness and familiarity with the Code, its framework to address independence and to act in the public interest and competency and integrity.	4
Audit partner's relationship with the company, directors and management (commercial, personal, opinion shopping), including tenure.	5	Services that give rise to self review threats addressed with restrictions and safeguards in professional standards.	2
Services that give rise to self review/self interest threats.	2	Level of management oversight/audit committee.	1
Audit client advocacy or promoting the client in any way.	2	Extensive reinforcement of independence requirements ingrains that mindset in auditors from early in their careers	1
Ex-partners and senior staff on the board or employed by an audit client.	1	The firm's culture.	1
Provision of additional services by the same team or partner responsible for the audit.	1	Consideration of independence risks, steps taken to manage perception of lack of independence such as ethical dividers.	1
The firm's culture.	1	Managing self-review threats, not taking on management responsibilities and managing partner remuneration.	1
Inappropriate processes and procedures to complete independence declarations.	1	Not offering design or implementation of subject matters that are audited improves objectivity.	1
Being involved in or assisingt clients to design and implement transactions to achieve client desired outcomes.	1	Beneficial for the client for auditors to be able to provide non-assurance services that are not prohibited/restricted by the standards and legislation.	1
Reputation and competition to attain and maintain large audits.	1		

Q4: Trust in financial statements. Using the scale set out below, please select the effect on your trust in the financial statements of a public interest entity when an auditor provides any of the specifically listed non-assurance services to that audit client?

Answered: 48 Skipped: 0

	High negative effect		Moderate negative effect		Low negative effect		No negative effect		Positive effect		I am not familiar with this service		Total
Tax return preparation	8.51%	4	14.89%	7	19.15%	9	53.19%	25	4.26%	2	0.00%	0	47
Tax advisory and tax planning services	31.25%	15	18.75%	9	10.42%	5	37.50%	18	2.08%	1	0.00%	0	48
Tax services or recommending transactions where a significant purpose of the transaction is tax avoidance and the treatment is likely to prevail under tax law or regulation	56.25%	27	10.42%	5	22.92%	11	8.33%	4	0.00%	0	2.08%	1	48
Valuation for tax purposes	31.25%	15	18.75%	9	16.67%	8	31.25%	15	2.08%	1	0.00%	0	48
Assistance in the resolution of tax disputes	33.33%	16	14.58%	7	27.08%	13	18.75%	9	6.25%	3	0.00%	0	48
Valuation Services	27.66%	13	42.55%	20	23.40%	11	6.38%	3	0.00%	0	0.00%	0	47
Forensic Accounting Services	21.28%	10	14.89%	7	29.79%	14	17.02%	8	17.02%	8	0.00%	0	47
Corporate Finance Services	31.25%	15	16.67%	8	29.17%	14	12.50%	6	8.33%	4	2.08%	1	48
Designing or implementing information technology systems	27.66%	13	38.30%	18	21.28%	10	10.64%	5	2.13%	1	0.00%	0	47
Litigation support services	29.17%	14	27.08%	13	27.08%	13	14.58%	7	2.08%	1	0.00%	0	48
Legal advice	33.33%	16	25.00%	12	22.92%	11	18.75%	9	0.00%	0	0.00%	0	48

Q4: Trust in financial statements. Using the scale set out below, please select the effect on your trust in the financial statements of a public interest entity when an auditor provides any of the specifically listed non-assurance services to that audit client? – Auditor – Big Six responses

Answered: 11 Skipped: 0

	High negative effect		Moderate negative effect		Low negative effect		No negative effect		Positive effect		I am not familiar with this service		Total
Tax return preparation	0.00%	0	0.00%	0	9.09%	1	81.82%	9	9.09%	1	0.00%	0	11
Tax advisory and tax planning services	0.00%	0	18.18%	2	9.09%	1	72.73%	8	0.00%	0	0.00%	0	11
Tax services or recommending transactions where a significant purpose of the transaction is tax avoidance and the treatment is likely to prevail under tax law or regulation	36.36%	4	18.18%	2	27.27%	3	9.09%	1	0.00%	0	9.09%	1	11
Valuation for tax purposes	9.09%	1	9.09%	1	27.27%	3	54.55%	6	0.00%	0	0.00%	0	11
Assistance in the resolution of tax disputes	18.18%	2	0.00%	0	36.36%	4	45.45%	5	0.00%	0	0.00%	0	11
Valuation Services	0.00%	0	45.45%	5	36.36%	4	18.18%	2	0.00%	0	0.00%	0	11
Forensic Accounting Services	0.00%	0	9.09%	1	27.27%	3	36.36%	4	27.27%	3	0.00%	0	11
Corporate Finance Services	0.00%	0	18.18%	2	18.18%	2	36.36%	4	18.18%	2	9.09%	1	11
Designing or implementing information technology systems	9.09%	1	36.36%	4	27.27%	3	27.27%	3	0.00%	0	0.00%	0	11
Litigation support services	18.18%	2	18.18%	2	27.27%	3	36.36%	4	0.00%	0	0.00%	0	11
Legal advice	18.18%	2	18.18%	2	9.09%	1	54.55%	6	0.00%	0	0.00%	0	11

Q4: Trust in financial statements. Using the scale set out below, please select the effect on your trust in the financial statements of a public interest entity when an auditor provides any of the specifically listed non-assurance services to that audit client? – Auditors SMP and mid-tier

Answered: 9 Skipped: 0

	High negative effect		Moderate negative effect		Low negative effect		No negative effect		Positive effect		familiar with this service		Total
Tax return preparation	11.11%	1	22.22%	2	33.33%	3	33.33%	3	0.00%	0	0.00%	0	9
Tax advisory and tax planning services	55.56%	5	33.33%	3	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Tax services or recommending transactions where a significant purpose of the transaction is tax avoidance and the treatment is likely to prevail under tax law or regulation	88.89%	8	0.00%	0	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Valuation for tax purposes	55.56%	5	22.22%	2	22.22%	2	0.00%	0	0.00%	0	0.00%	0	9
Assistance in the resolution of tax disputes	44.44%	4	22.22%	2	22.22%	2	11.11%	1	0.00%	0	0.00%	0	9
Valuation Services	55.56%	5	33.33%	3	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Forensic Accounting Services	44.44%	4	11.11%	1	22.22%	2	11.11%	1	11.11%	1	0.00%	0	9
Corporate Finance Services	55.56%	5	11.11%	1	33.33%	3	0.00%	0	0.00%	0	0.00%	0	9
Designing or implementing information technology systems	33.33%	3	55.56%	5	0.00%	0	0.00%	0	11.11%	1	0.00%	0	9
Litigation support services	33.33%	3	44.44%	4	22.22%	2	0.00%	0	0.00%	0	0.00%	0	9
Legal advice	33.33%	3	44.44%	4	22.22%	2	0.00%	0	0.00%	0	0.00%	0	9

Q5: Advocacy threats and Auditor Independence. The Code requires an auditor or an audit firm to assess whether the provision of a non-assurance service will create specific threats, such as a self-review threat or an advocacy threat. An advocacy threat occurs when the auditor promotes the audit client's position to the point that the auditor's objectivity is compromised. Using the scale set out below, please select the effect an advocacy threat has on an auditor's independence when the auditor provides any of the specifically listed non-assurance services to an audit client that is a public interest entity?

Answered: 48 Skipped: 0

	High negative effect		Moderate negative effect		Low negative effect		No negative effect		Positive effect		I am not familiar with this service		Total
Valuation Services	30.77%	12	17.95%	7	33.33%	13	17.95%	7	0.00%	0	0.00%	0	39
Tax services or recommending transactions where a significant purpose of the transaction is tax avoidance and the treatment is likely to prevail under tax law or regulation	55.32%	26	8.51%	4	19.15%	9	14.89%	7	0.00%	0	2.13%	1	47
Tax planning and tax advisory services	27.08%	13	22.92%	11	12.50%	6	37.50%	18	0.00%	0	0.00%	0	48
Tax services involving valuations	25.00%	12	25.00%	12	27.08%	13	22.92%	11	0.00%	0	0.00%	0	48
Assistance in the resolution of tax disputes	29.17%	14	22.92%	11	27.08%	13	14.58%	7	4.17%	2	2.08%	1	48
Litigation Support Services	29.17%	14	31.25%	15	25.00%	12	12.50%	6	2.08%	1	0.00%	0	48
Legal Services	35.42%	17	29.17%	14	16.67%	8	18.75%	9	0.00%	0	0.00%	0	48
Corporate Finance Services	33.33%	16	14.58%	7	27.08%	13	20.83%	10	2.08%	1	2.08%	1	48

Q5: Advocacy threats and Auditor Independence. The Code requires an auditor or an audit firm to assess whether the provision of a non-assurance service will create specific threats, such as a self-review threat or an advocacy threat. An advocacy threat occurs when the auditor promotes the audit client's position to the point that the auditor's objectivity is compromised. Using the scale set out below, please select the effect an advocacy threat has on an auditor's independence when the auditor provides any of the specifically listed non-assurance services to an audit client that is a public interest entity? – Auditors – Big Six responses

Answered: 11 Skipped: 0

	High negative effect		Moderate negative effect		Low negative effect		No negative effect		Positive effect		I am not familiar with this service		Total
Valuation Services	11.11%	1	0.00%	0	33.33%	3	55.56%	5	0.00%	0	0.00%	0	9
Tax services or recommending transactions where a significant purpose of the transaction is tax avoidance and the treatment is likely to prevail under tax law or regulation	36.36%	4	27.27%	3	18.18%	2	9.09%	1	0.00%	0	9.09%	1	11
Tax planning and tax advisory services	0.00%	0	9.09%	1	27.27%	3	63.64%	7	0.00%	0	0.00%	0	11
Tax services involving valuations	0.00%	0	18.18%	2	45.45%	5	36.36%	4	0.00%	0	0.00%	0	11
Assistance in the resolution of tax disputes	18.18%	2	18.18%	2	27.27%	3	27.27%	3	0.00%	0	9.09%	1	11
Litigation Support Services	27.27%	3	18.18%	2	27.27%	3	27.27%	3	0.00%	0	0.00%	0	11
Legal Services	36.36%	4	9.09%	1	18.18%	2	36.36%	4	0.00%	0	0.00%	0	11
Corporate Finance Services	0.00%	0	9.09%	1	36.36%	4	36.36%	4	9.09%	1	9.09%	1	11

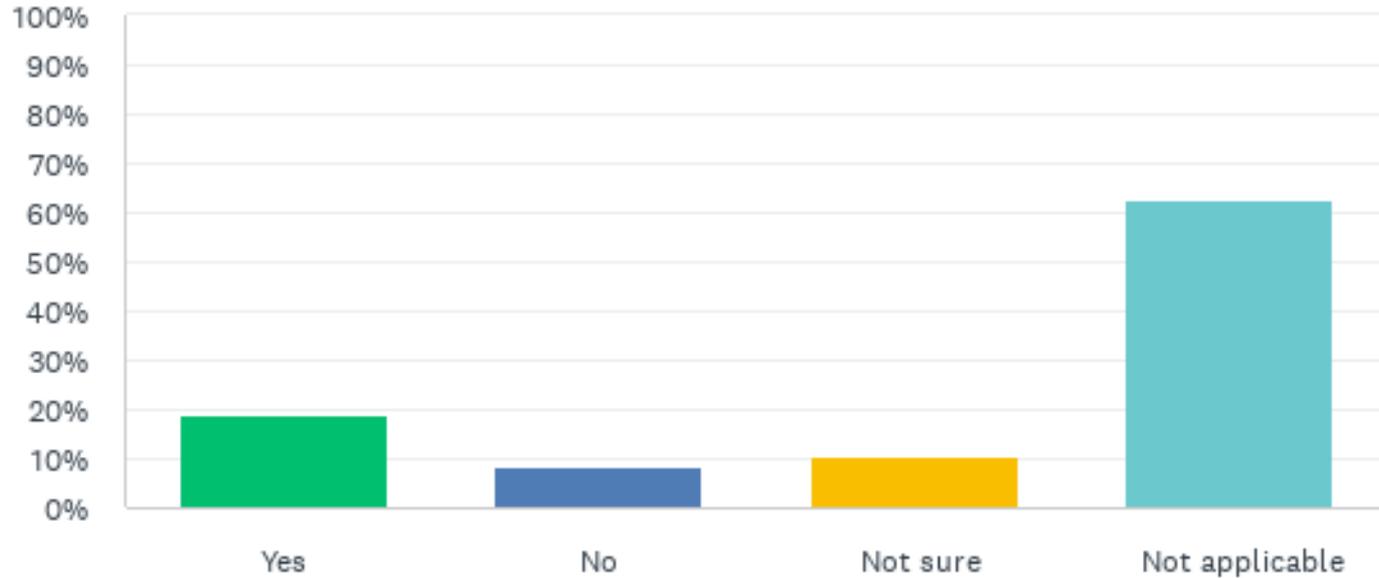
Q5: Advocacy threats and Auditor Independence. The Code requires an auditor or an audit firm to assess whether the provision of a non-assurance service will create specific threats, such as a self-review threat or an advocacy threat. An advocacy threat occurs when the auditor promotes the audit client's position to the point that that the auditor's objectivity is compromised. Using the scale set out below, please select the effect an advocacy threat has on an auditor's independence when the auditor provides any of the specifically listed non-assurance services to an audit client that is a public interest entity? – Auditors except Big Six

Answered: 9 Skipped: 0

	High negative effect		Moderate negative effect		Low negative effect		No negative effect		Positive effect		I am not familiar with this service		Total
Valuation Services	50.00%	4	25.00%	2	25.00%	2	0.00%	0	0.00%	0	0.00%	0	8
Tax services or recommending transactions where a significant purpose of the transaction is tax avoidance and the treatment is likely to prevail under tax law or regulation	88.89%	8	0.00%	0	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Tax planning and tax advisory services	55.56%	5	33.33%	3	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Tax services involving valuations	44.44%	4	44.44%	4	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Assistance in the resolution of tax disputes	22.22%	2	44.44%	4	22.22%	2	11.11%	1	0.00%	0	0.00%	0	9
Litigation Support Services	33.33%	3	33.33%	3	33.33%	3	0.00%	0	0.00%	0	0.00%	0	9
Legal Services	44.44%	4	44.44%	4	11.11%	1	0.00%	0	0.00%	0	0.00%	0	9
Corporate Finance Services	44.44%	4	22.22%	2	33.33%	3	0.00%	0	0.00%	0	0.00%	0	9

Q6: Restrictions on the provision of non-assurance services. If your organisation employs or engages an external auditor, does your organisation have policies in place that impose any restrictions on the non-assurance services your external auditor can provide?

Answered: 48 Skipped: 0



Q7: Restrictions on the provision of non-assurance services. If you responded yes to question 6, please describe your organisation (e.g., public interest entity, large private company) and the services that your organisation restricts the auditor from providing.

Answered: 17 Skipped: 31

Responses (10 of 17 responses not applicable)
It is not possible to provide very accurate responses to questions about the effect of broad categories of services on threats. For example litigation support services can range from the collection of documents through to appearing in court as an expert.
Restrictions in line with the relevant jurisdictional regulatory authority, e.g. IESBA, SEC, EU
Board approval
We have a cap on audit v non audit services and don't allow secondments to management functions or valuation services
Public interest entity
Generally, declaration form the concerned auditors are obtained about his direct and / or indirect interest in the past 2-3 years, with the entity or the key managerial persons, before issuing letter of engagement.
Large Private and NFP. <input type="checkbox"/> Restricted from providing any non-assurance services.

Q8: Other comments or observations. Please provide any other comments or observations that you wish to share with APESB about an auditor providing additional services to the audit engagement or about an auditor's perceived independence and its potential impact on your trust in the financial statements of an entity

Answered: 26 Skipped: 22

Responses (5 of 26 responses were not applicable and are not included below)
<p>In relation to corporate financial services - assurance related services IAR and reports on forecasts (maybe) are not as problematic <input type="checkbox"/></p> <p>Assurance services that are often deemed "inappropriate" e.g. post implementation reviews of new systems if appropriately disclosed would be result in improvement in overall audit quality as they represent an opportunity for the auditor to obtain a more in depth understanding of client systems in an assurance context than may be possible in a pure financial statement audit fee structure. <input type="checkbox"/></p> <p>The ban on providing internal audit services is problematic as again it allows the financial auditor to obtain a more in depth understanding of client's systems than otherwise possible in an external financial reporting audit budget. The issue is what circumstances does this actually result in a threat to independence (i.e. self review threat etc) that outweighs the benefit</p>
<p>The current system is rules-based, cumbersome, internally inconsistent and in the audit firms' interests and not the public interest. The current rules are poorly applied in practice.</p>
<p>The same independence rules that apply to a public interest entity should not automatically flow down to other entities, such as not for profits, or private companies that require audit.</p>
<p>Not convinced that a prohibition on tax services is likely to increase independence - either in fact or in appearance. Objective research is required to justify such a proposal, unfortunately a survey doesn't provide an objective assessment.</p>
<p>This survey was too simplistic. It is impossible to assess the impact, on the auditor's independence, of the provision of a particular service without knowledge of the scope and context of the safeguards, and of the safeguards applied by the audit firm to mitigate the threats.</p>
<p>Provision of other services can enhance the auditor's understanding of broader issues facing the business which can be beneficial in assessing audit risk</p> <p>See above. Be bold. If we started our profession from scratch today would be have this situation? The only way to remove all the time & effort on this debate is to move to single service supply. Sledgehammer perhaps but anything other than that is sitting on the fence until the next failure. <input type="checkbox"/></p> <p><input type="checkbox"/></p> <p>Did Carillion go bust because of non audit fees to KPMG? They certainly were high fees but if your argument is that the you therefore cannot trust the audit team on that that job for that reason they the answer is staring you in the face.</p>
<p>I believe all audit services should follow the super example, if you do accounting or tax work you don't do the audit.</p>
<p>In my 33 year career most of which was as a big 4 auditor I have never been tempted to modify a report or opinion in any way as a result of any relationship my firm had with a client nor do I know of any partner who s been. A very theoretical argument for academics and politicians I fear.</p>

Q8: Other comments or observations. Continued

Responses (5 of 26 responses were not applicable and are not included below)
There are services and situations when it is beneficial to both the organisation and audit quality for the auditor to provide services to their audit client.
The current professional standards and changes that come into effect 15 December 2022 have appropriate threats and safeguards and clear restrictions on certain services that appropriately address auditor independence concerns
I hope APESB can provide a good background as to why running this exercise to why relevant stakeholders in AU is losing confidence in the auditor's independence due to NAS also provided by the auditor and what are the compelling reason to have stricter policy over and above IESBA rules whereby Australia market is different from others? I would view that perception issue can be very subjective and open for interpretation. Do we have corporate failure due to NAS provided by audit firm in Australia or foreseeing ones?
<ul style="list-style-type: none">- Auditor providing technology/software/admin support to their client which will compromised the auditor's objectivity , familiarity and self-interest threat. <input type="checkbox"/>- Auditor works as a contractor for accounting firm where their findings and opinion might be restricted as they are afraid of losing the 'work' with the accounting firm. <input type="checkbox"/>- lack of independence disclosures. FS contains notes and disclosures on accounting treatment but not on auditor or accountant's independence. PIE or CA audit contains only independence declaration statement with no entails. APES 315 required an explanation statement of not being independent when providing the service. Similar requirement is required for auditor, particularly in evaluating and eliminating available threats to maintain their independence. <input type="checkbox"/>
The tax question refers to tax avoidance with the assumption that the work would prevail under the law. Tax avoidance is illegal so your question is erroneous as tax avoidance can not prevail under the law and it appears that the question is designed to illicit a negative response. The question should be amended to reflect tax planning that is legal under Australian tax rules. Disappointing to see an ethics board include a question that includes such an obvious bias.
Additional services provided to one of the four big banks can amount to \$27,000,000.00. which would effect the judgement of most Auditors. <input type="checkbox"/> How come the Auditors did highlight conflicts raised by the Royal Commission into the banking system. Banking system.
I would urge the AASB and APESB to agree on consistent disclosure of Fee catagories. Correctly and consistently classifying the Fees paid for the Non-Assurance Services is a major problem.
I'm concerned with the structure of some of the questions of the survey. The auditor does not provide the non-assurance services described above even though the question was stated in this way. Professionals that are part of a large firm may provide those services but not the auditor! Also, the tax transactions question was a leading question. Planning tax avoidance is illegal so the question is stacked against the firm. Some of the non assurance services had no description so it forces you to assess the entire practice versus allowing for nuance. Love the idea of a survey but the phrasing of these questions is critical to obtain the views you are seeking.

Q8: Other comments or observations. Continued

Responses (5 of 26 responses were not applicable and are not included below)

Restrictions on the dollar amount of non-assurance related activities could be beneficial

I am not certain that the service categories above adequately delineate between different types of services that could be a threat to independence or cause advocacy threats. For example corporate finance services could span being front and centre of a major hostile bid versus being an advisor for a small and friendly transaction. Valuation services could pose a threat where they consider assets valued as part of the audit, but may not pose a threat where considering certain assets for a non-financial reporting purpose. My concern is that the above does not allow for any nuance, when in fact there can be a spectrum of services that with the right safeguards and scope of work in place could be provided to an audit client without causing an independence issue.

1 Suggest all PIEs should be required to develop and publish policy regarding provision of non-assurance services.

2 Audit firms sometimes argue 'other' services provided by personnel not involved in the audit is ok - I find this argument flawed given the way audit partners are incentivised and assessed.

3. For PIEs, board/AC pre-approval should be required for all services, this is not the case in practice.

Non-assurance services of all types, to the assurance clients, be totally prohibited ASAP.