

## **APESB NAS Survey – Introduction & question list**

### **APESB Survey on Auditor Independence and Non-Assurance Services**

The Accounting Professional and Ethical Standards Board (APESB) is seeking feedback from entities that engage auditors, and users of financial statements, to ascertain the extent to which non-assurance services provided by an auditor has any impact on the perceptions of an auditor's independence. Non-assurance services are services other than audits, reviews or other assurance engagements, including tax services, valuation services, corporate finance or information technology-related services.

The feedback will help inform APESB's current project to revise the auditor independence requirements in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code).

In Australia, there are several requirements in the Code to address the independence of an auditor. These requirements are set out in the APESB Publication 'APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements'.

APESB is reviewing the current requirements in light of two related developments:

- The International Ethics Standards Board for Accountants (IESBA) strengthened the non-assurance services provisions in the international Code in April 2021.
- Recommendations from a Parliamentary Joint Committee on Corporations and Financial Services inquiry (PJC Inquiry) into the regulation of auditing in Australia issued in November 2020 (and awaiting the Federal Government's response).

In considering changes to the non-assurance services provisions, APESB is assessing whether the revised requirements will be set at a level that the relevant stakeholders have confidence in the auditor's independence, as auditor independence is a key component of maintaining trust and confidence in financial reporting.

In the survey, there is a particular focus on Public Interest Entities (for example, listed entities, APRA regulated entities or entities described as such under legislation) that have higher auditor independence requirements.

We are keen to hear stakeholders' views on how additional services provided by an auditor may affect people's trust in the financial statements and the associated audit report.

The survey can be completed in approximately 10 minutes.

Questions

**1. Select your primary role/occupation from the categories below:**

<i>Options for Respondents to select from:</i>	
Director / Those Charged with Governance of an Entity	Professional Accountant in Business (i.e., not in public practice)
Executive Management (e.g., CEO, CFO, COO)	Academic
Investor / Shareholder	Lawyer / Solicitor
Auditor – Big Six	Professional Body / Association
Auditor – Mid-tier	Public Sector Organisation / Employee
Auditor – SMP	Regulator
Professional Accountant in Public Practice (excluding Auditors)	Standard Setter

**2. 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?

*Options for Respondents to select from:*

- Yes
- No
- Maybe
- Not Sure

**3. Perception of auditor’s independence**

In your opinion, what matters impact, either favourably or unfavourably, an auditor’s independence?

*[Respondents to provide comments]*

**4. 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?

**Scale:**

• High negative effect	• Moderate negative effect	• Low negative effect
• No negative effect	• Positive effect	• I am not familiar with this service

<i>Services that Respondents need to select a scale for:</i>	
Tax return preparation	Forensic Accounting Services
Tax advisory and tax planning services	Corporate Finance Services
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	Designing or implementing information technology systems
Valuation for tax purposes	Litigation support services
Assistance in the resolution of tax disputes	Legal advice
Valuation Services	

**5. 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?

**Scale:**

• High negative effect	• Moderate negative effect	• Low negative effect
• No negative effect	• Positive effect	• I am not familiar with this service

<i>Services that Respondents need to select a scale for:</i>	
Valuation Services	Assistance in the resolution of tax disputes
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	Litigation Support Services
Tax planning and tax advisory services	Legal Services
Tax services involving valuations	Corporate Finance Services

**6. 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?

*Options for Respondents to select from:*

- Yes
- No
- Not sure
- Not applicable

**7. 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.

*[Respondents to provide comments]*

**8. 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.

*[Respondents to provide comments]*