

Agenda Item 9(c) – APESB Survey on Auditor Independence and Non- Assurance Services 2.0 – Sponsored

Tuesday, March 01, 2022

254

Total Responses

Date Created: Friday, November 12, 2021

Complete Responses: 254

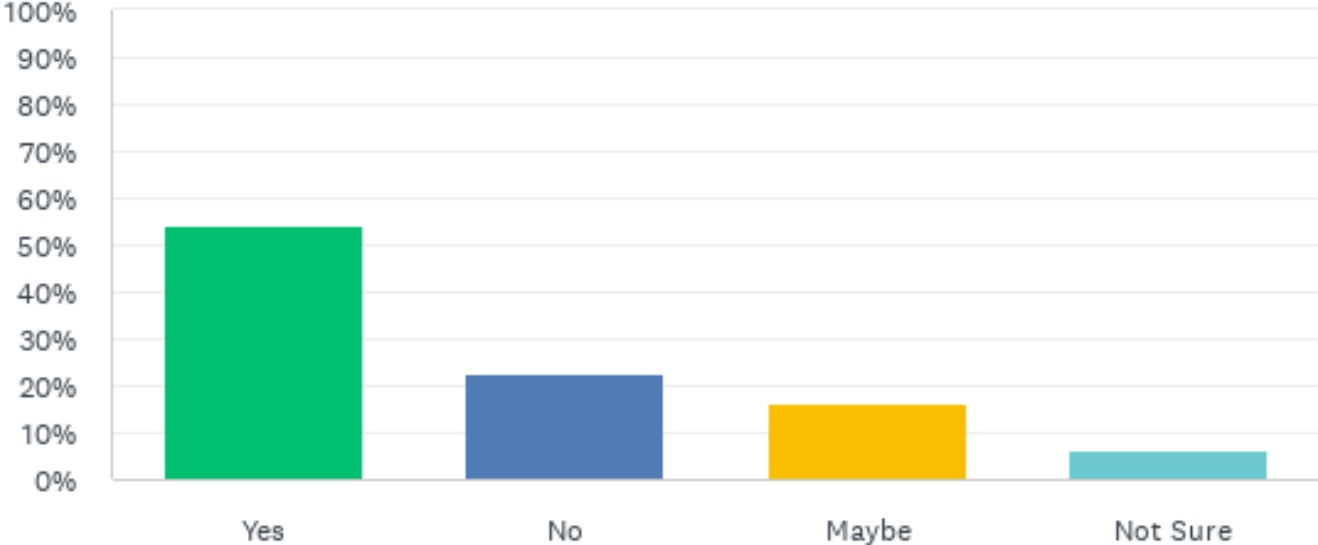
Q1: Select your primary role/occupation from the categories below:

Answered: 254 Skipped: 0

| ANSWER CHOICES | RESPONSES | |
|--|-----------|-----|
| Executive Management (e.g., CEO, CFO, COO) | 41.34% | 105 |
| Director / Those Charged with Governance of an Entity | 15.35% | 39 |
| Public Sector Organisation / Employee | 12.99% | 33 |
| Professional Accountant in Business (i.e., not in public practice) | 9.06% | 23 |
| Investor / Shareholder | 5.12% | 13 |
| Standard Setter | 3.94% | 10 |
| Academic | 2.76% | 7 |
| Lawyer / Solicitor | 2.36% | 6 |
| Professional Body / Association | 2.36% | 6 |
| Professional Accountant in Public Practice (excluding Auditors) | 1.57% | 4 |
| Auditor – Big Six | 1.18% | 3 |
| Regulator | 1.18% | 3 |
| Auditor – SMP | 0.79% | 2 |
| Auditor – Mid-tier | 0.00% | 0 |
| TOTAL | | 254 |

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: 254 Skipped: 0



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

Answered: 254 Skipped: 0

| Applicable key themes raised by respondents (note some respondents raised more than one theme) | No. of responses |
|---|------------------|
| Familiarity and relationship with the company | 13 |
| Conflict of interest/No interest in the company | 12 |
| Competency and being unbiased | 12 |
| Honesty, integrity and credibility of the auditor | 7 |
| Level of fees from NAS/auditor benefits | 3 |
| Quality of work | 3 |
| Professionalism and adherence to ethical and mandated standards | 3 |
| Transparency | 2 |
| Competency, skills, independence and mindset of the auditor | 1 |
| Providing advice directly relating to the assurance services | 1 |
| Integrity and an objective approach | 1 |
| Previous exposure to the client and the industry (unfavourable) | 1 |
| Credibility, due governance and diligence, expertise and knowledge and ability to act in the interest of the entity | 1 |
| Firm culture | 1 |
| Self interest/self review threats | 1 |
| Previous work history | 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: 254 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 | 7.87% | 20 | 10.24% | 26 | 16.93% | 43 | 17.72% | 45 | 40.94% | 104 | 6.30% | 16 | 254 |
| Tax advisory and tax planning services | 4.33% | 11 | 12.20% | 31 | 13.39% | 34 | 27.56% | 70 | 37.01% | 94 | 5.51% | 14 | 254 |
| 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 | 10.24% | 26 | 10.24% | 26 | 15.35% | 39 | 26.38% | 67 | 31.89% | 81 | 5.91% | 15 | 254 |
| Valuation for tax purposes | 4.72% | 12 | 9.84% | 25 | 14.57% | 37 | 30.71% | 78 | 33.86% | 86 | 6.30% | 16 | 254 |
| Assistance in the resolution of tax disputes | 5.91% | 15 | 9.06% | 23 | 11.81% | 30 | 24.02% | 61 | 43.31% | 110 | 5.91% | 15 | 254 |
| Valuation Services | 6.30% | 16 | 7.09% | 18 | 14.17% | 36 | 30.31% | 77 | 35.43% | 90 | 6.69% | 17 | 254 |
| Forensic Accounting Services | 8.27% | 21 | 5.12% | 13 | 13.39% | 34 | 23.23% | 59 | 38.98% | 99 | 11.02% | 28 | 254 |
| Corporate Finance Services | 5.91% | 15 | 6.69% | 17 | 14.96% | 38 | 31.89% | 81 | 33.07% | 84 | 7.48% | 19 | 254 |
| Designing or implementing information technology systems | 3.94% | 10 | 7.09% | 18 | 16.54% | 42 | 23.62% | 60 | 41.73% | 106 | 7.09% | 18 | 254 |
| Litigation support services | 6.30% | 16 | 6.30% | 16 | 16.14% | 41 | 27.17% | 69 | 36.22% | 92 | 7.87% | 20 | 254 |
| Legal advice | 6.30% | 16 | 7.48% | 19 | 12.99% | 33 | 21.26% | 54 | 44.09% | 112 | 7.87% | 20 | 254 |

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? Investors/shareholders

Answered: 13 Skipped: 0

| | High negative effect | | Moderate negative effect | | Low negative effect | | No negative effect | | Positive effect | | I am not familiar with this | | Total |
|--|----------------------|---|--------------------------|---|---------------------|---|--------------------|---|-----------------|---|-----------------------------|---|-------|
| Tax return preparation | 0.00% | 0 | 15.38% | 2 | 30.77% | 4 | 15.38% | 2 | 38.46% | 5 | 0.00% | 0 | 13 |
| Tax advisory and tax planning services | 7.69% | 1 | 23.08% | 3 | 23.08% | 3 | 15.38% | 2 | 30.77% | 4 | 0.00% | 0 | 13 |
| 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 | 15.38% | 2 | 23.08% | 3 | 15.38% | 2 | 15.38% | 2 | 30.77% | 4 | 0.00% | 0 | 13 |
| Valuation for tax purposes | 0.00% | 0 | 23.08% | 3 | 15.38% | 2 | 23.08% | 3 | 30.77% | 4 | 7.69% | 1 | 13 |
| Assistance in the resolution of tax disputes | 0.00% | 0 | 23.08% | 3 | 7.69% | 1 | 30.77% | 4 | 38.46% | 5 | 0.00% | 0 | 13 |
| Valuation Services | 7.69% | 1 | 15.38% | 2 | 0.00% | 0 | 38.46% | 5 | 38.46% | 5 | 0.00% | 0 | 13 |
| Forensic Accounting Services | 15.38% | 2 | 7.69% | 1 | 15.38% | 2 | 23.08% | 3 | 30.77% | 4 | 7.69% | 1 | 13 |
| Corporate Finance Services | 15.38% | 2 | 7.69% | 1 | 0.00% | 0 | 38.46% | 5 | 30.77% | 4 | 7.69% | 1 | 13 |
| Designing or implementing information technology systems | 0.00% | 0 | 23.08% | 3 | 15.38% | 2 | 7.69% | 1 | 53.85% | 7 | 0.00% | 0 | 13 |
| Litigation support services | 7.69% | 1 | 7.69% | 1 | 30.77% | 4 | 7.69% | 1 | 46.15% | 6 | 0.00% | 0 | 13 |
| Legal advice | 0.00% | 0 | 23.08% | 3 | 15.38% | 2 | 7.69% | 1 | 46.15% | 6 | 7.69% | 1 | 13 |

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: 254 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 | 6.69% | 17 | 8.66% | 22 | 16.14% | 41 | 22.05% | 56 | 39.37% | 100 | 7.09% | 18 | 254 |
| 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 | 8.66% | 22 | 12.60% | 32 | 13.78% | 35 | 25.59% | 65 | 30.71% | 78 | 8.66% | 22 | 254 |
| Tax planning and tax advisory services | 5.91% | 15 | 9.45% | 24 | 16.14% | 41 | 25.20% | 64 | 35.83% | 91 | 7.48% | 19 | 254 |
| Tax services involving valuations | 7.09% | 18 | 11.02% | 28 | 11.42% | 29 | 30.31% | 77 | 30.71% | 78 | 9.45% | 24 | 254 |
| Assistance in the resolution of tax disputes | 6.69% | 17 | 9.45% | 24 | 14.57% | 37 | 20.47% | 52 | 40.16% | 102 | 8.66% | 22 | 254 |
| Litigation Support Services | 6.69% | 17 | 9.06% | 23 | 14.96% | 38 | 23.23% | 59 | 36.22% | 92 | 9.84% | 25 | 254 |
| Legal Services | 5.91% | 15 | 8.66% | 22 | 12.20% | 31 | 25.20% | 64 | 39.37% | 100 | 8.66% | 22 | 254 |
| Corporate Finance Services | 6.30% | 16 | 9.84% | 25 | 12.20% | 31 | 24.41% | 62 | 37.40% | 95 | 9.84% | 25 | 254 |

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?

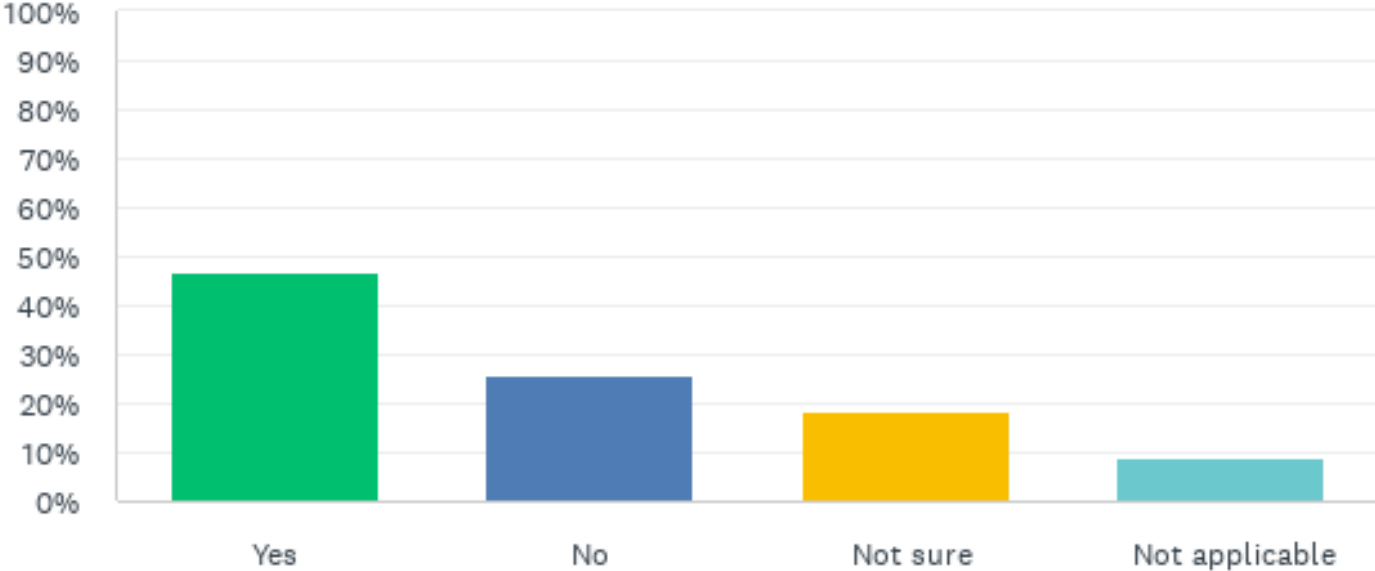
Investors/shareholders

Answered: 13 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 | 0.00% | 0 | 15.38% | 2 | 23.08% | 3 | 23.08% | 3 | 38.46% | 5 | 0.00% | 0 | 13 |
| 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 | 7.69% | 1 | 0.00% | 0 | 53.85% | 7 | 15.38% | 2 | 23.08% | 3 | 0.00% | 0 | 13 |
| Tax planning and tax advisory services | 0.00% | 0 | 7.69% | 1 | 30.77% | 4 | 23.08% | 3 | 38.46% | 5 | 0.00% | 0 | 13 |
| Tax services involving valuations | 0.00% | 0 | 15.38% | 2 | 7.69% | 1 | 38.46% | 5 | 30.77% | 4 | 7.69% | 1 | 13 |
| Assistance in the resolution of tax disputes | 0.00% | 0 | 15.38% | 2 | 38.46% | 5 | 7.69% | 1 | 38.46% | 5 | 0.00% | 0 | 13 |
| Litigation Support Services | 0.00% | 0 | 15.38% | 2 | 15.38% | 2 | 15.38% | 2 | 53.85% | 7 | 0.00% | 0 | 13 |
| Legal Services | 0.00% | 0 | 7.69% | 1 | 15.38% | 2 | 38.46% | 5 | 38.46% | 5 | 0.00% | 0 | 13 |
| Corporate Finance Services | 0.00% | 0 | 30.77% | 4 | 15.38% | 2 | 15.38% | 2 | 38.46% | 5 | 0.00% | 0 | 13 |

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: 254 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: 254 Skipped: 0

| Entity Type (only applicable responses included) | No. of response |
|--|-----------------|
| Large private Company/private company | 15 |
| Public company/Public Interest Entity | 7 |
| Government public sector | 3 |
| Financial services | 3 |
| Small business/small private company | 3 |
| Other large public organisation/NFP | 2 |
| Charity/Philanthropy | 2 |
| Council | 2 |
| Private sector | 1 |
| Accounting firm | 1 |
| Public school | 1 |
| Healthcare organisation | 1 |
| Mining Services | 1 |
| Bank | 1 |
| Equipment and financial assistance | 1 |
| Social services | 1 |
| Family business | 1 |
| Utilities Management | 1 |

| Services that are restricted for auditors to provide in your organisation (only applicable responses included) | No. of response |
|--|-----------------|
| No limit | 5 |
| Tax services | 4 |
| Audit-related Services | 2 |
| Legal services | 1 |
| Superannuation services | 1 |
| Advisory services | 1 |
| Investment advice | 1 |
| Non-assurance services | 1 |
| More than one service | 1 |
| Restriction on highly sensitive issues | 1 |

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: 212

Skipped: 42

| Responses (only applicable responses included) | |
|---|--|
| Enforcement is important to consider, in the past the matter has predominantly been self regulation. Which is fine until a problem occurs. Let's make sure it doesn't get to that stage and prevent it from possibly occurring again in the future. | |
| its important to the company to do everything | |
| Selfish interests of internal auditors | |
| Including on-premise, co-location, edge and cloud-based solutions that include hardware and hardware-related software – such as compute, storage | |
| In depth thorough services | |
| constant vigilance is required in all financial situations | |
| i am of the firm belief that an auditor has a right to question any financial statements he is requested to audit and therefore return trust to the outcome | |
| They are generally doing a good job | |
| I don't have a problem if they are experienced and do the right thing | |
| Must be published and transparent | |
| A conflict of interest providing more than one service | |
| Is advantageous | |
| I have a professional that deals with this | |
| Have had positive experiences with the auditors my company uses | |
| More reliable services | |
| we just choose to be left alone and not engage with you. | |
| This question was confusing | |
| I'm unsure how to answer it | |
| I'm satisfied with my finances | |
| If the auditor cannot be trusted to give an open report. The question of why is raised. If there is no answer to such a question. Can the company concerned be trusted. And where should I be putting my money. | |
| Auditors should be independent. | |
| I cannot see any potential impact this | |
| In line with more professional technology | |
| The auditors for our company do a good job | |
| it is good for us | |
| We are a government business enterprise | |
| I would hope they would act with integrity and not be compromised to sweep dodgy dealings under the carpet. | |