

Provision of Non-Audit Services by External and Internal Auditors Policy

Brief Description & Purpose:	<p>The purpose of this Policy is to ensure the transparency of the provision of non-audit services by the University's appointed external and internal auditors, and to ensure that this does not impair their independence and objectivity (or the perception thereof) through setting out a series of safeguards and associated control processes.</p> <p>As part of the Audit Committee's oversight of the relationship with both the external and internal auditors, discharging the requirements of this Policy will enable the Audit Committee to keep the nature and extent of non-audit services under ongoing review, ensuring that its independence and objectivity is not compromised or perceived to be so.</p>		
Applicable to (list cohorts):	Staff: All staff	Students: Not applicable	Third Parties: Contracted external and internal Auditors
Effective From:	December 2020	Last Review Date:	January 2026
Approval Authority:	Audit Committee	Approved:	2 March 2026
Executive Owner:	Leon Mayfield, Chief Financial Officer (External Audit) Georgina Bailes, Secretary to the Board and Director of Governance (Internal Audit)	Business Owner:	Tessa Assadian, Director of Finance, Control. (External Audit) Jack Taylor, Risk Manager (Internal Audit)
Next Review Date:	January 2028	Publication External Y/N	Y

1. Introduction

- 1.1 The independence and objectivity of the University's appointed external and internal auditors is a vital element in the good governance of the University. It is recognised that, on occasion, it may be appropriate to appoint either the external or internal auditor to undertake a specialist piece of work where its skills and experience make it the most suitable supplier. There may also be other clear benefits, including, but not limited to, the auditor's pre-existing understanding and knowledge of the University and its ability to undertake the work without significant additional preparation compared to the potentially increased costs and discontinuity, efficiency and confidentiality risks associated with enlisting a new provider.
- 1.2 It is important to note that the engagement of the external or internal auditor in this way does not automatically compromise its independence and objectivity, which should be considered on a case-by-case basis
- 1.3 Whilst not directly applicable to the University, this Policy has been prepared with regard to, and to ensure an appropriate level of consistency with, the requirements and overarching principles of the Financial Reporting Council's (FRC's) [Revised Ethical Standard 2024](#) (2024 ES). This standard prescribes a list of permitted services which are types of non-audit services which may be provided by the external and internal auditor to the University.

2. Policy Detail

2.1 Non-Audit Services Undertaken by External Auditor

2.1.1 The following specific limited types of non-audit services are permitted for the external auditor and do not require advance Audit Committee consideration and approval subject to adherence to the University's Financial Regulations:

- Teacher's Pension Scheme (TPS) End of Year Certificate (EOYC) certification;
- US Federal Student Loans Programme certification;
- Grant claim audit and certification work;
- National College for Teaching and Leadership (NCTL) (or equivalent return) certification.

2.1.2 Any and all other types of non-audit services are required to be the subject of explicit consideration and approval by Audit Committee in advance, regardless of value and before the external auditor is appointed to undertake the work. It is anticipated that any proposal seeking Audit Committee approval to appoint the external auditor to undertake a non-audit service would be particularly exceptional and only in cases, for example, where it is the clear market leader in a particular field and the work could not be performed by an alternative provider to the same standard required by the University.

2.2 Non-Audit Services Undertaken by Internal Auditor

2.2.1 The following non-audit services are permitted for the internal auditor and do not require advance Audit Committee consideration and approval subject to adherence to the University's Financial Regulations:

- Incidents giving rise to concerns over control weaknesses which necessitate work in excess of that required to form an internal audit conclusion which is put to management.
- Investigations or reviews of areas of concern arising from a proven or suspected fraud are assumed to be core, rather than non-audit, work at the outset.

2.2.2 To maintain the internal auditor's independence when reviewing internal controls, any activity that could be considered an extension of the core internal audit programme cannot be delivered as a non-audit service. This includes any work intended to provide assurance on the adequacy and effectiveness of risk management, control and governance arrangements for the Accountable Officer, Audit Committee, Board of Governors or the Office for Students. For further information on previous or planned internal audit activity, please contact Governance Services.

2.2.3 Any and all other types of non-audit services are required to be the subject of explicit consideration and approval by Audit Committee in advance, regardless of value and before the internal auditor is appointed to undertake the work. Any proposal seeking Audit Committee approval to appoint the internal auditor to undertake a non-audit service would be concerned with seeking wider assurance of areas outside the scope of core internal audit work and in particularly complex or high risk areas. Such work proposals may also legitimately incorporate an advisory aspect, where this advice is key to providing assurance to management and governors that the right decisions are being taken.

2.3 Approval of Non-Audit Work

2.3.1 Audit Committee has final approving authority for the appointment of the external or internal auditor for non-audit services on the recommendation of the Chief Financial

Officer (external audit) or Secretary to the Board and Director of Governance (internal audit).

2.3.2 All proposals to the Audit Committee seeking approval for the engagement of the external or internal auditors for non-audit services should be prepared by the relevant University Executive sponsor and must:

- Give full express consideration to:
 - the threats to independence and objectivity defined by the Institute of Chartered Accountants in England and Wales (ICAEW) and how they are either mitigated through, or not applicable to, the proposal under consideration;
 - the principles outlined in 2.4.
- Include:
 - a description of the service and scope of the work to be provided and the intended benefits that the University expects to derive from it;
 - an explanation of the rationale as to why it is in the interest of the University to appoint the external or internal auditor as opposed to another supplier, including supporting evidence that the intelligence to be gleaned is not more widely available in the market;
 - how auditor independence and objectivity has been, or will be, safeguarded with explicit reference to the ICAEW defined threats to independence and objectivity;
 - a reliable estimate of the total cost of the work to be undertaken and a corresponding estimate of the total cumulative fees that will accrue to the external auditor or internal auditor in respect of non-audit services for the year in question.

2.4 Principles and Risks for Consideration of Non-Audit Work

Risk/threat	Nature of the risk/threat
Self-interest	The auditor has a vested interest in the outcomes of the work, whether financial or otherwise
Self-review	Where the auditors may be checking their own colleague's work and might feel constrained from identifying risk and shortcomings
Management	Where the auditors are seen to be undertaking roles or making decisions that should be the preserve of management in the University
Advocacy	Which may be present in engagement but could become a threat if an auditor becomes an advocate for an extreme position in an adversarial matter
Familiarity or trust	Where the level of constructive challenge provided by the auditor is diminished as a result of assumed knowledge or pre-existing relationships
Intimidation	Where the independence of the auditor could be compromised
Other principle points of consideration	Guidance
Fee level	Consideration should be given to the quantum of the fee associated with the proposed engagement, both in isolation and relative to the annual statutory external audit fee or core internal audit fee as applicable (refer to 2.5.2)
Fee type	The provision of services on the basis of a contingent fee is explicitly prohibited under this Policy.
Quality	The appreciable benefits that the University will derive from the appointment of the external or internal auditor compared to an

	alternative supplier.
Due Diligence	The external or internal auditor as applicable has undertaken its own checks and is content that the engagement does not compromise its independence or objectivity through meeting its own ethical standards and operational policies. It should be ensured that the team undertaking the non-audit service is distinct from that involved in the core audit activities.

2.5 Reporting and Monitoring

- 2.5.1 Audit Committee will receive confirmation of any and all non-audit service fees and details of the work undertaken during the financial year concerned as part of the external audit year-end report and internal audit annual report and opinion.
- 2.5.2 In respect of the external auditor in particular, non-audit service fees will be monitored in line with the 70% cap on the fees for non-audit services provided by audit firms to Public Interest Entities (PIEs) relative to the statutory audit fee introduced through the Revised Ethical Standard 2016. This commenced from 2020/21 onwards based on a comparison with the average of three consecutive preceding years of statutory audit fees.
- 2.5.3 In the event that the estimated cost of a non-audit service would result in the total non-audit service fees for the year in question exceeding the 70% cap, this must explicitly be considered as part of the proposal presented to Audit Committee.
- 2.5.4 Where it is anticipated that the cost of a non-audit service will exceed the estimated amount originally approved by the Audit Committee, approval from the Chair of the Audit Committee should be sought and obtained before further work is committed to. At their discretion, the Chair may request that this is subject to consideration by the full Committee if they consider the variance to be materially significant.

3. Key Roles and Responsibilities

Role	Responsibility
Chief Financial Officer	<p>Where a particular non-audit service is not listed or there is any ambiguity about its categorisation, liaise with the Chair of the Audit Committee to determine the correct application of this Policy for external audit.</p> <p>Liaise with the external auditor on any work undertaken.</p> <p>Ongoing management and monitoring of the non-audit work, including delivery in line with the agreed scope and budget, once commenced</p>
Secretary to the Board and Director of Governance	<p>Where a particular non-audit service is not listed or there is any ambiguity about its categorisation, liaise with the Chair of the Audit Committee to determine the correct application of this Policy for internal audit.</p> <p>Liaise with the internal auditor on any work undertaken.</p>

	Ongoing management and monitoring of the non-audit work, including delivery in line with the agreed scope and budget, once commenced
Audit Committee	Consideration and approval of all requests for non-audit work.
University Sponsor	Ongoing management and monitoring of the non-audit work, including delivery in line with the agreed scope and budget, once commenced.

4. Definitions

Non-Audit Work – any work carried out by the University’s contracted external or internal auditor in addition to, but not related to, the contracted provision of external or internal audit provision.

5. Version

Version No.	Reviewer	Date	Changes
1.0	Michael Ritzman, Data Assurance Manager	09/12/2020	Original policy
1.1	Tessa Assadian, Jack Taylor, Beth Lenney, Clare Stogden	January 2026	Policy format changed to new template, changes to wording for clarity and full policy review.