



Non-Audit Services Policy

[GEN008]

Department	: Finance
Policy owner	: Chief Financial Officer
Responsible for update	: Director: Financial Accounting
Review cycle	: 3 years, or as required
Prior update	: New policy formalising current processes & procedures
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Approved by	: UCT Audit and Risk Committee

Non-Audit Services Policy [GEN008]

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Acronyms

AUP	Agreed Upon Procedures
CFO	Chief Financial Officer
IRBA	International Regulatory Body for Auditors
UARC	University Audit & Risk Committee

1. Objective

The objective of this policy is to:

- mitigate any risks that threaten the external auditor's independence as a result of the provision of non-audit services,
- prescribe the nature, extent and terms under which the external auditor may perform non-audit services, and
- detail the process that should be followed under such circumstances

2. Scope

This policy covers the governance over the provision of non-audit services by the University's external auditors



Encompasses services which are prohibited and those for which approval will be required from the UARC.

3. Applicable to

UCT and its subsidiaries (where such a policy is not in place), in respect of non-audit services rendered by the external auditor.

4. Definitions


Term	Description
Conflict of Interest	<p>A conflict between the private interests (financial, fiduciary, personal or other) of an individual and the official responsibilities of the individual in a position of trust.</p> <p>In addition to their decision-making role as a Council or committee member, or their position at the University, an individual may have financial or fiduciary interest in a professional practice, firm, partnership, company, business, trusteeship or other organisation. This interest may give rise to a conflict as may the financial or fiduciary interest of a close family member such as a spouse or dependent child.</p>

Cooling off period	A period prior to being contracted as the University external auditors, in which the audit firm will be prohibited to offer non-audit services to the University.
Non-Audit services	Services provided by the external auditors of the University other than services related to the statutory audit.
Statutory Audit	An audit of the University, which is required by legislation or other regulation.

5. Policy

- The external auditor must not provide any service that would:
 - compromise or impair the external auditor’s independence,
 - require the external auditor to act in a management capacity or as an employee of the University,
 - involve the external auditor in management decision making,
 - require the external auditor to negotiate on behalf of the University,
 - place the external auditor in the position of auditing their own work, and
 - create a conflict of interest between the external auditor and the University, or any of its subsidiaries or affiliated entities.
- Where non-audit services are permitted, such proposed services and motivation thereof, will require the pre-approval of the UARC.
- A cooling off period of two years shall be applicable to external audit firm.
- Total fees for non-audit services shall be limited to 20% of the average statutory audit fee in the past two years.

Examples of Prohibited and Permitted Non-Audit services

Prohibited Non-Audit Services	Permitted Non-Audit Services
<ul style="list-style-type: none"> • Any service that requires the external auditor to act in a management capacity or as an employee of the University. • Tax services 	<div style="text-align: center;">  <i>Subject to pre-approval of UARC.</i> </div> <ul style="list-style-type: none"> • Services incidental to the external audit.

<ul style="list-style-type: none"> • Payroll services • Valuation services • Accounting & Bookkeeping services • Corporate Finance services • Information Technology systems services • Litigation support services • Legal services • Services related to the University's Internal Audit function. 	<ul style="list-style-type: none"> • Audit services to related entities. • Agreed upon procedure reports. i.e. Factual findings report. • Specific assignments as part of the transition between external auditors.
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6. Roles and Responsibilities

6.1 University Audit & Risk Committee

- The UARC will consider all non-audit services for approval, as and when the need for the service arises.
- The UARC will review a report of all non-audit services provided by the external auditor, annually.

6.2 Chief Financial Officer (CFO) & Director: Financial Accounting

- The CFO will, through the Director: Financial Accounting's office, maintain a report of all non-audit services provided by the external auditor for a financial year

7. Related legislation, policies, guidelines and practices

This includes but is not limited to:

- Independent Regulatory Board for Auditors (IRBA) rules on auditor independence
- [Conflict of Interest: principles, policy and rules](#)
- Delegated Authority Limits [GEN002]
- Purchasing Threshold Policy [PPP002]
- Purchasing [PUR003]
- Procurement [PG001]

8. Implementation responsibility

The Director: Financial Accounting is responsible for the implementation of the Non-Audit Services policy and ensuring that the policy is publicly available to all stakeholders.

9. Contact

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