

**A SURVEY ON THE REGULATION OF NON-AUDIT SERVICES
PROVIDED BY AUDITORS TO AUDITED COMPANIES**

-SUMMARY REPORT-



OICU-IOSCO

**TECHNICAL COMMITTEE
AND
EMERGING MARKETS COMMITTEE
OF THE
INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS**

JANUARY 2007

Contents

1	INTRODUCTION	3
2	HOW THE SURVEY WAS CONDUCTED	3
3	SUMMARY AND GENERAL OBSERVATIONS	4
4	MODELS AND APPROACHES FOR REGULATION OF NON-AUDIT SERVICES	5
4.1	Basic threats and safeguards approach.....	5
4.2	Threats and safeguards approach, with the addition of specific rules	6
4.3	Rules based approach, subject to broad principles.....	6
5	MONITORING AND ENFORCING COMPLIANCE	6
6	SPECIFIC SURVEY RESULTS AND OBSERVATIONS	7
7	PART A & B – LEGAL AND REGULATORY FRAMEWORK ...	7
7.1	Regulation Principles & Oversight [Questions 1-8 Part A & Part B]	7
7.2	Disclosure of Non-Audit Services [Question 9, Part A]	8
7.3	Application of Framework or Rules [Questions 10-11, Part A].....	8
7.4	Non-Audit Service Standards [Questions 12-13, Part A]	8
7.5	Inspection and Enforcement [Questions 14-20, Part A]	9
7.6	Current Framework Modifications [Question 21, Part A].....	9
8	PART C – SPECIFIC NON-AUDIT SERVICES PROVIDED TO AUDIT CLIENTS	9
8.1	Survey Approach.....	9
8.2	Accounting and Bookkeeping Services.....	11
8.3	Financial Information System Design and Implementation	13
8.4	Appraisal or Valuation Services, Fairness Opinions etc	16
8.5	Actuarial Services	18
8.6	Internal Audit Services.....	21
8.7	Management Functions	23
8.8	Human Resources Services	24
8.9	Broker Dealer Services	27
8.10	Legal Services	29
8.11	Post Employment Benefits – Plan Administration Services.....	31
8.12	Tax Services	32
8.13	Tax Opinions and Advice	33
8.14	Other Services	34

Appendix A - Survey of the regulation of non-audit services

1 Introduction

Corporate fraud and accounting scandals around the world have led to a heightened focus on the regulation of auditors, audit quality and auditor independence. Among the member jurisdictions in IOSCO, this situation has led legislatures, securities regulators and auditor oversight boards to adopt and/or strengthen laws, rules, regulations, and standards restricting or eliminating the provision of non-audit services to audit clients of public accounting firms. Non-audit services are defined as all other services that an independent auditor of a public listed company might provide to the company that is being audited.

Perhaps the most visible and significant result of a focus on audit quality has been the establishment of national auditor oversight authorities, and the strengthening of audit standards and their enforcement with a significant emphasis on independence. The heightened focus on auditor independence is a positive development for investor assurance and confidence. However, in order for capital markets around the world to receive the maximum benefit from increased investor confidence, the auditor independence regulations and requirements supporting that confidence need to be robust, conceptually sound, and well understood.

Inconsistencies among jurisdictions' regulation of non-audit services have the potential to create problems and confusion among investors, preparers, auditors and regulators. An auditor may provide a non-audit service to a client in a jurisdiction where that service is not restricted, but that client may issue securities in a jurisdiction where the provision of such service violates securities laws and/or audit standards. Such situations can result in preparers and auditors violating the requirements in place in other jurisdictions.

Because of the existence of these types of cross border dilemmas, an IOSCO study of the regulation of non-audit services ("NAS") was conducted in 2006 to gather information to assist IOSCO members in determining how best to deal with audit independence issues in their local jurisdictions, within a global context.

2 How the Survey was conducted

A comprehensive questionnaire was distributed to IOSCO member jurisdictions to collect information about the population of non-audit services generally offered in the various jurisdictions and the degree to which each service was "permissible, restricted or prohibited" in each jurisdiction. A copy of the questionnaire is attached to this report as Appendix A.

In total, 43 IOSCO member countries participated in the survey.

The survey was a point-in-time survey that requested information based on regulations in place as of December 31, 2005; however, some responses may include information on prospective changes to auditor independence regulations that member jurisdictions expect to put in place in the near term. Approximately 60% of IOSCO member jurisdictions

indicate that changes to the current framework are in progress or that steps are being taken to change the rules governing the provision of non-audit services.

The summary report provides analysis in the following areas:

- specific non-audit services that are permitted, restricted and prohibited for audit clients;
- the auditor independence principles and rationales that are applied in member jurisdictions permitting, restricting or prohibiting non-audit services for audit clients, particularly where there is a prevailing practice;
- the mechanisms or models for regulating and enforcing restrictions on non-audit services by auditors to audit clients;
- where there is no prevailing practice, provide perspective regarding the rationales given for different approaches.

The summary survey report is intended to represent general information regarding similarities and differences in the treatment of non-audit services among the responding regulators in IOSCO, as a basis for continuing study and dialogue among regulators and other interested parties. The submitters may not have previously addressed many of the particular questions raised in the survey, and accordingly, many of these responses are necessarily preliminary and inconclusive. Readers are cautioned that the results do not provide definitive statements of current policy or legal requirements and do not contain legally binding representations among the submitters of survey responses, nor bestow any rights on third parties. The results in many cases do not represent the position of the IOSCO member organization, but instead are the opinions of staff members of IOSCO members. Companies, auditors and others should not rely on any response reflected in this survey report, but should contact the responsible regulator or oversight body in each member jurisdiction for guidance with respect to particular non-audit services. A regulator's comprehensive response regarding any particular service may require extensive factual and legal analysis. Readers are also cautioned that individual IOSCO member jurisdictions may have differing definitions for, or understandings of, various non-audit services.

3 Summary and general observations

Nearly all IOSCO member jurisdictions regulate the provision of non-audit services in a broad sense, and most also have specific requirements of some type. In general, responsibility for regulation consists of a system that either includes a legislative office, securities regulator, auditor oversight board, or professional body or a combination thereof. 88% of respondents regulate non-audit services by setting out principles that, when applied determine which non-audit services are prohibited. More than 75%¹ of the survey respondents have a system in place that relies on multiple organizations to

¹ The percentages cited in this paper do not take account of those countries, which left a response to a question blank, or replied "Don't know" or "Not applicable".

regulate auditor independence, which generally includes a combination of local regulator and professional body involvement or oversight.

Over 90% of the survey respondents indicate that legislation and securities regulators have a role with regard to the form or development of auditor independence regulations and 100% indicate that the rules of local professional bodies are considered in promulgating auditor independence requirements.

Most IOSCO respondents to the survey indicate that the regulation of non-audit services is based on a principles-based approach, with principles most often relating to services that are prohibited, rather than those that are permitted. With regard to a specific list of prohibited or permitted non-audit services, approximately 73% of respondents to the survey indicated that a list of prohibited non-audit services is specified in their independence regulations, whereas fewer respondents (21%) include a list of permitted non-audit services.

75% of the survey respondents use all or part of the IFAC Ethics Code in some way in establishing independence requirements, albeit with local differences.

4 Models and approaches for regulation of non-audit services

While the results of the survey indicate many variations in regulation of non-audit services, an overall review of the responses suggests that there are a few approaches that are commonly applied by IOSCO member jurisdictions. These approaches or models for NAS regulation are often reflective of the larger corporate governance and legal framework in a jurisdiction, as well as historical business custom and practice. These models or frameworks for establishing auditor independence requirements were identified through analyzing both the objective responses to individual questions and the supplemental information provided by IOSCO member jurisdictions and are presented for consideration as follows:

4.1 Basic threats and safeguards approach

The basic threats and safeguards approach may be viewed as somewhat profession-centric, as the emphasis is on general ethical conduct and the auditor's own self-assessment of any threats to his or her objectivity. Under this approach, the accountant is required to comply with certain fundamental principles; a) integrity, b) objectivity, c) professional competence and due care, d) confidentiality, and e) professional behavior, together with the conceptual framework in applying the threats and safeguards approach. If identified threats are other than clearly insignificant, the professional accountant should, where appropriate, apply safeguards to eliminate threats or reduce them to an acceptable level, to ensure compliance with the fundamental principles. For example, the conceptual framework in the IFAC Code of Ethics issued by the International Ethics Standards Board for Accountants that is utilized in many member jurisdictions states that "it is impossible to define every situation that creates threats to independence and specify the appropriate mitigating action that should be taken... a conceptual framework that requires firms and members of assurance teams to identify, evaluate and address threats to independence, rather than merely comply with a set of specific rules that may be

arbitrary, is in the public interest.” Materiality of the condition posing the threat is a common consideration in applying this approach. However, the IFAC code does identify some specific situations where there are no safeguards that could minimize the threats to an acceptable level. In such circumstances, auditors are prohibited from providing the services in question.

4.2 Threats and safeguards approach, with the addition of specific rules

Some IOSCO member jurisdictions and/or the audit professional organizations in those jurisdictions have taken the IFAC Code and used it as the foundation for an amplified national code or regulation, or have applied certain provisions of IFAC in developing local independence requirements. In these types of approaches, revisions and additional requirements and/or prohibitions are added to the text of the IFAC Code by the local regulator to reflect the desired requirements in that jurisdiction.

4.3 Rules based approach, subject to broad principles

A few IOSCO member jurisdictions have an independence framework in place that is more rules based, although generally subject to underlying broad principles. With this approach, specific prohibitions or permissions are included as part of the framework, where the auditor has little or no discretion to fix or mitigate a violation to the rule. In most cases, materiality cannot be used as a basis for justifying inadvertent violations to the rules. Generally, a broad set of principles and/or a general standard of auditor independence is part of the framework, given the specific rules could not consider all circumstances that raise independence concerns. Thus, when a particular service is not explicitly prohibited or permitted, the accountant still has an obligation to consider the nature of the service, along with the particular facts and circumstances, in determining whether providing the service might compromise the auditor’s independence.

5 Monitoring and enforcing compliance

Approximately 88% of IOSCO member jurisdictions indicated that they have some form of inspection function in place to monitor compliance with regulations governing the provision of non-audit services. The responsibility to inspect audit firms, undertake surveillance or conduct quality assurance programs for audit firms, and determining adherence to the rules governing the provision of non-audit services takes on many forms. A review of the narrative responses [question 14] indicates that the inspection function approaches can be described as follows;

- 1) solely the responsibility of the local professional organization.
- 2) the responsibility of the local professional organization, but with accountability or oversight by the local regulator and in certain jurisdictions the local regulator may have the authority to conduct inspections.
- 3) local regulator or quasi-regulator office responsible for inspecting audit firms.

Overall, the survey responses indicated that the basis upon which the inspection function powers are exercised is primarily through legislatively mandated compliance, and that few jurisdictions rely solely on professional organizations and their ethical requirements [question 17]. Although inspection powers may be mandated by law, in some jurisdictions the local professional organization may have the responsibility or authority for fact or evidence gathering in carrying out investigations [question 18]. Much like inspection and investigative powers, legislative and/or regulator bodies are primarily responsible for enforcement activities. Punishment or sanctions can range from an informal or formal reprimand, fines, and temporary or indefinite suspension of license to practice. A few jurisdictions referenced criminal sanctions and indicated they were normally referred to the public prosecutor's office.

6 Specific survey results and observations

The following sections describe the survey results and note certain observations. Parts A and B focus on the overall legal framework of regulation principles and oversight, and Part C contains the results relating to individual, specified types of non-audit services.

7 Part A & B – Legal and Regulatory Framework

7.1 Regulation Principles & Oversight [Questions 1-8 Part A & Part B]

- Almost all jurisdictions indicate that they regulate auditor independence in a broad sense as it relates to non-audit services [Question 1A].
- Most jurisdictions (88%) regulate non-audit services by setting out *principles* that, when applied, determine which non-audit services are prohibited [Question 2b]. In addition, approximately 73% of the jurisdictions indicate that they list *specific* non-audit services that are prohibited [Question 2d].
- However, a lower percentage of jurisdictions (61%) responded that they apply *principles* that govern which non-audit services are permitted [Question 2a]. And, only 21% of jurisdictions indicate that they list *specific* non-audit services that are permitted [Question 2c].
- All, but two countries, (which answered “no” to both questions 2a and 2b) include as part of their regulations principles that govern either prohibited or permitted non-audit services. Approximately 21% of the jurisdictions responded that they do not specify either permitted or prohibited non-audit services [answered “no” to 2c and 2d].
- The legislature (83%) [Question 3a], securities regulators (71%) [Question 3b], and professional licensing authorities or other professional bodies (85%) [Question 3d] are responsible for regulating auditor independence, as it relates to non-audit services. Regulation takes the form of legislation (91%) [Question 6a], instruments issued by the

Securities Regulators (91%) [Question 6b], and the rules of professional bodies (100%) [Question 6d].

7.2 Disclosure of Non-Audit Services [Question 9, Part A]

- The requirement for the auditor and/or the audit client to disclose the level or value of non-audit services is in place for over 70% [i.e. answered “yes” to at least one of 9a, 9b, 9c, 9d, or 9e] of jurisdictions that responded to the survey.
- The predominant type of disclosure is the responsibility of the audit client and includes disclosure in the financial statements (30%) [Question 9c] or in other publicly available documents (43%) [Question 9d]. Three jurisdictions require some type of disclosure by both the auditor and the registrant (i.e. a “Yes” response to both 9(b) and 9(d)).

7.3 Application of Framework or Rules [Questions 10-11, Part A]

- The framework and rules apply to the auditor – 98% (10(a), the audit firm – 98% (10(b), all partners – 98% (10(c), all partners and employees of the audit firm - 93% (10(d), controlled entities of the audit firm (e.g. subsidiaries) - 83% (10(e), and to affiliates – 78% (10(f).
- The requirements governing non-audit services are applicable to auditors domiciled in the relevant jurisdiction, with respect to services provided in that jurisdiction (95%) [Question 11d]. However, 50% [answered “no” to question 11a] of respondents indicate that the non-audit service requirements do not apply to companies listed in the jurisdiction, but domiciled outside that jurisdiction.
- Approximately 51% [Question 11e] of respondents indicate that auditors domiciled in a particular jurisdiction are subject to their local non-audit service requirements for work they perform in any jurisdiction.

7.4 Non-Audit Service Standards [Questions 12-13, Part A]

- The IFAC Code or local independence requirements that incorporate the IFAC Code or varying levels of the IFAC standards, is present in the regulations for approximately 75% of the IOSCO member jurisdictions. Very few jurisdictions apply a pure/unmodified version of the IFAC Code [based on interpreting a combination of the yes/no responses and narrative information provided for questions 12-13].
- Some set of independence requirements other than IFAC are applied by a few IOSCO member jurisdictions [based on interpreting a combination of the yes/no responses and narrative information provided for questions 12-13].

[Seven countries provided a "Yes" to both Questions 12(a) and 12(b), i.e. the jurisdiction applied the IFAC code and another code.]

7.5 Inspection and Enforcement [Questions 14-20, Part A]

- Approximately 88% of jurisdictions have an inspection function. Four countries do not have an inspection function (i.e. they gave a “No” response to each of questions 15(a), (b) and (c)) More generally, 79% of the responses to question 15(a) indicated that the inspections, covered the adequacy of firm-wide policies for monitoring compliance with independence requirements; 70% of the responses to question 15(b) indicated that the inspections checked for compliance with firm wide policies on a sample basis and 32% of responses to question 15(c) indicated that the inspections covered compliance with rules governing non-audit services on a sample basis with individual clients.
- For those jurisdictions that do have an inspection function, a minority have designated the securities regulator or some other entity reporting to a government controlled body to oversee or conduct inspections of audit firms. However, a majority of the inspection functions are overseen by practitioner - controlled organizations.
- Most organizations responsible for enforcement have disciplinary powers that include reprimanding or suspending an audit firm or auditor from continuing to practice. One jurisdiction indicates that its enforcement organization has the power to impose civil sanctions against audit firms or auditors.

7.6 Current Framework Modifications [Question 21, Part A]

- Approximately 60% of the jurisdictions surveyed are making changes to the current framework or have undertaken to change the rules governing the provision of non-audit services.

8 PART C – Specific non-audit services provided to audit clients

8.1 Survey Approach

IOSCO member jurisdictions were asked the following question with respect to specific types of non-audit services, *“Is the auditor permitted to provide any of the following non-audit services to the audit client?”* In answering the questions in Part C concerning the provision of specific types of non-audit services, IOSCO member jurisdictions were asked to assign a “rating” for each listed non-audit service. The rating scale was defined as follows:

- 1 Permitted
- 2 Permitted in most circumstances
- 3 Permitted with mandated disclosures
- 4 Permitted in limited circumstances
- 5 Not permitted in most circumstances
- 6 Not permitted

In addition, IOSCO members were asked to provide narrative explanation, where appropriate, as to the circumstances under which the non-audit service may be provided to the audit client. The primary questions were asked in respect of the provision of services by the audit firm to the audit client, with a secondary part to each question that asks whether the answer is the same or any different, where the non-audit services are provided to an entity over which the audit client has “significant influence.”

Responses from each member jurisdiction were downloaded into electronic spreadsheets for analysis purposes. The output from the reports was used to identify prevailing practices for certain types of non-audit services and where there was divergence in practice. A prevailing practice is defined as non-audit service, where more than 75% of the survey participants either “permit” the service or “permit the service in most circumstances” or 75% of the survey participants “do not permit” the service or “do not permit in most circumstances.”

Because it was not mandatory for member jurisdictions to provide a rationale regarding their policy to permit or not permit a particular non-audit service, it was difficult, in certain instances, to pinpoint the reasons why certain jurisdictions did not follow the prevailing practice or similarly the reasons for divergence in practice. In addition, certain IOSCO member jurisdictions tended to provide more explanatory information than others about the rationale for permitting or not permitting the provision of a particular non-audit service. In the absence of a rationale, some responses may reflect specific or general rules prohibiting or permitting a particular service. Alternatively, jurisdictions may have decided that in the absence of a specific prohibition, a non-audit service was permitted. Please note, that in general, the detailed explanatory information provided by IOSCO member jurisdictions is not included for those services where there was a “prevailing practice.” Thus, the reason that there is no accompanying detailed information for many of the services quantifiably analyzed in Part C.

The bulk of the analysis for Part C – Section One, *Specific Non-Audit Services Provided to Audit Clients*, focused on those non-audit services where there is divergence in practice, as opposed to those services where there is a prevailing practice. Many responses were left “blank”. In some cases this can be attributed to the IOSCO member jurisdiction not having a sufficient understanding of the question and thus, being cautious about responding. In calculating results and percentages, blank answers were disregarded, although the number of blank answers is disclosed for each question to better inform users of the report.

Specific Observations – Part C

8.2 Accounting and Bookkeeping Services

Summary Observations

The survey question inquired about whether the auditor is permitted to provide certain types of accounting and bookkeeping services to the audit client. Based on the answers, it appears that the prevailing practice for most of these services is either “not permitted” or “not permitted in most circumstances.” In general, many IOSCO member jurisdictions indicated that preparing accounting records or financial reports for the audit client created an unacceptable threat to independence. Although some jurisdictions commented that under certain conditions, safeguards might be available to reduce the threat to an acceptable level.

There are a few types of accounting and bookkeeping services where there is no prevailing practice [(1)C) *Assistance or advice with preparation of the financial report* and (1)L) *Independent business reviews*]. With regard to question (1)C), several jurisdictions indicated that providing advice or providing assistance (i.e. proposing adjusting journal entries, as opposed to preparing journal entries) to the client as part of the normal audit process does not normally threaten the auditor’s independence.

Responses to Survey Questions

(1)A) Payroll services

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
0	1	0	2	4	30	37	6

(1)B) Debt collections services

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
1	0	0	1	3	29	34	9

(1)C) Assistance or advice with the preparation of the financial report

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
2	1	0	10	6	18	37	6

(1)D) Prepare source documents

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
0	0	0	2	4	31	37	6

(1)E) Create or change journal entries in parent or consolidated entity.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	0	1	2	3	32	38	5

(1)F) Create or change journal entries in divisions or subsidiaries.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	0	1	2	2	32	37	6

(1)G) Cash handling services.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	0	0	2	4	29	35	8

(1)H) Custody of assets.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	0	3	4	28	36	7

(1)I) Audit firm staff secondments to the areas responsible for preparation of financial records

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	0	6	5	23	35	8

(1)J) Corporate recovery (insolvency) services.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	2	0	4	6	21	33	10

(1)K) Debt recovery and management, such as bad debt assessment.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	0	2	4	27	34	9

(1)L Independent business reviews

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
5	4	0	9	6	10	34	9

8.3 Financial Information System Design and Implementation

Summary Observations

There was a prevailing practice that designing and implementing financial information technology (“IT”) systems [(2)A) & (2)B)] was “not permitted” or “not permitted in most circumstances.” The rationales for the prevailing practice include a few jurisdictions, which commented that these services are not permitted, unless it is likely to conclude that the results of the service will not be subject to audit. Others commented that the design and implementation of financial information systems that are used to generate information forming part of a client’s financial statements creates a self-review threat, that could only be mitigated by putting appropriate safeguards in place, such as ensuring that; 1) the client takes responsibility for establishing, evaluating, and monitoring the system of internal controls, and 2) the client designates an employee with responsibility to make all management decisions with respect to design and implementation of the system.

However, there was no prevailing practice with regard to non- financial IT system and design services [(2)C)] provided to an audit client. One jurisdiction indicated that these services are permitted in most circumstances, presuming they entail working on hardware and software systems that are unrelated to the client’s financial statements.

With regard to specific types of IT systems [(2)D)i-ix)], there was a prevailing view² that these types of services are “not permitted” or “not permitted in most circumstances”, except for systems, such as virus protection software systems, people management software, share registry software and e-commerce systems, where there was no prevailing practice. There were a high number of “blank” responses for these services, suggesting that jurisdictions may not explicitly state in their independence requirements whether design and implementation of the specific systems delineated in the survey are permitted or prohibited.

² 75% or more of those jurisdictions providing either a Yes or No answer.

Responses to Survey Questions

(2)A) *Is the auditor permitted to design financial Information Technology (IT)?*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
0	0	1	5	9	22	37	6

(2)B) *Is the auditor permitted to implement financial IT systems?*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
0	0	1	6	7	23	37	6

(2)C) *Is the auditor permitted to design or implement non-financial IT systems?*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
3	5	3	10	2	12	35	8

(2)D) *Is the auditor permitted to design and/or implement directly any of the following?*

I. *Impairment modeling software*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
0	1	0	3	9	22	35	8

II. *Post employment benefits calculation software*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
0	1	0	2	9	23	35	8

III. *Net present value software*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
0	1	0	2	10	22	35	8

IV. Tax effect accounting software

Permitted -----			Not Permitted			Total	Blank
1	2	3	4	5	6		
0	1	0	2	10	22	35	8

V. People management software

Permitted -----			Not Permitted			Total	Blank
1	2	3	4	5	6		
1	4	1	5	6	17	34	9

VI. Share registry software

Permitted -----			Not Permitted			Total	Blank
1	2	3	4	5	6		
2	2	2	4	6	18	34	9

VII. Virus protection software systems

Permitted -----			Not Permitted			Total	Blank
1	2	3	4	5	6		
4	3	2	6	2	16	33	10

VIII. E-commerce systems

Permitted -----			Not Permitted			Total	Blank
1	2	3	4	5	6		
2	3	0	5	7	15	32	11

IX. Off the shelf accounting

Permitted -----			Not Permitted			Total	Blank
1	2	3	4	5	6		
1	1	1	2	7	20	32	11

8.4 Appraisal or Valuation Services, Fairness Opinions etc

Summary Observations

The survey question inquired whether the auditor could provide valuation services to an audit client, including certain specific valuation services such as those related to tax related items, impairments, debts, business combinations and several others. Overall, the prevailing practice is that auditors are either “not permitted” or “not permitted in most circumstances” to provide these services. The primary rationale for not permitting such services is the self-review threat created when such services are subject to audit procedures during an audit of the financial statements. To the extent there was not a prevailing practice, certain IOSCO member jurisdictions indicated that if the nature of the valuation services is not material to the financial statements, it might be possible to mitigate the self-review threat by implementing certain safeguards. However, if the valuation service involves matters material to the financial statements, the self-review threat created could not be reduced to an acceptable level by the application of any safeguard. Also, some jurisdictions were more inclined to permit valuation services that pertain specifically to tax related items.

Responses to Survey Questions

3)(A). *Valuation services that are material (may mean something different in different jurisdictions and situations)*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	2	7	28	37	6

3)(B). *Valuation services that are neither separately nor in the aggregate material to the financial report*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
2	6	1	6	4	18	37	6

3)(C) i) *Valuations for tax related items*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
4	1	1	1	7	21	35	8

3)(C) ii) *Employee stock plans*

Permitted ----- Not permitted

1	2	3	4	5	6	Total	Blank
0	0	2	1	6	25	34	9

3)(C) iii) *Business combinations*

Permitted ----- Not permitted

1	2	3	4	5	6	Total	Blank
0	0	2	1	7	25	35	8

3)(C) iv) *Impairment testing valuations*

Permitted ----- Not permitted

1	2	3	4	5	6	Total	Blank
0	0	1	0	9	25	35	8

3)(C) v) *Debt*

Permitted ----- Not permitted

1	2	3	4	5	6	Total	Blank
0	0	2	0	9	24	35	8

3)(C) vi) *Equity shares in privately held entities*

Permitted ----- Not permitted

1	2	3	4	5	6	Total	Blank
1	1	1	0	9	23	35	8

3)(C) vii) *Pricing studies*

Permitted ----- Not permitted

1	2	3	4	5	6	Total	Blank
1	1	2	1	8	20	33	10

3)(C) viii) *Financial investments*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	1	2	0	8	24	35	8

3)(C) ix) *Valuations for tax allocations*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
3	1	1	2	6	23	36	7

3)(C) x) *Derivatives*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	1	1	10	23	35	8

(3)(D) *Other Appraisal Services*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	1	1	3	6	12	23	20

8.5 Actuarial Services

Summary Observations

This survey section inquired whether the auditor can provide to its audit client:

- a. Financial statement related services and
- b. Non-Financial statement related services.

In regards to the provision of financial statement related services, the prevailing practice was that such services are “not permitted” or “not permitted in most circumstances”. As one IOSCO member jurisdiction noted, “The regulation recognizes no specific rules for rendering actuarial services. However, based upon the general principle framework these kinds of services potentially threaten the auditor’s independence, especially when they involve the financial statements and thus, we qualify this risk as ‘high’. Furthermore, the general framework recognizes that the subjectivity involved in the actuarial process may be a kind of decision-making and therefore may be a threat to the independence of the auditor.”

With regard to the provision of non-financial statement related actuarial services, there was no clear prevailing practice. These services include forecasting cash-flow [(4)(B)i)], preparing prospective information [(4)(B)ii)], and preparing analyses/reports for due diligence assignments [(4)(B)iii)]. A few member jurisdictions commented that non-financial statement related actuarial services may create a self-review threat, and that appropriate safeguards, such as; 1) policies and procedures to prohibit individuals assisting the assurance client from making managerial decisions on behalf of the client; 2) using professionals who are not members of the assurance team to provide the services; and 3) ensuring the firm does not commit the assurance client to the terms of any transaction or consummate a transaction on behalf of the client, should be considered.

Responses to Survey Questions

(4) *Can the auditor provide any of the following non-audit services?*

(4)(A) *Financial Statement related services provided to the audit client:*

i. *Calculating post employment benefit liabilities.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	0	7	28	35	8

ii. *Impairment modeling*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	1	0	7	27	35	8

iii. *Employee share plans*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	0	8	27	35	8

iv. *Share-based payments*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	1	8	25	34	9

v. *Prospective information*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	0	8	25	33	10

vi. *Self-insured workers compensation liabilities*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	1	8	26	35	8

vii. *General and specific insurance claims*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	0	0	0	8	25	34	9

viii. *Acquisition analysis including fair value accounting*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	0	0	1	7	26	35	8

ix. *Superannuation/pension*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	0	0	0	8	27	35	8

(4)(B) *Non-Financial Statement related services to the audit client:*

i. *Forecasting cash-flows*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
3	2	2	12	3	13	35	8

ii. *Preparing prospective information*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
2	2	2	10	4	14	34	9

iii. *Preparing analyses/reports for due diligence assignments*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
4	3	2	13	2	10	34	9

8.6 Internal Audit Services

Summary Observations

This survey question inquired whether the auditor provides a number of internal audit services to its audit client. Overall, there were only a few specific internal audit services where there was a clear prevailing practice. The rationales provided for “not permitting” these services focused on the self-review threat created by the provision of internal audit services, given that there is a rebuttable presumption that these services will be subject to audit procedures during an audit of the audit client’s financial statements. Although certain member jurisdictions indicated that safeguards may be available to reduce the self-review threat to an acceptable level. Some of the safeguards noted include; a) the audit client is responsible for internal audit activities and acknowledges its responsibility for establishing, maintaining and monitoring the system of internal controls; b) the audit client designates a competent employee, preferably within senior management, to be responsible for the audit activities; c) the audit client, the audit committee or supervisory body approves the scope, risk and frequency of internal audit work; (d) the audit client is responsible for evaluating and determining which recommendations of the firm should be implemented; e) the audit client evaluates the adequacy of the internal audit procedures performed and the findings resulting from the performance of those procedures by, among other things, obtaining and acting on reports from the firm; f) the findings and recommendations resulting from the internal audit activities are reported appropriately to the audit committee or supervisory body and g) that consideration must also be given to whether such non-assurance services should be provided only by personnel not involved in the audit engagement with different reporting lines within the firm.

The internal audit service that received the most divergent responses was (5)(F), “*Performing internal controls testing on non-accounting controls (i.e. controls- systems interfaces).*” One jurisdiction indicated that testing of internal controls of non-accounting controls would generally not be prohibited where the results of such services would not be subject to audit, assuming that the system interfaces do not effect the audit client’s financial statements.

Responses to Survey Questions

(5) *Can the auditor provide any of the following non-audit services to the audit client?*

(5)(A) *Performing internal accounting controls testing*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
5	1	1	9	5	16	37	6

(5)(B) *Providing assistance in the implementation of internal controls*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
1	0	0	14	8	14	37	6

(5)(C) *Setting the scope, risk and frequency of internal audit work*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
1	0	0	4	6	26	37	6

(5)(D) *Assisting in determining which recommendations from internal audit the entity implements*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
1	1	1	7	7	20	37	6

(5)(E) *Coordinating and reporting internal audit's findings to management or the Audit Committee*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
5	0	0	4	9	19	37	6

(5)(F) *Performing internal controls testing on non-accounting controls (i.e. controls- systems interfaces)*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
8	5	2	8	3	11	37	6

(5)(G) *Is the auditor staff providing the internal audit service permitted to assist in the Financial Statement Audit?*

Yes	No	Blank
9	26	7

(5)(H) *Audit staff secondments to the internal audit division of the audit client.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	3	0	10	5	19	38	5

8.7 Management Functions

Summary Observations

There was prevailing practice that provision of all management functions specified in the survey are prohibited. However, there was one question (6)D), “*Is the auditor permitted, in any circumstance, to influence the preparation of the audit client’s accounts or financial report (i.e. request journal entries and transactions)?*”, where a few jurisdictions permitted the service under certain conditions. One country commented, “*The Code of Ethics states that the audit process involves extensive dialogue between the firm and management of the audit client. During this process, management requests and receives significant input regarding such matters as accounting principles and financial statement disclosure, the appropriateness of controls and the methods used in determining the stated amounts of assets and liabilities. The Code states that technical assistance of this nature and advice on accounting principles for audit clients are an appropriate means to promote the fair presentation of the financial statements. According to the Code, the provision of such advice does not generally threaten the firm’s independence. Similarly, the audit process may involve drafting disclosure items, proposing adjusting journal entries and providing assistance and advice in the preparation of local statutory accounts of subsidiary entities. The Code states that these services are considered to be a normal part of the audit process and do not, under normal circumstances, threaten independence.*” In addition, a few other jurisdictions also supported this view (although some of these jurisdictions responded that the service was “not permitted” or “not permitted in most circumstances”) and indicated that these activities might be considered a normal part of the audit process and that management usually requests input from the auditor during the audit on matters such as accounting principles and financial statement disclosures.

Responses to Survey Questions

(6) *Can the auditor provide any of the following non-audit services to the audit client?*

(6)(A) *Is the audit staff permitted to act in the capacity of management for an audit client?*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
0	0	0	1	1	37	39	4

(6)(B) *Is the auditor permitted, in any circumstances, to approve or sign documents on behalf of the audit client?*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
0	0	0	0	1	38	39	4

(6)(C) *Is the auditor permitted, outside of the statutory audit function, to delegate/supervise work of staff of the audit client?*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
0	0	0	2	1	36	39	4

(6)(D) *Is the auditor permitted, in any circumstance, to influence the preparation of the audit client's accounts or financial report (i.e. request journal entries and transactions)?*

Permitted -----						Not permitted	
1	2	3	4	5	6	Total	Blank
2	0	0	1	2	34	39	4

8.8 Human Resources Services

Summary Observations

The responses to the specific questions were generally split, whereas for half of the human resource services noted there was a prevailing practice and for the other half there was not. However, very few jurisdictions indicated they “permit” or “permit these services in most circumstances”. The primary rationales for permitting versus not permitting these services include; 1) providing assistance to the audit client (e.g. an independent member of a panel selection), as opposed to making recommendations or being placed in a role normally performed by management, and 2) the nature of the position being recruited, clerical/non-management or non-financial personnel versus

senior management or those involved with the financial reporting process versus clerical/non-management or non-financial personnel. These factors were particularly relevant to those jurisdictions that apply a threats and safeguards approach. Under this approach, if the service places the audit firm in a role normally performed by management or the service involves the hiring of a senior/key manager, sufficient safeguards may not be available to reduce the threat to an acceptable level.

Responses to Survey Questions

(7) *Is the auditor permitted to provide the following non-audit services?*

(7)(A) *Reviewing the professional qualifications of a number of applicants and providing advice on their suitability for the position.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
3	1	2	13	3	15	37	6

(7)(B) *Conduct or attend candidate interviews on behalf of the audit client.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	2	2	9	2	22	37	6

(7)(C) *Create selection criteria for candidate suitability for a position.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	1	2	8	3	22	37	6

(7)(D) *Undertake reference checks for potential candidates.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
2	2	2	10	3	17	36	7

(7)(E) *Act as a negotiator in determining position, status, compensation.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	1	1	3	3	29	37	6

(7)(F) Draft employment contracts.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	2	1	7	3	23	36	7

(7)(G) Sign an employment contract and engage the candidate to commence employment.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	0	1	0	1	35	37	6

(7)(H) Assist in the performance appraisals of audit client staff.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	1	4	2	29	37	6

(7)(I) Recommend bonuses and offer incentives (employee stock options).

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	1	2	3	30	37	6

(7)(J) Attend and conduct performance counseling sessions.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	1	3	3	29	37	6

(7)(K) Recommend the termination of audit client staff based on performance.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	1	3	3	29	37	6

(7)(L) Prepare and/or assist in termination remuneration/salary.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	2	1	2	2	30	37	6

(7)(M) Provide other Human Resource Services.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
0	2	3	1	6	16	28	15

8.9 Broker Dealer Services

Summary Observations

There was a common view that certain types of broker-dealer services were not permitted based on the underlying principle that promoting, dealing in, or underwriting of shares is not compatible with providing assurance services and that the threat to independence is so significant that no safeguard could be introduced to reduce the threat to an acceptable level.

There were, however, a few categories of broker-dealer services where there was no prevailing practice, in particular, (8)F) *due diligence services* and (8)H) *analysis and financial reporting effects of transactions*, although the responses were still skewed towards the categories “not permitted” or “not permitted in most circumstances”. One jurisdiction indicated that due diligence services were permitted except when 1) the audit engagement partner has, or ought to have, reasonable doubt about the appropriateness of the accounting treatment that is related to advice provided, 2) such services are provided on a contingent basis and the fees are material to the audit firm or part of the partner’s profit share and the outcome of the service is dependent on a future or contemporary audit judgment relating to a material balance in the financial statements, and 3) the engagement would involve the audit firm taking on a management role. The responses to questions (8)E) *providing transaction advice on acquiring or divesting of divisions or entities* and (8)G) *providing acquisition analysis and advice on the basis of Fair Value accounting* did not quite meet the 75% the prevailing practice threshold, being 74% and 73% respectively.

Responses to Survey Questions

(8) *Is the auditor permitted to provide the following non-audit services to the audit client?*

(8)(A) *Buy and sell shares on behalf of the audit client both on exchange and private sale.*

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
1	0	0	0	2	34	37	6

(8)(B) Identify and introduce an audit client to an acquisition target.

Permitted -----Not Permitted							
1	2	3	4	5	6	Total	Blank
1	1	1	4	6	21	34	9

(8)(C) Identify and introduce an audit client to possible acquirers of audit subsidiaries/investments.

Permitted -----Not Permitted							
1	2	3	4	5	6	Total	Blank
1	1	0	5	6	22	35	8

(8)(D) Promote or underwrite shares of an audit client's or its subsidiary.

Permitted -----Not Permitted							
1	2	3	4	5	6	Total	Blank
1	0	0	0	3	34	38	5

(8)(E) Provide transaction advice on acquiring or disinvesting of divisions or entities.

Permitted -----Not Permitted							
1	2	3	4	5	6	Total	Blank
1	2	1	6	6	22	38	5

(8)(F) Provide due diligence services.

Permitted -----Not Permitted							
1	2	3	4	5	6	Total	Blank
4	6	1	7	4	15	37	6

(8)(G) Provide acquisition analysis and advise on the basis of Fair Value.

Permitted -----Not Permitted							
1	2	3	4	5	6	Total	Blank
1	2	1	6	6	21	37	6

(8)H) Provide analysis of accounting and financial reporting effects of transactions.

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
2	6	1	8	7	13	37	6

(8)I) Provide opinions on corporate transactions for use by the client or external parties.

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
1	2	0	8	7	18	36	7

8.10 Legal Services

Summary Observations

There was prevailing practice that provision of the following services are “not permitted” or “not permitted in most circumstances”: (9)B) *calculating estimated damages*; (9)H) *acting for the audit clients in dispute resolution or litigation*; (9)I) *negotiating contract terms for the audit client* and (9)J) *general advocacy for the client*. Certain IOSCO member jurisdictions commented that providing legal services for the purpose of advocating an audit client’s interest in a civil, criminal, regulatory, administrative, or legislative proceeding was not permitted. Those jurisdictions applying the threats and safeguards approach commented that legal services may create a self-review threat, and should only be provided where appropriate safeguards are in place and if the threat is clearly insignificant. The significance of any threat will depend on certain factors: a) the materiality of the amounts involved, b) the degree of subjectivity inherent in the matter concerned; and c) the nature of the engagement. There were also a few jurisdictions that indicated that audit firms are not legally able to provide legal services to any party or client.

Responses to Survey Questions

(9) *Is the auditor permitted to provide the following legal services to the audit client?*

(9)(A) *Act as an expert witness.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
3	2	1	9	2	20	37	6

(9)(B) Calculate estimated damages

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	1	0	8	6	21	36	7

(9)(C) Assist with document management.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
3	4	2	8	3	17	37	6

(9)(D) Contract support.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
2	4	1	9	1	20	37	6

(9)(E) Legal due diligence.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
3	4	1	10	1	18	37	6

(9)(F) Mergers and acquisition support and advice.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
3	3	1	9	1	19	36	7

(9)(G) Restructuring advice and support.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
2	4	1	8	4	18	37	6

(9)(H) Act for the audit client in dispute resolution or litigation.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
0	2	0	7	5	23	37	6

(9)(I) *Negotiate contract terms for the audit client.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	1	0	5	3	27	37	6

(9)(J) *General advocacy services for client.*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	1	0	6	4	24	36	7

8.11 Post Employment Benefits – Plan Administration Services

Summary Observations

There was prevailing practice that provision of the following services are not permitted: (10)A) *acting in a fiduciary capacity on behalf of the audit client's employment benefit plan*; (10)B) *acting as administrator of the plan* and (10)C) *making disbursements and performing calculations on behalf of the plan*. Few countries provided a rationale for why these services are not permitted, however one jurisdiction commented that while it is not entirely clear whether these services are permitted, it seems likely they could create a self-review threat to the extent financial information from the plan is reflected in the plan sponsor's financial statements.

There was no prevailing practice with regard to *providing assurance services to the plan*. One jurisdiction commented that assurance services are permitted in most circumstances provided the auditor is independent of the plan.

Responses to Survey Questions

(10) *Can the auditor provide any of the following non-audit services for the audit client? (Please answer the following questions in reference to the Audit Client's specifically affiliated post-employment plan. Questions are not applicable to outsourced plan providers).*

(10)(A) *Can the auditor act in a fiduciary duty capacity on the audit client's employment benefit plan? ("the plan").*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	1	0	2	3	27	34	9

(10)(B) *Can the auditor act as administrator of the plan?*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	1	0	2	4	26	34	9

(10)(C) *Can the auditor make disbursements and calculate on behalf of the plan?*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	0	0	2	5	26	34	9

(10)(D) *Can the auditor provide assurance services to the plan?*

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
7	5	2	3	0	18	35	8

8.12 Tax Services

Summary Observations

In summary, there was no prevailing consensus regarding permissions or prohibitions on the provision of tax services to an audit client. In several instances there were an equal number of respondents that indicated they permitted or permitted in most circumstances a particular type of tax service, as those that prohibited or prohibited in most circumstances the same service. Thus, to the extent comments or rationales were provided, the analysis below focuses on all tax services contained in the survey.

Certain jurisdictions that permit tax services or permit in most circumstances indicated that historically audit firms have provided a broad range of tax compliance services to their audit and review clients, including compliance, planning, provision of formal taxation opinions and assistance in the resolution of tax disputes. Taxation services are seen to be unique among non-assurance services for several reasons. Detailed tax laws must be consistently applied, and Tax Revenue Authorities have discretion to audit any tax filing. However, the threats associated with certain tax services, such as aggressive tax constructions, should be assessed to determine if they impair the auditor's independence.

There were several rationales provided for those jurisdictions that do not permit or do not permit in most circumstances the provision of tax services. For instance, one jurisdiction indicated that there were local restrictions on the provision of tax services to any party. Certain jurisdictions also commented that tax services constitute a form of bookkeeping and thus they will be used in the client's financial statements. Therefore, the auditor will

audit his/her own work, which can impair independence. One jurisdiction that applies the threats and safeguards approach indicated that the threats to independence need to be considered depending on the nature of the tax services to be provided, whether the service provider is separate from the assurance team and the materiality of any matter in relation to the financial statements.

Responses to Survey Questions

Tax Compliance

(11)A) Prepare and lodge of tax returns

Permitted -----Not Permitted						Total	Blank
1	2	3	4	5	6		
11	7	2	4	0	14	38	5

(11)B) Assist in the resolution of tax disputes with Tax Authorities

Permitted ----- Not Permitted						Total	Blank
1	2	3	4	5	6		
9	8	2	5	1	13	38	5

(11)C) Prepare the calculation for taxes payable/receivable.

Permitted ----- Not Permitted						Total	Blank
1	2	3	4	5	6		
10	8	1	2	3	14	38	5

8.13 Tax Opinions and Advice

(11)D) Prepare advice on tax planning opportunities.

Permitted ----- Not Permitted						Total	Blank
1	2	3	4	5	6		
7	12	3	7	1	8	38	5

(11)E) Prepare an opinion or reasonably arguable position papers on the taxation treatment of a transaction.

Permitted ----- Not Permitted						Total	Blank
1	2	3	4	5	6		
9	12	3	7	2	5	38	5

(11)F) Provide advice on tax implications for acquiring or selling investments or subsidiaries.

Permitted ----- Not Permitted							
1	2	3	4	5	6	Total	Blank
9	13	3	6	2	5	38	5

Other

(11)G) Prepare the calculation of the tax-effect

Permitted ----- Not Permitted							
1	2	3	4	5	6	Total	Blank
5	4	0	4	4	19	36	7

(11)H) Prepare the income tax calculation for tax compliance and then use this calculation for auditing the tax effect accounting balances

Permitted ----- Not Permitted							
1	2	3	4	5	6	Total	Blank
5	5	1	4	4	17	36	7

8.14 Other Services

Summary Observations

No commentary is being provided, given this section covers a diverse group of services, where different rationales may apply depending on the nature of the service.

Responses to Survey Questions

(12)A) Share registry services.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
4	2	2	5	1	22	36	7

(12)B) Company secretarial services including lodging documents with the Company's office and stock exchanges on behalf of the audit client.

Permitted ----- Not permitted							
1	2	3	4	5	6	Total	Blank
2	1	2	3	3	26	37	6

(12)C) Provide accounting advice on the treatment or application of accounting standards.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
7	12	1	6	5	7	38	5

(12)D) Provide an audit of wages declarations, which is given to third parties (i.e. Workers Compensation Audits).

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
11	10	2	4	3	6	36	7

(12)E) Provide any service that involves client funds.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
1	0	1	6	4	21	33	10

(12)F) Corporate Recovery Services.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
2	2	0	9	5	16	34	9

(12)G) Regulatory reviews or audits.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
16	8	2	7	1	3	37	6

(12)H) Independent Business Reviews.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
6	3	1	15	3	8	36	7

(12)I) Other Bankruptcy Services.

Permitted ----- Not permitted						Total	Blank
1	2	3	4	5	6		
3	2	2	10	4	12	33	10

Audit Client Definition [“Significant Influence” criteria]

One of the questions that applied to each category of non-audit services was as follows, “Is the situation different for questions 1-12 if the services are provided to an entity over which the audit client has a significant influence (i.e. is equity accounted in the group accounts) but which is not audited by the firm?”

Overall, a majority [72% to 83%, depending on the particular non-audit service] of countries indicate that the same permissions or prohibitions apply to non-audit services apply to entities in which the audit client has significant influence. However, several jurisdictions noted that the significant influence criteria only applied when the entity over which there is significant influence is also considered material to the audit client.

APPENDIX A:

IOSCO CHAIRS COMMITTEE ON AUDITING
Survey of Regulation of Non-Audit Services

Appendix A

Survey of Regulation of Non-Audit Services



OICU-IOSCO

November 2005

Introduction	4
Background.....	4
Purpose	5
Instructions	5
PART A	7
Legal Framework for Non-Audit Services provided to audit clients.	7
PART B.....	15
Policy Rationale where there are specifically Permitted Non-Audit Services provided to audit clients.	15
PART C - SECTION ONE.....	17
Specific Non-Audit Services provided to audit clients.....	17
Accounting and Bookkeeping Services provided to audit clients.	18
Financial Information System Design and Implementation provided to audit clients.	19
Appraisal or Valuation Services, Fairness Opinions or Contribution-In-Kind Reports provided to audit clients.	20
Actuarial Services provided to audit clients.	22
Internal Audit Services provided to audit clients. ...	23
Management Functions provided to audit clients. ..	25
Human Resources provided to audit clients.....	26
Broker Dealer Services provided to audit clients. ...	27
Legal Services provided to audit clients.	29
Post employment benefits – Plan and administration services provided to audit clients.	30
Tax Services provided to audit clients.	31
Other Services provided to audit clients.....	32
PART C – SECTION TWO	34
Accounting and Bookkeeping Services provided to audit clients.	34
Financial Information System Design and Implementation provided to audit clients.	36

Appraisal or Valuation Services, Fairness Opinions or Contribution-In-Kind Reports provided to audit clients.	38
Actuarial Services provided to audit clients.	40
Internal Audit Services provided to audit clients. ...	42
Management Functions provided to audit clients. .	44
Human Resources provided to audit clients.....	45
Broker Dealer Services provided to audit clients. ...	47
Legal Services provided to audit clients.	48
Post employment benefits – Plan and administration services provided to audit clients.	50
Tax Services provided to audit clients.	52
Other Services provided to audit clients.....	53
Appendix	54

Introduction

Background

Recent financial and audit failures have raised numerous issues, including how auditors can maintain their independence and perform quality audits. The IOSCO Technical Committee has appointed a Chairs Committee on Auditing to study the related issues bearing on the quality of audits and auditor independence. The overarching purpose of the Chairs Committee is to improve auditor independence practices and encourage cross-border convergence of these practices. The IOSCO Technical Committee has also requested work that focuses on the issue of non-audit services offered to audit clients and the potential impact of these services on auditor independence.

Corporate fraud and accounting scandals around the world have led to a heightened focus on the regulation of auditors, audit quality and auditor independence. If investors and markets are given to doubts about the independence of the auditor of a company's financial statements, the value that investors place on those financial statements may be seriously compromised and market integrity may be impaired. The provision of non-audit services to its audit client is one factor that creates an environment in which perceived and actual conflicts of interest may result.

This situation has led legislatures, securities regulators and auditor oversight authorities to adopt and/or strengthen laws, rules, regulations, and standards restricting or eliminating the provision of certain non-audit services to audit clients. Perhaps the most visible and significant result has been the establishment of national auditor oversight authorities, and the strengthening of audit standards and their enforcement with a significant emphasis on independence. The heightened focus on the latter aspect of auditor independence is a positive development for investor assurance. However, for capital markets around the world to receive the maximum benefit from increased investor confidence, the objectives, principles and rules supporting that confidence need to be robust, conceptually sound, and well understood.

Inconsistencies among jurisdictions in the regulation of non-audit services create problems for investors, preparers, auditors and regulators. An auditor may provide a non-audit service to a client in a jurisdiction where that service is not restricted, but that client may want to issue securities in a jurisdiction where the provision of such service violates securities laws and/or audit standards. Such situations can result in preparers and auditors violating the requirements in place in other jurisdictions. Because of the existence of these types of cross border dilemmas, an IOSCO study of the regulation of non-audit services will be useful to IOSCO members in determining how best to deal with audit independence issues, not only in their local jurisdictions, but in a global context. The project will collect information with the view that IOSCO will seek to explore areas for possible convergence on non-audit service prohibitions and permissions.

Purpose

The purpose of the survey is to examine the regulation of non-audit services offered to listed company audit clients, any public companies undertaking capital raising from the public and financial intermediaries. As jurisdictions have differing views as to which services might give rise to an actual or perceived conflict of interest, the survey will collect information about the regulation of permissible and restricted or prohibited non-audit services in the various jurisdictions. This survey does not address the provision of non-audit services to non-audit clients.

The objectives are as follows:

- develop a common understanding of when a service provided by an auditor to an audit client is regarded and defined as a "non-audit service";
- identify areas in which there appear to be significant differences among jurisdictions with respect to permitted non-audit services to an audit client and to gain an understanding of the local rationale for permitting specific non-audit services with a view to considering how these differences relate to IOSCO Principles of Auditor Independence [see IOSCO Auditor Independence Principles dated October 2002]; and
- identify areas of possible convergence for regulation of non-audit services to an audit client.

In 2004 the IOSCO Technical and Emerging Markets Committees undertook a survey on Regulation and Oversight of Auditors, which was designed to identify national and/or regional responses to financial reporting failures and resulting changes in public expectations for audits. A small part of this survey did address certain aspects of permitted non-audit services and we have considered these responses in constructing this survey. The results of that survey were published in April 2005.

Instructions

It is recommended that the survey be completed in consultation with any appropriate external bodies if the securities regulator does not have the knowledge with which to answer all the questions but that the securities regulator should retain ultimate responsibility for completing this survey. Any external bodies that assist with responding to the survey should be included in the list of persons that complete the survey.

The survey is divided into three parts. Part A examines the legal framework for non-audit services provided to audit clients; Part B examines the general policy rationale where there are specifically permitted non-audit services provided to audit clients; and Part C examines specific non-audit services provided to an audit client. Part C is divided into two sections, the first section is in respect of the provision of services by the audit firm and the second is in relation to affiliates / associates of the audit firm. Part C is divided into primary and secondary questions to determine whether the answers differ when services are provided to an entity in which the audit client has a significant influence, a parent entity of the

audit client or by a network firm of the auditor. These questions are designed to identify the scope of the restrictions on non-audit services, which may differ between jurisdictions.

In Part A of the survey one of the responses includes a "Don't Know" option. This is primarily designed to accommodate a situation where a jurisdiction is unable to answer a particular question without additional information that is not available to them after reasonable inquiries. For example, where the information in the question is insufficient to enable the proper application of the principle in a principles-based jurisdiction, particularly when the principle has not been tested. To ensure the usefulness of the survey, jurisdictions are asked to not use this option if possible. If in answering the survey, you believe an answer is not applicable to your jurisdiction please add that comment. You may also provide additional commentary if this is necessary to clarify or better explain your responses to individual questions.

To ensure the survey prints as it should appear in blank form, the survey should be first saved as a word document before using it to make entries (manual or electronic). You can complete the survey electronically by using the tab key to move to the data entry fields to enter text and by clicking the mouse inside the boxes. You may also complete the survey manually, writing in answers and attaching additional sheets as needed.

Completed surveys should be e-mailed or faxed to the Australian Securities and Investments Commission by 31 January 2006.

Email: international@asic.gov.au Fax: + 61 2 9911 2634

For assistance in interpreting questions or for any other questions regarding this survey, please contact: Mr Lee White by telephone: 6129911 2459 or by e.mail: lee.white@asic.gov.au

Survey completed by (name of securities regulator):

Contact person:

Country:

Email address:

Telephone number:

Fax number:

List of other organisations that assisted with completing the survey:

Would your organisation like to receive a summary of survey responses?

If yes, please provide an email address:

Y	N
<input type="checkbox"/>	<input type="checkbox"/>

PART A

Legal Framework for Non-Audit Services provided to audit clients.

For the purposes of this survey a **non-audit service** performed by an auditor or its affiliates, associates or network firms (as applicable) for its audit client, is the performance of any service for that audit client beyond services required to permit the external auditor to provide an audit opinion on financial statements. Non-audit services provided to audit clients raise independence concerns in many jurisdictions because they are typically services which may require the auditor to audit their own work, act as an advocate for the audit client or raise potential conflicts of interest, because of financial interrelationships between the client and the auditor. Bookkeeping and the provision of expert advice on accounting treatments are for these purposes examples of non-audit services.

The term "jurisdiction" in the survey is designed to refer to the country in which the securities regulator operates. If the regulator operates in a federal system and the answers will differ within component States or Provinces, please indicate that fact but the primary answer should refer to the rules applicable to listed companies on your country's main stock exchanges. Other definitions are set out at the back of the survey

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Does your jurisdiction regulate in a broad sense, auditor independence as it relates to non-audit services? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. If so, does the regulation of auditor independence specify (check all that apply): | | |
| a) The principles that govern which non-audit services are permitted. | <input type="checkbox"/> | <input type="checkbox"/> |
| b) The principles that govern which non-audit services are prohibited. | <input type="checkbox"/> | <input type="checkbox"/> |
| c) A list of non-audit services which are permitted. | <input type="checkbox"/> | <input type="checkbox"/> |
| d) A list of prohibited non-audit services. | <input type="checkbox"/> | <input type="checkbox"/> |
| e) A list of conditionally permitted non-audit services. | <input type="checkbox"/> | <input type="checkbox"/> |
| f) A materiality threshold below which the general prohibition does not apply. If so, please describe how materiality is defined.
.....
..... | <input type="checkbox"/> | <input type="checkbox"/> |
| g) Other, please specify:
.....
..... | | |

3. What are the organisations responsible for the regulation of auditor independence as it relates to non-audit services? Check all that apply.

a) Legislature.

b) Securities Regulator.

c) Auditor Oversight Board.

d) Professional licensing authorities or other professional bodies.

e) Audit committees.

f) Companies regulator.

4. Are there any other bodies responsible for the administration of any Codes, best practice recommendations or other non-legislative requirements relating to the framework for the rules governing performance of non-audit services and, if they can be accessed via the Internet, their web address.

If so, please list:

.....
.....
.....

5. Please explain the interrelationship between these organisations if more than one is involved in the regulation.

.....
.....
.....

6. What form does the regulation take? (Check all that apply).

a) Legislation.

b) Instruments issued by the Securities Regulator.

c) Stock Exchange rules.

d) Rules of the local Professional bodies.

e) Individual contract between the auditor and client, if permitted under the law

f) Best practice guidelines (issued by whom?).

7. Please list the names and legal references of the principal laws and regulations (legislation) that govern permitted or prohibited non-audit services and, if they can be accessed via the Internet, their web address.

.....
.....
.....

8. What other sources are there in your jurisdiction for regulating auditor independence and the prohibition of non-audit services?

a) Contracted terms between clients and auditors

b) Business, industry or voluntary best practice guidelines

c) Other regulations or mechanisms that help to ensure compliance with the provision of non-audit services, please specify (Such as a banning or prohibition power in relation to persons being eligible to audit listed companies or a similar such role that is played by the audit committee of the board)

.....
.....
.....

Yes **No** **Don't know**

9. Is there a requirement to disclose the level or value of non-audit services?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

a) By the auditor as part of the audit report.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

b) By the auditor in some other document. If so, please provide details:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

.....
.....
.....

c) By the audit client in its financial statements.

d) By the audit client in any other publicly available documents? If so please provide details.

.....
.....
.....

e) By the auditor or audit client in any other way? If so please provide details.

.....
.....
.....

10. Does the framework or rules apply to: **Yes** **No** **Don't Know**

(This question seeks to identify the scope of the application of the provision of the non audit service rules from the perspective of the suppliers of the services)

a) The auditor (if he or she is a natural person).

b) The audit firm, e.g. where the auditor is a member of the firm.

c) All partners of the audit firm.

d) All partners and employees of the audit firm.

e) Controlled entities of the audit firm (e.g. subsidiaries).

f) Affiliates, associates or networks of the audit firm.

If so please provide the definition of "associate" or "affiliate" or "network" applicable in your jurisdiction

.....
.....
.....

g) Joint venture bodies in which the auditor has an interest.

h) Other, please specify:
.....
.....

.....

	Yes	No	Don't Know
11. Are the requirements governing non-audit services applicable to: [Check all applicable boxes.] (This question seeks to ascertain if rules relating to non-audit services differ depending upon the type or location of audit client)			
a) Audits of all companies listed in your jurisdiction regardless of their domicile.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Audits of all companies listed and domiciled in your jurisdiction, but only with respect to audit work conducted in your jurisdiction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Audits of unlisted companies not domiciled in your jurisdiction raising capital in your jurisdiction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Auditors domiciled in your jurisdiction, with respect to services provided to listed companies domiciled in your jurisdiction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Auditors domiciled in your jurisdiction, to work they perform in any jurisdiction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Auditors domiciled outside your jurisdiction for work performed on companies in your jurisdiction:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Audits of all public companies that raise capital in your jurisdiction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) All audited companies in your jurisdiction that are listed and non-listed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
12. Does your jurisdiction apply the:		
a) International professional body standards (<i>i.e.</i> The Code of Ethics for Professional Accountants of the International Federation of Accountants (IFAC) as they relate to auditor independence and the provision of non-audit services.	<input type="checkbox"/>	<input type="checkbox"/>
OR		
b) Some other set of ethical standards?	<input type="checkbox"/>	<input type="checkbox"/>

--	--

If so, please identify the body and its standards:

.....
.....
.....

13. If applicable, are the IFAC standards:

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

a) Modified in their application in your jurisdiction and, if so, please explain the details:

.....
.....
.....

b) Interpreted differently from the generally "accepted" IFAC interpretation in your jurisdiction and, if so, please explain the Details:

		N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

.....
.....
.....

14. Which organisation, if any, in your jurisdiction has responsibility for inspecting audit firms, undertaking surveillance or for conducting a "quality assurance" program for audit firms (collectively called "inspection function") and determining audit firms' adherence to the rules governing the provision of non-audit services?

.....
.....
.....

15. Does the inspection function cover:

Yes	No	Don't Know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

a) adequacy of the firm-wide policies for monitoring compliance with independence requirements.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

b) compliance with firm-wide policies on a sampling basis.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

c) compliance with the rules governing non-audit services on a sample basis with individual clients.

d) Other, please specify:

.....
.....
.....

16. What are the limitations / constraints (if any) of the inspection

function?

.....
.....

17. What is the basis upon which the inspection function powers are exercised in your jurisdiction (*i.e.* voluntary compliance with the inspection, professional ethical requirement or legislatively mandated compliance etc)?

.....
.....

18. Which organisation is responsible for fact or evidence gathering (*e.g.* production of documents or subpoena of witnesses) and what powers does the organisation have in relation to evidence gathering?

.....
.....

19. Which organisation is responsible for enforcement (being the imposition of civil, administrative or criminal sanctions) for a breach of the rules?

- Organisations responsible:

.....
.....

If more than one, please explain any differences in the nature of the enforcement activity and available sanctions (*e.g.* a breach of the rule may give rise to a breach of professional ethics).

- Nature of the enforcement activities:

.....
.....

- Available sanctions for a breach:

.....
.....

20. What role, if any, does the securities regulator have with respect of the development of, application of, inspection or enforcement of, the rules governing non-audit services?

a) None.

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

b) Primary responsibility.

c) Coordination or oversight responsibility.

d) Influence only.

e) Other please specify:

.....
.....

21. Are changes to the current framework identified above in progress or has your jurisdiction undertaken to change the rules governing the provision of non-audit services?

Yes **No**

If so, please describe expected changes, the process by which they will be made, and indicate when the changes are expected to occur?

.....
.....
.....

PART B

General policy rationale where there are specifically permitted Non-Audit Services provided to audit clients.

1. Does your jurisdiction require that auditors of listed companies maintain their independence from the audit client?

- Yes
- No
- Other please explain

.....

.....

.....

2. Does your jurisdiction permit the provision of specified non-audit services to a listed company audit client?

- Yes
- Yes, but only by affiliates of the auditor
- Yes, but only with required disclosure to investors
- Yes, but only with specific permission of the audit committee or board.
- No, but it prohibits specific non-audit services
- No
- Other please specify

.....

.....

.....

Part B continued...

3. Does your jurisdiction have an explicitly stated policy rationale for the permitted or prohibited non-audit service listed in Part C? Please detail.

.....
.....
.....

4. Is the policy rationale for permitted non-audit services detailed in question 3 based on the fact that: (check all that apply)

- The service does not threaten auditor independence.
- The service has always been provided by auditors though threats to independence are recognized to exist.
- There is a materiality carve out in the regime.
- Value of service and economies of its provision outweigh threats to auditor independence.
- The conditions or limitations imposed on the provision of the service satisfactorily reduce the threat to independence.

Please explain the nature of those conditions or limitations:

.....
.....
.....

- It is a regulatory service

Other comments:

.....
.....
.....

PART C - SECTION ONE

Specific Non-Audit Services provided to audit clients.

In answering questions in Part C, please make reference to the scaling definition. For all responses that are marked as 1, 2, 3, 4, 5, or 6 please provide narrative where appropriate as to the circumstances under which the non-audit service may be provided to the audit client. You may also choose to expand upon the policy rationale for each non-audit service in this Part. Questions should be answered in reference to listed audit clients and if appropriate in relation to the regulation of non-audit services offered to any public companies undertaking capital raising from the public and financial intermediaries.

In section one of this Part, the primary questions are asked in respect of the provision of services by the **audit firm only**. The secondary part to each question asks whether the answer would be the same or any different when the question is asked in respect of a non-audit services that is provided to a company over which the audit client has a "**significant influence**" (being a company that is equity accounted in the group accounts).

In section two of this Part we ask the same primary questions but from the perspective of **affiliates / associates** of the audit firm. This is to understand if the rules about non-audit services differ when provided by a third party associated or affiliated (also known as "networks" of the audit firm under IFAC standards) with the audit firm. The secondary part to each question also asks whether the answer would be the same when the question is asked in respect of services that are provided:

- (i) to an entity in which the audit client has a **significant influence** (*e.g.* is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate;
- (ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm); and
- (iii) by a **network firm** of the auditor (using the definition of that term if applicable in your jurisdiction).

If you need to provide additional commentary please do so. If the answer requires a qualification or explanation please provide that additional information. For example, a non-audit service may be permitted subject to conditions. In that case, please provide details of what the conditions require, whether by way of additional disclosure, limiting the quantum or time period of the service or some other requirement.

Scaling Definition

- 1 Permitted
- 2 Permitted in most circumstances
- 3 Permitted with mandated disclosures
- 4 Permitted in limited circumstances
- 5 Not permitted in most circumstances
- 6 Not permitted

If you do not know the answer to a particular question, please indicate accordingly for each question. This answer may be applicable to jurisdictions where the rules are principle based and their application to particular circumstances cannot be decided without additional information.

Accounting and Bookkeeping Services provided to audit clients.

(1) Can the auditor provide any of the following non-audit services to the audit client?	1	2	3	4	5	6
A) Payroll Services.	<input type="checkbox"/>					
B) Debt collection services.	<input type="checkbox"/>					
C) Assistance or advice with preparation of the Financial Report.	<input type="checkbox"/>					
D) Prepare source documents.	<input type="checkbox"/>					
E) Create or change journal entries in parent or consolidated entity.	<input type="checkbox"/>					
F) Create or change journal entries in divisions or subsidiaries of the parent company.	<input type="checkbox"/>					
G) Cash handling services.	<input type="checkbox"/>					
H) Custody of assets.	<input type="checkbox"/>					
I) Audit firm staff secondments to the areas responsible for preparation of financial records.	<input type="checkbox"/>					
J) Corporate recovery (insolvency) services.	<input type="checkbox"/>					
K) Debt recovery and management, such as bad debt assessment.	<input type="checkbox"/>					
L) Independent business reviews.	<input type="checkbox"/>					

Other, please specify:

.....

.....

.....

1(II) Is the situation different in question 1 above if the services are provided to an entity over which the audit client has a significant influence (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....

Financial Information System Design and Implementation provided to audit clients.

(2) Is the auditor permitted to provide any of the following non-audit services to the audit client?

	1	2	3	4	5	6
A) Is the auditor permitted to design financial Information Technology (IT)?	<input type="checkbox"/>					
B) Is the auditor permitted to implement financial IT systems?	<input type="checkbox"/>					
C) Is the auditor permitted to design or implement non-financial IT systems?	<input type="checkbox"/>					
D) Is the auditor permitted to design and/or implement directly any of the following?						
i. Impairment modelling software	<input type="checkbox"/>					
ii. Post employment benefits calculation software.	<input type="checkbox"/>					
iii. Net present value software.	<input type="checkbox"/>					
iv. Tax effect accounting software.	<input type="checkbox"/>					
v. People management software.	<input type="checkbox"/>					

vi.	Share registry software.	<input type="checkbox"/>					
vii.	Virus protection software systems.	<input type="checkbox"/>					
/iii.	e-commerce systems.	<input type="checkbox"/>					
ix.	Off the shelf accounting.	<input type="checkbox"/>					

Other, please specify:

.....

2(II) Is the situation different in question 2 above, if the services are provided to an entity in which the audit client has a significant influence (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....

Appraisal or Valuation Services, Fairness Opinions or Contribution-In-Kind Reports provided to audit clients.

(3) Can the auditor provide any of the following non-audit services to the client?

1 2 3 4 5 6

A)	Valuation services that are material (may mean something different in different jurisdictions and situations)	<input type="checkbox"/>					
----	---	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

B) Valuation services that are neither separately nor in aggregate material to the Financial Report.

C) Any of the following valuation services that may be provided to audit clients:

i. Valuations for tax related items (i.e., tax value of inventory).

ii. Employee stock plans.

iii. Business combinations.

iv. Impairment testing valuations.

v. Debt.

vi. Equity shares in privately held entities.

vii. Pricing studies.

viii. Financial investments.

ix. Tax allocations.

x. Derivatives.

xi. Other, please specify.
.....
.....
.....

D) Other Appraisal services.

If clarification is required, please explain:

.....
.....
.....

3(II) Is the situation different in question 3 above, if the services are provided to an entity in which the audit client has a significant influence (eg is equity accounted in the group accounts) but which is not audited by the firm?

- No
- Yes, please explain

.....
.....
.....

Actuarial Services provided to audit clients.

(4) Can the auditor provide any of the following non-audit services?

A) **Financial Statement related services provided to the audit client:**

	1	2	3	4	5	6
i. Calculating post employment benefit liabilities.	<input type="checkbox"/>					
ii. Impairment modelling.	<input type="checkbox"/>					
iii. Employee share plans.	<input type="checkbox"/>					
iv. Share-based payments.	<input type="checkbox"/>					
v. Prospective information.	<input type="checkbox"/>					

	1	2	3	4	5	6
vi. Self-insured workers compensation liabilities.	<input type="checkbox"/>					
vii. General and specific insurance claims.	<input type="checkbox"/>					
viii. Acquisition analysis including fair value accounting.	<input type="checkbox"/>					
ix. Superannuation/pension.	<input type="checkbox"/>					

B) Non-Financial Statement related services to the audit client:	1	2	3	4	5	6
i. Forecasting cash-flow	<input type="checkbox"/>					
ii. Preparing prospective information	<input type="checkbox"/>					
iii. Preparing analyses/reports for due diligence assignments Answer	<input type="checkbox"/>					

4(II) Is the situation different in question 4 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....

Internal Audit Services provided to audit clients.

(5) Can the auditor provide any of the following non-audit services to the audit client?	1	2	3	4	5	6
A) Performing internal accounting controls testing.	<input type="checkbox"/>					

- B) Providing assistance in implementation of internal controls.
- C) Setting the scope, risk and frequency of the internal audit work.
- D) Assisting in determining which recommendations from internal audit the entity implements.
- E) Coordinating and reporting internal audit's findings to management or the Audit Committee.
- F) Performing internal controls testing on non-accounting controls (*i.e.* controls – system interfaces)
- G) Is the auditor staff providing the internal audit service permitted to assist in the Financial Statement audit? **Y** **N**
- H) Audit firm staff secondments to the internal audit division of the audit client?

Other, please specify:

.....

.....

.....

5(II) Is the situation different in question 5 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

- No
- Yes, please explain

.....

.....

.....

Management Functions provided to audit clients.

(6) Can the auditor provide any of the following non-audit services to the audit client?

1 2 3 4 5 6

A) Is the audit staff permitted to act in the capacity of management for an audit client?

B) Is the auditor permitted, in any circumstance, to approve or sign documents on behalf of the audit client?

C) Is the auditor permitted, outside of the statutory audit function, to delegate/supervise work of staff of the audit client?

D) Is the auditor permitted, in any circumstance, to influence the client's accounts or financial report (*i.e.* request journal entries and transactions)?

6(II) Is the situation different in question 6 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....

Human Resources services provided to audit clients.

(7) **Is the auditor permitted to provide the following non-audit services?**

	1	2	3	4	5	6
A) Reviewing the professional qualifications of a number of applicants and providing advice on their suitability for the position.	<input type="checkbox"/>					
B) Conduct and attend candidate interviews on behalf of the audit client.	<input type="checkbox"/>					
C) Create selection criteria for candidate suitability for a position.	<input type="checkbox"/>					
D) Undertake reference checks for potential candidates.	<input type="checkbox"/>					
E) Act as a negotiator in determining position, status, compensation.	<input type="checkbox"/>					
F) Draft employment contracts.	<input type="checkbox"/>					
G) Sign an employment contract and engage the candidate to commence employment.	<input type="checkbox"/>					
H) Assist in the performance appraisals of audit client staff.	<input type="checkbox"/>					
I) Recommend bonuses and offer incentives (employee stock options).	<input type="checkbox"/>					
J) Attend and conduct performance counselling sessions.	<input type="checkbox"/>					
K) Recommend the termination of	_____	_____	_____	_____	_____	_____

audit client staff based on performance

--	--	--	--	--	--

L) Prepare and/or assist in termination remuneration/salary

--	--	--	--	--	--

M) Provide other Human Resource Services:

--	--	--	--	--	--

Please specify:

.....
.....
.....

7(II) Is the situation different in question 7 above, if the services are provided to an entity in which the audit client has a **significant influence** by (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....
.....
.....

Broker Dealer Services provided to audit clients.

(8) Is the auditor permitted to provide the following non-audit services to the audit client?

A) Buy and sell shares on behalf of the audit client both on exchange and private sale.

	1	2	3	4	5	6

B) Identify and introduce an audit client to acquisition target entities.

--	--	--	--	--	--

- | | | | | | | | |
|----|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| C) | Identify and introduce an audit client to possible acquirers of audit subsidiaries/investments. | <input type="checkbox"/> |
| D) | Promote or underwrite shares of an audit client's or its subsidiary. | <input type="checkbox"/> |
| E) | Provide transaction advice on acquiring or disinvesting of divisions or entities. | <input type="checkbox"/> |
| F) | Provide Due-Diligence services. | <input type="checkbox"/> |
| G) | Provide acquisition analysis and advise on the basis of Fair Value | <input type="checkbox"/> |
| H) | Provide analysis of accounting and financial reporting effects of transactions. | <input type="checkbox"/> |
| I) | Provide opinions on corporate transactions for use by the client or External parties such as | <input type="checkbox"/> |

Other, please specify

.....

.....

.....

8(II) Is the situation different in question 8 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

- No
- Yes, please explain

.....

.....

.....

Legal Services provided to audit clients.

(9) Is the auditor permitted to provide the following legal services to the audit client?

	1	2	3	4	5	6
• Litigation support						
A) Act as an expert witness.	<input type="checkbox"/>					
B) Calculate estimated damages.	<input type="checkbox"/>					
C) Assist with document management.	<input type="checkbox"/>					
• Legal work						
D) Contract support	<input type="checkbox"/>					
E) Legal due diligence	<input type="checkbox"/>					
F) Mergers and acquisition advice and support	<input type="checkbox"/>					
G) Restructuring advice and support.	<input type="checkbox"/>					
H) Act for the audit client in dispute resolution or litigation	<input type="checkbox"/>					
I) Negotiate contract terms for the audit client	<input type="checkbox"/>					
J) General advocacy services for client	<input type="checkbox"/>					

Other, Please specify

.....
.....
.....

9(II) Is the situation different in question 9 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

- No
- Yes, please explain

.....
.....
.....

Post employment benefits – Plan and administration services provided to audit clients.

(10) **Can the auditor provide any of the following non-audit services for the audit client?**

Please answer the following questions in reference to the Audit Client's specifically affiliated post-employment plan. Questions are not applicable to outsourced plan providers.

	1	2	3	4	5	6
A) Can the auditor act in a fiduciary duty capacity on the audit client's employment benefit plan? ('the plan').	<input type="checkbox"/>					
B) Can the auditor act as administrator of the plan?	<input type="checkbox"/>					
C) Can the auditor make disbursements and calculate on behalf of the plan?	<input type="checkbox"/>					
D) Can the auditor provide assurance services to the plan?	<input type="checkbox"/>					

Other, please specify:

.....

10(II) Is the situation different in question 10 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....

Tax Services provided to audit clients.

(11) Is the auditor permitted to provide the following non-audit services to the audit client?

1 2 3 4 5 6

• Tax Compliance

A) Prepare and lodge of tax returns.

--	--	--	--	--	--

B) Assist in the resolution of tax disputes with Tax Authorities.

--	--	--	--	--	--

C) Prepare the calculation for taxes payable/receivable

--	--	--	--	--	--

• Tax Opinions and Advice

D) Prepare advice on Tax Planning opportunities.

--	--	--	--	--	--

1 2 3 4 5 6

E) Prepare an opinion or reasonably arguable position papers on the taxation treatment of a transaction.

--	--	--	--	--	--

F) Provide advice on tax implications for acquiring or selling investments or subsidiaries.

• **Other**

G) Prepare the calculation of the tax-effect accounting balances.

H) Prepare the income tax calculation for tax compliance and then use this calculation for auditing the tax effect accounting balances

Other matters not listed above, please specify

.....

11(II) Is the situation different in question 11 above, if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm

No

Yes, please explain

.....

Other Services provided to audit clients.

In addition to the “other services” listed below, please specify and explain any service that you permit or prohibit that has not appeared elsewhere in this survey.

(12) Can the auditor provide any of the following services to the audit client?	1	2	3	4	5	6
A) Share-registry services	<input type="checkbox"/>					
B) Company secretarial services including lodging documents with the Company's Office and stock exchanges on behalf of the audit client.	<input type="checkbox"/>					

	1	2	3	4	5	6
C) Provide accounting advice on treatment or application of accounting standards for the audit client.	<input type="checkbox"/>					
D) Provide an audit on wages declarations which is given to third parties. (i.e. Workers Compensation Audits)	<input type="checkbox"/>					
E) Provide any service that involves client funds?	<input type="checkbox"/>					
F) Corporate Recovery Services.	<input type="checkbox"/>					
G) Regulatory Reviews or audits.	<input type="checkbox"/>					
H) Independent Business Reviews.	<input type="checkbox"/>					
I) Other Bankruptcy Services.	<input type="checkbox"/>					

12(II) Is the situation in question 12 above, different if the services are provided to an entity in which the audit client has a **significant influence** (eg is equity accounted in the group accounts) but which is not audited by the firm?

No

Yes, please explain

.....

PART C – SECTION TWO

The primary questions relate to **affiliates or associates** of the audit firm providing services to listed company audit clients of the audit firm. The secondary questions also ask whether the answers would be different when the services are provided:

- i. to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate;
- ii. to a **parent entity** of the audit client (who is not audited by the particular audit firm); and
- iii. by a **network firm** of the auditor (using the definition of that term if applicable in your jurisdiction).

Do your jurisdiction's rules on audit independence apply uniformly to both the audit firm, its affiliates and network firms (including the audit firms associates)?

- Yes : Do not answer the section below
- No: **Please answer the following questions**

Accounting and Bookkeeping Services provided to audit clients.

(1) Can the auditors affiliate provide any of the following non-audit services to the audit client?

	1	2	3	4	5	6
A) Payroll Services.	<input type="checkbox"/>					
B) Debt collection services.	<input type="checkbox"/>					

- | | | | | | | | |
|----|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| C) | Assistance or advice with preparation of the Financial Report. | <input type="checkbox"/> |
| D) | Prepare source documents. | <input type="checkbox"/> |
| E) | Create or change journal entries in parent or consolidated entity. | <input type="checkbox"/> |
| F) | Create or change journal entries in divisions or subsidiaries of the parent company. | <input type="checkbox"/> |
| G) | Cash handling services. | <input type="checkbox"/> |
| H) | Custody of assets. | <input type="checkbox"/> |
| I) | Audit affiliate or associate staff secondments to the areas responsible for records. | <input type="checkbox"/> |
| J) | Corporate recovery (insolvency) services. | <input type="checkbox"/> |
| K) | Debt recovery and management. | <input type="checkbox"/> |
| L) | Independent business reviews. | <input type="checkbox"/> |

Other, please specify:

.....

1(II) Are the answers to question 1 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (*e.g.* is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

- No
- Yes, please explain

.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

- No
- Yes, please explain

.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

- No
- Yes, please explain

.....

Financial Information System Design and Implementation provided to audit clients.

(2) Is the auditors' affiliate permitted to provide any of the following non-audit services to the audit client?

	1	2	3	4	5	6
A) Is the affiliate permitted to design financial Information Technology (IT)?	<input type="checkbox"/>					
B) Is the affiliate permitted to implement financial IT systems?	<input type="checkbox"/>					
C) Is the affiliate permitted to design or implement non-financial IT systems?	<input type="checkbox"/>					
D) Is the affiliate permitted to design and/or implement directly any of the following?						
i. Impairment modelling software	<input type="checkbox"/>					

ii. Post employment benefits calculation software	<input type="checkbox"/>					
iii. Net present value software	<input type="checkbox"/>					
iv. Tax effect accounting software	<input type="checkbox"/>					
v. People management software	<input type="checkbox"/>					
vi. Share registry software	<input type="checkbox"/>					
vii. Virus protection software systems	<input type="checkbox"/>					
viii. e-commerce systems	<input type="checkbox"/>					
ix. Off the shelf accounting	<input type="checkbox"/>					

Other, please specify:

.....

.....

.....

2(II) Are the answers to question 2 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

- No
- Yes, please explain

.....

.....

.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)?

- No
- Yes, please explain

.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)?

- No
- Yes, please explain

.....

Appraisal or Valuation Services, Fairness Opinions or Contribution-In-Kind Reports provided to audit clients.

(3) Can the auditors' affiliate provide any of the following non-audit client?

	1	2	3	4	5	6
A) Valuation services that are material (may mean something different in different jurisdictions and situations)	<input type="checkbox"/>					
B) Valuation services that are neither separately nor in aggregate material to the Financial Report.	<input type="checkbox"/>					
C) Any of the following valuation services may be provided to audit clients:						
i. Valuations for tax related items (i.e. tax value of inventory).	<input type="checkbox"/>					
ii. Employee stock plans.	<input type="checkbox"/>					
iii. Business combinations.	<input type="checkbox"/>					

	1	2	3	4	5	6
iv. Impairment testing valuations.	<input type="checkbox"/>					
v. Debt.	<input type="checkbox"/>					
vi. Equity shares in privately held entities.	<input type="checkbox"/>					
vii. Pricing studies.	<input type="checkbox"/>					
viii. Financial investments.	<input type="checkbox"/>					
ix. Tax allocations.	<input type="checkbox"/>					
x. Derivatives.	<input type="checkbox"/>					
xi. Other, please specify.						
					
					
					

	1	2	3	4	5	6
D) Other Appraisal services.	<input type="checkbox"/>					

If clarification required, please comment:

.....

.....

.....

3(II) Are the answers to question 3 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

No

Yes, please explain

.....
.....
.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

No

Yes, please explain

.....
.....
.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

No

Yes, please explain

.....
.....
.....

Actuarial Services provided to audit clients.

(4) Can the auditors' affiliate provide any of the following non-audit services to the audit clients?

A) *Financial Statement related services provided to the audit client:*

i. Calculating post employment benefit liabilities

	1	2	3	4	5	6
	<input type="checkbox"/>					

ii. Impairment modelling	<input type="checkbox"/>					
iii. Employee share plans	<input type="checkbox"/>					
iv. Share-based payments	<input type="checkbox"/>					
v. Prospective information	<input type="checkbox"/>					
x. Self-insured workers compensation	<input type="checkbox"/>					
xi. General and specific insurance claims	<input type="checkbox"/>					
xii. Acquisition analysis including fair value accounting	<input type="checkbox"/>					
xiii. Superannuation/pension	<input type="checkbox"/>					

B) ***Non-Financial Statement related services to the audit client:***

	1	2	3	4	5	6
i. Forecasting cash-flow	<input type="checkbox"/>					
ii. Preparing prospective information	<input type="checkbox"/>					
iii. Preparing analyses/reports for due diligence assignments	<input type="checkbox"/>					

4(II) Are the answers to question 4 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

No

Yes, please explain

.....
.....
.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

- No
- Yes, please explain

.....

(iii) by a "Network firm" of the auditor (using the definition of that term if applicable in your jurisdiction)

- No
- Yes, please explain

.....

Internal Audit Services provided to audit clients.

(5) Can the auditors' affiliate provide any of the following non-audit services to the audit client?	1	2	3	4	5	6
A) Performing internal accounting controls testing.	<input type="checkbox"/>					
B) Providing assistance in implementation of internal controls.	<input type="checkbox"/>					
C) Setting the scope, risk and frequency of the internal audit work.	<input type="checkbox"/>					
D) Assisting in determining which recommendations from internal audit the entity implements.	<input type="checkbox"/>					
E) Coordinating and reporting internal audit's findings to management or the Audit Committee.	<input type="checkbox"/>					
F) Performing internal controls testing on non-accounting controls (<i>i.e.</i> , controls – system interfaces).	<input type="checkbox"/>					

Y N

G) Is the affiliates' staff providing the internal audit service permitted to assist in the Financial Statement audit?

H) Audit firm staff secondments to the internal audit division of the audit client

Other, please specify

.....
.....
.....

5(II) Are the answers to question 5 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's **associate / affiliate**?

No

Yes, please explain

.....
.....
.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

No

Yes, please explain

.....
.....
.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

No

Yes, please explain

.....
.....
.....

Management Functions provided to audit clients.

(6) Can the auditors' affiliate provide any of the following non-audit services to the audit client?	1	2	3	4	5	6
A) Act in the capacity of management management for an audit client?	<input type="checkbox"/>					
B) Approve or sign documents on behalf of the audit client?	<input type="checkbox"/>					
C) Outside of the statutory audit function, delegate/supervise work of staff of the audit client?	<input type="checkbox"/>					
D) In any circumstance, influence the preparation of the audit client's accounts or financial report (i.e. request journal entries and transactions)?	<input type="checkbox"/>					

6(II) Are the answers to question 6 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

No

Yes, please explain

.....

.....

.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

No

Yes, please explain

.....

.....

.....

(iii) by a "Network firm" of the auditor (using the definition of that term if applicable in your jurisdiction)

No

Yes, please explain

.....

Human Resources provided to audit clients.

(7) Is the auditors' affiliate permitted to provide the following non-audit services?

	1	2	3	4	5	6
A) Review the professional qualifications of a number of applicants and providing advice on their suitability for the position.	<input type="checkbox"/>					
B) Conduct and attend candidate interviews on behalf of the audit client.	<input type="checkbox"/>					
C) Create selection criteria for candidate suitability for a position.	<input type="checkbox"/>					
D) Undertake reference checks for potential candidates.	<input type="checkbox"/>					
E) Act as a negotiator in determining position, status, compensation.	<input type="checkbox"/>					
F) Draft employment contracts.	<input type="checkbox"/>					
G) Sign an employment contract and engage the candidate to commence employment.	<input type="checkbox"/>					
H) Assist in the performance appraisals of audit client staff.	<input type="checkbox"/>					

D)	Recommend bonuses and offer incentives (employee stock options).	<input type="checkbox"/>					
J)	Attend and conduct performance counselling sessions.	<input type="checkbox"/>					
K)	Recommend the termination of audit client staff based on performance	<input type="checkbox"/>					
L)	Prepare and/or assist in termination remuneration/salary	<input type="checkbox"/>					
M)	Provide other Human Resource Services (Please specify)	<input type="checkbox"/>					

7(II) Are the answers to question 7 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (*e.g.* is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

- No
- Yes, please explain

.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

- No
- Yes, please explain

.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

- No
- Yes, please explain

.....

Broker Dealer Services provided to audit clients.

(8) **Is the auditors' affiliate permitted to provide the following non-audit services to the audit client?**

	1	2	3	4	5	6
A) Buy and sell shares on behalf of the audit client both on exchange and private sale.	<input type="checkbox"/>					
B) Identify and introduce an audit client to acquisition target entities.	<input type="checkbox"/>					
C) Identify and introduce an audit client to possible acquirers of audit subsidiaries/investments.	<input type="checkbox"/>					
D) Promote or underwrite shares of an audit client's or its subsidiary.	<input type="checkbox"/>					
E) Provide transaction advice on acquiring or disinvesting of divisions or entities.	<input type="checkbox"/>					
F) Provide Due-Diligence services.	<input type="checkbox"/>					
G) Provide acquisition analysis and advise on the basis of Fair Value.	<input type="checkbox"/>					
H) Provide analysis of accounting and financial reporting effects of transactions.	<input type="checkbox"/>					
I) Provide opinions on corporate transactions for use by the client or external parties such as shareholders.	<input type="checkbox"/>					

Other, please specify

.....

8(II) Are the answers to question 8 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

- No
- Yes, please explain

.....

.....

.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

- No
- Yes, please explain

.....

.....

.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

- No
- Yes, please explain

.....

.....

.....

Legal Services provided to audit clients.

(9) Is the auditors' affiliate permitted to provide the following non-audit services to the audit client?

• Litigation support	1	2	3	4	5	6
A) Act as an expert witness						
B) Calculate estimated damages.						
C) Assist with document Management.						

	1	2	3	4	5	6
• Legal work						
D) Contract support.	<input type="checkbox"/>					
E) Legal due diligence.	<input type="checkbox"/>					
F) Mergers and acquisition advice and support.	<input type="checkbox"/>					
G) Restructuring advice and support.	<input type="checkbox"/>					
H) Act for the audit client in dispute resolution or litigation.	<input type="checkbox"/>					
I) Negotiate contract terms for the audit client.	<input type="checkbox"/>					
J) General advocacy services for client.	<input type="checkbox"/>					

Other, Please specify:

.....

.....

.....

9(II) Are the answers to question 9 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

No

Yes, please explain

.....

.....

.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

No

Yes, please explain

.....
.....
.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

No

Yes, please explain

.....
.....
.....

Post employment benefits – Plan and administration services provided to audit clients.

(10) Can the auditors' affiliate provide any of the following non-audit services for the audit client?

Please answer the following questions in reference to the Audit Client's specifically affiliated post-employment plan. Questions are not applicable to outsourced plan providers.

	1	2	3	4	5	6
A) Act in a fiduciary duty capacity on the audit client's post employment benefit plan? ('the plan').	<input type="checkbox"/>					
B) Act as administrator of the plan?	<input type="checkbox"/>					
C) Make disbursements and calculate receipts due from the audit client on behalf of the plan?	<input type="checkbox"/>					
D) Provide assurance services to the plan?	<input type="checkbox"/>					

Other, please specify:

.....
.....
.....

10(II) Are the answers to question 10 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (*e.g.* is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

- No
- Yes, please explain

.....
.....
.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

- No
- Yes, please explain

.....
.....
.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

- No
- Yes, please explain

.....
.....
.....

Tax Services provided to audit clients.

(11) Is the auditors' affiliate permitted to provide the following non-audit services to the audit client?

• ***Tax Compliance***

	1	2	3	4	5	6
A) Prepare and lodge of tax returns.	<input type="checkbox"/>					
B) Assist in the resolution of tax disputes with Tax Authorities.	<input type="checkbox"/>					
C) Prepare the calculation for taxes payable/receivable.	<input type="checkbox"/>					

• ***Tax Opinions and Advice***

D) Prepare advice on Tax Planning opportunities.	<input type="checkbox"/>					
E) Prepare an opinion or reasonably arguable position papers on the taxation treatment of a transaction.	<input type="checkbox"/>					
F) Provide advice on tax implications for acquiring or selling investments or subsidiaries.	<input type="checkbox"/>					

• ***Other***

G) Prepare the calculation of the tax-effect accounting balances.	<input type="checkbox"/>					
H) Prepare the income tax calculation for tax compliance and then use this calculation for auditing the tax effect accounting balances.	<input type="checkbox"/>					

Other matters not listed above, please specify:

.....

.....

.....

11(II) Are the answers to question 11 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

No

Yes, please explain

.....

(ii) to a parent entity of the audit client (who is not audited by the particular audit firm)

No

Yes, please explain

.....

(iii) by a "Network firm" of the auditor (using the definition of that term if applicable in your jurisdiction)

No

Yes, please explain

.....

Other Services provided to audit clients.

In addition to the "other services" listed below, please add and explain any service that you permit or prohibit that has not appeared elsewhere in this survey.

(12) Can the auditors' affiliate provide any of the following services to the audit Client?	1	2	3	4	5	6
A) Share-registry services.	<input type="checkbox"/>					
B) Company secretarial services including lodging documents with the Company's Office and stock exchanges on behalf of the audit client.	<input type="checkbox"/>					
C) Provide accounting advice on treatment or application of accounting	<input type="checkbox"/>					

standards for the audit client.

D)	Provide an audit on wages declarations which is given to third parties. (i.e. Workers Compensation Audits).	<input type="checkbox"/>					
E)	Provide any service that involves client funds.	<input type="checkbox"/>					
F)	Corporate Recovery Services.	<input type="checkbox"/>					
G)	Regulatory Reviews or audits.	<input type="checkbox"/>					
H)	Independent Business Reviews.	<input type="checkbox"/>					
I)	Other Bankruptcy Services.	<input type="checkbox"/>					

12(II) Are the answers to question 12 above, different if the services are provided:

(i) to an entity in which the audit client has a **significant influence** (e.g. is equity accounted in the group accounts) but which is not audited by the firm's associate / affiliate?

- No
- Yes, please explain

.....
.....
.....

(ii) to a **parent entity** of the audit client (who is not audited by the particular audit firm)

- No
- Yes, please explain

.....
.....
.....

(iii) by a "**Network firm**" of the auditor (using the definition of that term if applicable in your jurisdiction)

- No
- Yes, please explain

.....
.....
.....

Appendix

Definitions and Abbreviations

- **Audit Client**

Means the entity or group of entities whose financial reports are the subject of the external audit.

- **Auditor**

A natural or legal person permitted to undertake external audits of listed companies.

- **Audit firm**

The partnership or legal person to which the natural person auditor is a partner or employee.

- **Partner of the audit firm**

A natural person who has an equity or ownership interest in the audit firm.

- **Employees of the audit firm**

Professional staff employed by the auditor or audit firm.

- **Controlled entities of the audit firm**

Entities over which the audit firm or its partners have a capacity to determine the outcome of decisions about that entities financial or operating policies.

- **Affiliate of the audit firm**

The term "Affiliate" which includes associates of the audit firm, is intended to mean the term as defined or understood in your jurisdiction. Generally it means any entity controlled by the audit firm, partner or director of the firm. In some jurisdictions it may have a wider meaning.

- **Network firm**

The term network firm of the auditor generally has a wider meaning than affiliate and is used for example in IFAC standards. In the survey it is intended to have the meaning it has (if any) in your jurisdiction.

- **Company's Office**

Means the regulator in your jurisdiction that administers your companies law.

- **Regulatory Service**

Means the provision of a service for a regulatory authority in the jurisdiction in relation to the audit client whether that service is required by legislation or administrative action.