

# Approach to contracting Audit Service Providers

The *Audit Act 2008* permits the Auditor-General to appoint a suitable person or organisation to carry out all or a part of an audit. By contracting audit service providers (ASPs) to undertake all or part of a financial statement audit, we can:

- better respond to the risks and needs of our auditees
- access specialist skills or knowledge
- balance our internal workload
- benchmark the efficiency of audits we complete
- improve our audit approach through knowledge transfer and the adoption of innovative ideas
- better meet statutory timeframes in which to complete audits.

When contracting out audits, the Office will have due consideration of relevant Treasurers Instructions, including ***PP-2 Procurement Process – Market Approaches*** and ***PF-2 Procurement Framework – Policies impacting on procurement***. Generally, the process to be followed will be:

- for procurement valued at less than \$100,000, the market approach is to be determined by the Auditor-General, which includes direct selection through an approach to a single supplier.
- for procurement valued at more than \$100,000 but less than \$250,000, written submissions will be sought from at least three suppliers
- for procurement valued at more than \$250,000, a notice calling for tenders or submissions will be published on the Tasmanian Government Tenders website.

## Our contracting considerations

Matters we consider in deciding to contract out all or part of an audit include:

### Views and needs of the auditee

Auditee needs or concerns relating to contracting out the audit.

### Costs to the auditee

Whether additional audit costs incurred outweigh the benefits derived from engaging an ASP.

### Our capacity and resources

Identified shortfalls in capacity or resources to undertake all audits required to be completed under the *Audit Act 2008* may require us to contract part of an audit, all of an audit or a number of audits.

## **Financial and technical complexity**

Matters involving financial or technical complexity where additional specialist knowledge or expertise is required.

## **Continuity of audit teams**

Balancing our audit resource requirements with the desire for auditees to have continuity of audit staff undertaking their audits.

## **Audit rotation requirements**

Compliance with our maximum seven-year audit rotation policy, irrespective of an auditor's role, to minimise familiarity and other threats to independence.

## **Independence threats**

Known and potential independence threats, such as conflicts of interest.

## **Capacity of ASPs**

The ability of an ASP to undertake all or part of an audit in accordance with our requirements.

## **Balancing our budget**

Our ability to engage ASPs within our budgetary constraints.