



Guidance for Church Authorities in their engagement of an NCSS auditor

March 2023



AUSTRALIAN CATHOLIC SAFEGUARDING LTD

A safe Church for everyone

Australian Catholic Safeguarding Ltd acknowledges the lifelong trauma of abuse victims, survivors and their families, the failure of the Catholic Church to protect, believe and respond justly to children and adults at risk, and the consequent breaches of community trust.

Australian Catholic Safeguarding Ltd is committed to fostering a culture of safety and care for children and adults at risk.



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Australian Catholic Safeguarding Ltd respectfully acknowledges all Traditional Owners of the land and waters of Australia. We pay respect to their Elders, past and present, and young leaders of today and the future. ACSL commits itself to the ongoing work of reconciliation with our Aboriginal families and communities.

1. Introduction

An important consideration for Church Authorities seeking to engage an auditor to undertake a safeguarding audit, is to address any actual or perceived conflict of interest that may arise. This requires the Church Authority to undertake due diligence in their engagement of the NCSS Auditor, thus reinforcing sound safeguarding practices and confidence in the audit findings.

The Register of External NCSS Auditors has been created to strengthen public confidence in the NCSS Audit process. All organisations on the Register have met the following requirements:

- Professional qualifications and experience in auditing, or compliance management;
- Membership of an appropriate professional body;
- Professional Indemnity Insurance;
- Completion of the External Auditor Induction Program; and
- WWCC and National Police Check

Church Authorities may choose to have their safeguarding audit be undertaken by the independent ACSL audit team, or by an auditor on the External Register. This Register will continue to be expanded in 2023.

2. What constitutes a conflict of interest?

2.1 A conflict-of-interest situation exists for an audited body if at a particular time:

- the audit team leader or professional member of the audit team is not capable of exercising objective and impartial judgement in the conduct of a review, or any other safeguarding audit conducted under the National Catholic Safeguarding Standards.
- a reasonable person, with full knowledge of all relevant facts and circumstances, would conclude that the audit team leader or professional member of the audit team is not capable of exercising objective and impartial judgement in the conduct of the NCSS Audit.

2.2 Auditors are deemed to have a conflict of interest if they:

- are members of any Safeguarding Advisory group related to the audited body.
- Have an existing and ongoing relationship to provide consultancy services to the audited body.

2.3 A person seeking to determine if a conflict-of-interest situation exists must have regard to circumstances arising from any form of relationship, which exists, is likely to exist or has existed, between the audit team leader or professional member of the audit team and the audited body.

2.4 If the audit team leader identifies a conflict of interest, the audit team leader must take steps to resolve the conflict-of-interest situation.

2.5 The audit team leader must notify the Church Authority of the conflict of interest. The audit team leader must document the conflict and the actions or processes put in place to manage the conflict. Where the Church Authority has appointed the audit team leader, they will review this documentation and confirm if they are satisfied that the findings of the audit will not be affected.

2.6 If there is not acceptable management of the conflict of interest, the audit team leader must not be permitted to perform the audit.

3. Conflict of interest situations

3.1 A conflict-of-interest situation is likely where any of the following threats to independence exist:

- **Self-review:** An audit team member is required to review and assess work performed by them, another member of the audit team or another member of the same firm.
- **Advocacy:** An audit team member appears to promote or does promote the audited body's position or conclusion without recourse to audit findings.
- **Familiarity:** An audit team member has a strong relationship with the audited body that may lead them to overly sympathise with the audited body and this places limits on the professional judgement applied by the audit team member or, by extension, the audit team.

- **Intimidation:** An audit team member has been or appears to be threatened by the audited body.

3.2 Where any of these threats to independence exist, governance safeguards may be applied to eliminate or reduce the threat. Where appropriate measures are not available, either the relevant team member will need to be excluded from the engagement or the engagement must be declined.

3.3 Before agreeing to the engagement terms for the assurance engagement, the audit team must evaluate potential conflicts of interest applying to their team.

4. Addressing common independence issues

4.1 Dealing with independence issues requires the audit team leader’s professional judgement of the independence threat of the principles outlined above.

For example:

Common issue	Suggested response	Outcomes
<p>The audit team leader’s firm has performed other work for the audited body, which impairs their independence.</p> <p>For example, providing complaints management services, or legal advice in relation to complaints of reportable conduct or abuse.</p>	<p>The audit team leader must consider the work performed against each of the principles provided above to build an overall picture of the extent and nature of the threat to independence. The audit team leader must consider excluding potential team members who contributed to other work such as safeguarding advisory services or complaints management. The materiality of the work is considered in the audit team leader’s assessment.</p>	<p>The audit team leader must make a judgement based on their evaluation against the principles.</p> <p>The audit team leader may have to refuse the engagement if the independence threat is too great.</p> <p>It is important to remember that ‘perceived’ independence (that is, would other parties perceive the audit team leader to be independent of the audited body?) must be included in this assessment.</p>

Common issue	Suggested response	Outcomes
<p>Individual team members have financial or other interests or relationships with the audited body.</p> <p>For example, close relatives occupying key positions in the audited body's safeguarding and professional standards reporting functions.</p>	<p>The audit team leader must consider whether the team member's inclusion in the audit team would impair their independence for the assurance engagement.</p>	<p>The audit team leader must review the extent of the threat using the principles provided above.</p> <p>If the independence threat is deemed to be significant, the audit team member must be removed from the audit team and their access to all information related to the audit revoked.</p>

4.2 For further advice about this issue please contact access@acsltd.org.au



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