

**University of Dublin
Trinity College**

**Audit Committee
Policy on Auditor Rotation**

Background to the Policy

There is a need to ensure that the auditors are independent in the fulfilment of their duties. Any threat to their independence, whether real or perceived, needs to be eliminated, or at the least reduced to an acceptable level.

Where an incumbent firm is awarded the contract for audit services it is possible that the senior audit staff could be involved with the audit for many years and familiarity threats could arise.

Current Regulation and Practice

Statutory Instrument No. 220 of 2010 gave regulatory effect to the EU Directive 2006/43/EC and applies to the statutory auditors of public interest bodies. The Auditing Practices Board Ethical Standard 3 applies to the statutory auditors of listed companies.

The Comptroller and Auditor General is the statutory auditor, not the Board appointed auditors. Nevertheless, the standards of independence required of the Board appointed auditors should be no less than those applying to statutory auditors of public interest bodies under the Regulations or listed companies under the Auditing Practices Board Ethical Standard 3.

Statement of Policy

1. While there is no regulatory imperative it is desirable that College seek periodic rotation of partner or firm.
2. In the absence of evidence to the contrary being available to the Audit Committee, the threats to independence, whether real or perceived, will be met equally by rotating the partner or firm.
3. Current good procurement practice requires College to tender every four to five years. In the event that an incumbent firm is to be re-appointed, following a competitive tender process, the Audit Committee will review with the firm the potential threat to its independence posed by long association.
4. The term for tenure decided by the Committee will not be prescriptive. It will take account of best practice in this area, while also taking account of circumstances prevailing at the time of contract renewals or planned partner rotations.
5. The Committee will consider College as akin to a public-interest entity in considering the Regulations and as akin to a listed entity in considering APB Ethical Standard 3.
6. The maximum period of tenure in the EU Directive and APB Standard of 7 years for audit partner involvement will normally be the maximum term for College appointed auditors unless special circumstances exist. It follows from 4 above that the Committee will remain free to recommend a more flexible arrangement if circumstances so warrant.
7. The maximum term for partners will be calculated based on the involvement of an individual or association with the audit as an audit partner, regardless of in what capacity. This will include second or concurring partners as well as the engagement partner.

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8. When planning the audit partner rotation, the audit firm and the Audit Committee will assess the potential for a threat to independence due to long association with the audit by other senior staff and will determine what mitigating steps will be required. No maximum term will apply.
9. The consideration of the auditors independence by the Audit Committee is to be strengthened by having the firm formally report annually to the Audit Committee on independence, taking into account this policy. In line with the reporting required by the Regulations for public-interest entities, annual reporting at the conclusion of the annual audit will include:-
 - Taking account of this policy, the firm to confirm in writing its independence
 - The firm to disclose any non-audit services provided
 - The firm to discuss threats to its independence and the safeguards to mitigate those threats

In addition, during the course of the contracted period, the firm will advise the Audit Committee in advance of any non-audit engagements it proposes to undertake with College. The Committee will consider whether the independence of the auditors is compromised by the provision of the proposed services and will act accordingly.

10. This policy will be reviewed against regulations, auditing standards and good practice on the expiration of each contract for tender services and considered for revision.