

# University of Dublin Trinity College Audit Committee

## Provision of Non-Audit Services by External Auditors



# Audit Committee Policy

## Provision of

### Non-Audit Services

### by External Auditors

#### 1. INTRODUCTION

The Audit Committee, on behalf of Board, has responsibility for the selection and oversight of the work of the independent external auditors. This includes monitoring the continued independence of the auditors and approving non-audit services.

The purpose of this policy is to define what services the external auditors may and may not be engaged to provide and the procedures for exceptional cases.

#### 2. AUDIT SERVICES

The Audit Committee has identified a list of the audit and audit related services that the external auditors may conduct without seeking the pre-approval of the Committee (Schedule 1). In case of doubt the Secretary to the Audit Committee should be consulted in the first instance. This list may be amended from time to time at the direction of the Committee.

#### 3. PROHIBITED SERVICES

The Audit Committee has identified a list of prohibited services that the external auditors may not provide in any circumstances (Schedule 2). In case of doubt the Secretary to the Audit Committee should be consulted in the first instance. This list may be amended from time to time at the direction of the Committee.

#### 4. NON-AUDIT SERVICES

Non-audit services are any services other than those listed in Schedules 1 and 2 to this policy. As a general rule, the external auditors will not be permitted to provide non-audit services.

However, in accordance with 5 below, in limited and exceptional circumstances approval may be given to contracting the external auditors to provide non-audit services.

#### 5. EXCEPTIONAL CIRCUMSTANCES

Rare circumstances may arise where there is a pressing argument to make an exception and engage the external auditors to supply a non-audit service. It is expected that this will rarely arise and will be because their work as external auditors is so closely related to the non-audit service that the case to engage them is overwhelming. However, regardless of the foregoing, at all times the overriding

primary principle that the Audit Committee will apply is that auditor independence must not be impaired, or appear to be impaired, by making such an exception.

Pre-approval of the Audit Committee is required prior to engaging the external auditors to provide non-audit services.

Pre-approval of the Audit Committee is required by the external auditors prior to accepting an engagement to provide non-audit services.

Where an exception is being sought the procedure for seeking approval for the engagement of the external auditors is as follows: -

- All requests to the Audit Committee for approval to engage the external auditors to supply non-audit services will be submitted to the Secretary to the Audit Committee in writing by the requestor seeking to contract with the external auditors.
- The request will describe the precise nature of the work in detail, the maximum expected fee and the reason why the external auditors are being considered despite the general prohibition. The reasons given will therefore need to address why an exception should be made to the general prohibition. The request will also contain a statement by the external auditors confirming their view as to consistency with the rules on auditor independence.
- The Secretary to the Audit Committee will bring the request to the attention of the Committee once the required information in accordance with this policy is received from a requestor.
- Where such a request is received and a decision required before the next Audit Committee meeting, the Chair of the Audit Committee has authority to exercise discretion and approve or disapprove the engagement of the external auditors for non-audit services. All such approvals and rejections will be reported to the subsequent Audit Committee meeting.
- Alternatively, the Chair of the Audit Committee may seek a decision of the Committee by written procedure.
- It is the responsibility of the requestor to ensure that the full and final costs of the non-audit services rendered do not exceed the amount approved by the Audit Committee or Chair. Any requests for increases in the amount approved will be judged in the light of auditor independence and dealt with in a similar manner to a new request. Such requests may be disapproved notwithstanding past services on the particular assignment having been rendered by the external auditors.
- In every case where an exception is granted it is the responsibility of the requestor to report the full final costs of the non-audit services to the Secretary to the Audit Committee when the work is completed.

## Schedule 1

### Audit and Audit Related Services

Audits of the financial statements as contracted for by the College. This includes the financial statements of College and its subsidiary and related undertakings such as Ghala Limited, Trust Funds and Trinity Foundation.

Consultations and advice to management on technical accounting issues, accounting treatment under accounting standards, interpretation of standards and impact of proposed new rules by regulatory or standard setting bodies.

The provision of assurance, opinions or confirmations to third parties based on the financial audits of the financial statements.

## Schedule 2

### Prohibited Services

Bookkeeping services related to the accounting records.

Accounting services related to the preparation of the financial statements for which the audit has or will be contracted.

Design or implementation of systems related to the financial systems and financial reporting.

Internal audit services.

Secondment of staff to management positions.

Management functions including human resource services

Legal and tax services

Any transactions that lead to contingent fees or commissions being earned