



Policy

Provision of non-audit services by the external auditor

Policy owner Internal Audit

Approval

UMT 1 November 2022

1. Purpose

To ensure that the external auditor contracted by the University is not engaged in any activities which diminish its independence and might negatively impact its ability to perform the external audit function. To define what services the external auditors may and may not be engaged to provide and the procedures for approving such work. To ensure that the work of the external auditors is appropriately monitored.

2. Definitions

Audit and Audit Related Services means:

- Audits of the financial statements as contracted for by the University. This includes the financial statements of the University and its subsidiary companies and related undertakings;
- 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 assurances, opinions or confirmations to third parties based on the financial audits of the financial statements; and
- Work that is reasonably related to the performance of an audit or review and is a logical extension of the audit or review scope, is of a compliance nature and is work that the External Auditor is best placed to undertake.

Prohibited Services means:

- 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;
- Legal services and strategic tax planning and structuring, e.g. group structure, funding advices regarding the purchase of sale of business or assets; and
- Any transactions that lead to contingent fees or commissions being earned.

Non-Audit Services means any services which are neither Audit and Audit Related Services, or Prohibited Services.

3. Scope

This policy applies to all units within the University.

4. Principles

The External Auditor must perform its audit and other services in a manner that:

- is approved by appropriate levels of university management.
- does not impair the independence of the External Auditor.
- is regularly reported to the Audit and Risk Management Committee.

The External Auditor does not have a preferred supplier status for the provision of services which are not Audit and Audit related Services and is to be appointed only when it is best suited to undertake the work and does not have a conflict of interest.

5. Roles and responsibilities

Audit and Risk Management Committee: The Audit and Risk Management Committee makes a recommendation to the Governing Authority as to the appointment of an External Auditor to the University.

Governing Authority: The External Auditor is appointed by the Governing Authority on the recommendation of the Audit and Risk Management Committee.

UCD Finance: UCD Finance can retain the External Auditor to perform any Audit and Audit Related Services.

The University: The University (including UCD Finance) must:

- not retain the External Auditor to provide any of the Prohibited Services; and
- obtain prior approval to retain the External Auditor to provide Non-Audit Services in accordance with the following approval process.

Approval of the provision of Non-Audit Services

A written request by the unit seeking to retain the External Auditor for the provision of Non-Audit Services must be prepared which details:

- the precise nature of the work;
- the maximum expected fee;
- the reason why the External Auditor is being considered;
- a statement by the External Auditor confirming its view as to the consistency of this retention with the rules on auditor independence.

Prior to the retention of the External Auditor for the Non-Audit Services, that written request is approved by:

- The Director of Finance, if the maximum expected fee is less than €5,000;
- The Bursar, if the maximum expected fee is less than €15,000; and
- The Audit and Risk Management Committee, if the maximum expected fee is more than €15,000.

Approval by the Audit and Risk Management Committee

The Secretary to the Audit and Risk Management Committee will bring a request (which complies with this Policy) to that Committee for its decision. Where such a request is received and a decision

required before the next Audit and Risk Management Committee meeting, the Chair of the Audit and Risk Management Committee has authority to exercise discretion and approve or reject the engagement of the External Auditors for Non-Audit Services. All such approvals and rejections will be reported to the subsequent Audit and Risk Management Committee meeting. Alternatively, the Chair of the Audit and Risk Management Committee may seek a decision of the Committee by means of an electronic circulation.

Factors to be considered in approving the retention of the External Auditor for the Non-Audit Services

Before making a decision to approve a request to retain the External Auditor to provide Non-Audit Services, the appropriate decision maker must be satisfied that the services provided by the External Auditor do not compromise the External Auditor's independence. Factors to be considered include:

- The level of fees paid for the provision of other services as a proportion of total fees paid to the External Auditor;
- Whether the individuals performing the audit would also be involved in providing other services; and
- The External Auditor's independence declaration which is required to identify whether there is a risk of compromising the External Auditor's independence requirements.

Reporting

UCD Finance must provide the Audit and Risk Management Committee with six monthly reports which detail:

- All Non-Audit Services provided by the External Auditor;
- All Audit and Audit Related Services provided by the External Auditor; and
- All fees paid to the External Auditor,

since the last report (and covering any other periods requested by the Audit and Risk Management Committee) and which provide assurance that the External Auditor's objectivity and independence have been maintained.

6. Related documents

NA

7. Version history

Version No:	Consultation	Approval	Date
V1	ARMC, Finance, Internal Audit, University Secretariat	UMT	01/11/2022