



UNIVERSITY *of* LIMERICK

OLLSCOIL LUIMNIGH

**POLICY ON THE PROVISION OF NON-AUDIT SERVICES BY THE
EXTERNAL AUDITOR**

Approved by Governing Authority 5 April 2019

Policy on the provision of non-audit services by the External Auditor

UL's approach to engaging the External Auditor for the performance of audit and other services ensures that those services:

- Are approved by appropriate levels of UL management.
- Do not impair the independence of the External Auditor.
- Are regularly reported to the UL Audit and Risk Committee.

Any engagement of the External Auditor must satisfy applicable rules and legislation. The External Auditor does not have a preferred supplier status for the provision of other services and is to be appointed only when they are best suited to undertake the work and do not have a conflict of interest due to a relationship with another entity.

Independence considerations

The UL Audit and Risk Committee must satisfy themselves that the services provided by the External Auditor do not compromise External Auditor independence. Factors that the members should consider 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 compensation of individuals employed by the External Auditor who are performing the audit of UL is tied to the provision of other services and, if so, whether this impairs or appears to impair the External Auditor's judgement or independence.
- Whether the individuals performing the audit would also be involved in providing other services.
- Whether the audit fees are sufficient to adequately compensate the External Auditors or whether the audit fees are at a level that could increase the need for the External Auditor to perform other services to make the external audit commercially viable.
- The External Auditor's independence declaration which is required to identify whether there have been any contraventions of External Auditor independence requirements.

Reporting

- All non-audit services provided by the External Auditor must be reported every quarter to the audit committee by the External Auditor.
- Details of fees paid to the External Auditor must be disclosed in the annual report as specified by applicable financial reporting standards and corporate governance codes.
- The annual report should address the approval framework and explain how auditor objectivity and independence is safeguarded.

Approval process

UL protects the independence and objectivity of the External Auditor by mandating an approval process for engaging the External Auditor. The Audit and Risk Committee has defined the services that may not be provided by the External Auditor; refer to the section Prohibited non-audit services. No approval can be given under any authority for the provision of prohibited services. The Audit and Risk Committee has identified specific types of services that are considered to be pre-approved (see section Pre-approved audit and other services). Whether or not pre-approved by the Audit and Risk Committee, all engagements of the External Auditor for the provision of other services are subject to the following approval requirements.

Approval requirements

- Approval must be obtained before the engagement of the External Auditor for other services.
- The External Auditor must provide a written statement of independence for all engagements, approved by the appropriate authority within the audit firm (typically the principal engagement partner).
- All engagements requiring approval by the Deputy President COOR or the Audit and Risk Committee must be described in a written recommendation setting out the:
 - Nature and scope of the proposed services.
 - Procurement process.
 - Relationship of individuals within the firm to perform the proposed other services with those within the firm undertaking audit work.
 - Fee estimate, identifying the total cost expected for the current financial year.
 - Category of pre-approved service where relevant.
- Where Audit and Risk Committee approval is required, it must be communicated to the Corporate Secretary. Approval may be sought between meetings of the Committee and such approval will be noted in the minutes of the next Audit and Risk Committee meeting.

Approvals

UL has established monetary approval thresholds as follows:

Description	Approval Required
Hiring staff from the external auditor	Governing Authority
External auditor selection and appointment	Audit and Risk Committee
Services not previously pre-approved regardless of fee	Audit and Risk Committee
Any engagement > €50,000	Audit and Risk Committee
Pre-approved services between €10,000 and €50,000	Deputy President COOR
Pre-approved services < €10,000	Financial Controller Operations

Where the nature or scope of an engagement changes such that the prior approval obtained is insufficient, subsequent approval of the revised engagement must be obtained per above threshold. For example, if a pre-approved service with a fee estimate of €10,000 increases in scope to €50,000, the approval of the Audit and Risk Committee must be obtained.

Prohibited non-audit services

The External Auditor must not provide services that impair, or appear to impair, their independence as External Auditor. Generally, services that are prohibited include those where the External Auditor:

- Participates in activities that are normally undertaken by management.
- Is remunerated by way of success fees, contingent fees or commissions.
- Acts in an advocacy role for UL.
- May be required to audit their own work.

The following services must not be provided by the External Auditor:

- To take any managerial decision, or to take part in any managerial decision-making.
- The provision of bookkeeping services, i.e. the preparation of client accounting records or financial statements.
- The design, development, implementation and management of financial information technology systems.
- To make any valuations that are subsequently incorporated in the financial statements.
- Participation in internal audits.
- To act for the client in the resolution of litigation, including tax litigation.
- To participate in the recruitment of senior management for financial, administrative or management functions, or of members of legal entities of the company (board, etc.).

Pre-approved audit and other services

Only the audit committee is permitted to grant pre-approval for specific types of services. All specific pre-approved services are prescribed below. Any proposed engagement that is not specifically identified in below or which calls on judgement to be exercised as to whether it is included below, must be treated as not pre-approved. All such engagements require specific approval by the audit committee. The total fee in any one year for these services will not exceed 100% of the Audit Fee unless the engagement above this level is approved by the Audit and Risk Committee. Additional pre approved services include those prescribed below as pre approved audit related and other assurance services, pre approved tax services and pre approved other services.

Pre-approved audit services

Pre-approved audit services is work that constitutes the agreed scope of the statutory audit (including interim reviews or audits) of the University consolidated financial report and the financial reports of all subsidiaries of the University. The Audit and Risk Committee monitors the audit services engagements, and approves, if necessary, any changes in terms and conditions resulting from changes in audit scope, group structure or other relevant events.

Pre-approved audit related and other assurance services

Pre-approved audit related and other assurance services comprise work that is outside the required scope of a statutory audit, but is consistent with the role of the statutory External Auditor. This category includes 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 an assurance or compliance nature and is work that the External Auditors must or are best placed to undertake.

- Audits of reports containing financial or non-financial information prepared to meet Group governance objectives.
- The audit of selected financial information of Group entities in support of disposal and borrowing transactions.
- Consultations on the accounting treatment or disclosure requirements of transactions or events including discussions, research consultations and auditing procedures relating to unusual or nonrecurring transactions, including assistance in responding to regulatory comment letters on the Group's financial reports.
- Consultations on the accounting treatment or disclosure requirements emanating from new or proposed rules, standards or interpretations by regulatory or standard setting bodies.
- Assistance with financial due diligence investigations pertaining to potential business acquisitions/dispositions and other major transactions and events (excluding valuation services, appraisals or fairness opinions) including the review of financial statements and other financial data and records and discussions with counterparty finance and accounting personnel.
- Translation of audited financial reports into another language for filing with a national regulator, or to satisfy other financial reporting requirements of a University entity.

Pre-approved tax services

Pre-approved tax services comprise work of a tax nature that does not compromise the independence of the External Auditor. Items of such work are typically confined to advisory and compliance related services and must not extend to services involving tax-related investments or transactions. None of these services are pre-approved where they would contain elements of assistance or advice on matters of a strategic tax planning or structuring nature.

- Acting as agent of the University and subsidiary companies in the lodgement of tax returns pursuant to tax legislation.
- Assistance in the preparation of tax returns but with no authority for making elections or determining amounts declared therein.
- The provision of advice concerning the filing of tax returns and the handling of specific items in those returns and in connection with responding to queries in relation to those returns from the tax authorities.
- Advice and assistance with respect to transfer pricing matters, including preparation of reports used by the University to comply with taxing authority documentation requirements regarding royalties and inter-company pricing and assistance with tax exemptions, if applicable.

- Compliance reviews and advice on compliance in the areas of tariffs and classification, origin, pricing, and documentation, including assistance with customs audits.
- The provision of independent opinions containing interpretations of taxation legislation as it applies to specific transactions executed or proposed by University entities, where those opinions are complementary to the External Auditor's examination of the relevant financial statements.
- The provision of independent opinions containing interpretations of taxation legislation in connection with tax audits, negotiations with or appeals before federal, state, local and foreign tax agencies.
- Valuation services pertaining exclusively to tax compliance matters.
- The provision of general news and information regarding statutory, regulatory or administrative taxation developments.

Pre-approved other services

Pre-approved other services is work of an advisory nature that does not compromise the independence of the External Auditor. Items of such work are typically confined to risk management, funding or investigative advisory services.

- Review of operational effectiveness of Treasury operations relating to cheque clearing and float management practices and recommendations regarding potential areas of improvement.
- Conducting internal investigations and fact finding in connection with alleged improprieties, other than where they relate to potential accounting irregularities.
- Review of actuarial reports and calculations to assist the Group in understanding the various processes surrounding actuarial valuations and the potential impact of plan changes or changes in accounting standards.
- Review of compliance by Group companies with local statutory regulations concerning incorporation of entities, constituent documentation (such as constitutions and articles of association) and lodgement of statutory filings with regulatory bodies.
- Assistance in the registration of pension plans as and when required by country specific regulations.
- Risk management advisory services in the assessment and testing of security infrastructure controls.
- Financial and legal due diligence services.