



CODE OF CONDUCT FOR THE IRBA BOARD AND COMMITTEE MEMBERS

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1. INTRODUCTION

The IRBA is a statutory body entrusted with the regulation of the auditing profession in South Africa, with the objective being to help create an ethical, value-driven financial sector that encourages investment, creates confidence in the financial markets and promotes sound practices.

In view of the above, it is important for those entrusted with the governance and direction of the IRBA to be beyond reproach and to uphold the highest standard of ethics. It is through such conduct that the IRBA's reputation as a credible regulator will be entrenched. Also, that will instil confidence in those that the IRBA regulates, the public it is intended to protect and the investors.

It is in recognition of the IRBA's standing in the broader society that Parliament in Section 12(4)(c) of the Auditing Profession Act, 26 of 2005, as amended, indirectly creates an obligation for the IRBA to implement a code of conduct, to set the ethical standard against which its members may be held.

The IRBA understands the importance of ethics in the performance of its mandate and is thus committed to ensuring that its members align to the highest standard of ethical and professional behaviour

2. DEFINITIONS AND ACRONYMS

DEFINITIONS	
Act	The Auditing Profession Act 26 of 2005, as amended by Act 2 of 2015 and Act 5 of 2021.
Board	The Board of the IRBA appointed by the Minister of Finance in terms of Section 11 of the Act, which is the governing or controlling body of the IRBA and its accounting authority, for the purposes of the Public Finance Management Act.
Conflict of interest	A situation where the interest of two different persons/parties are incompatible.
Co-opted member(s)	Persons appointed to the Board, and/or statutory committee and/or subcommittee(s) for the purpose of providing expert advice and/or opinion.
Ethics	Moral principles that govern a person's behaviour or the conducting of an activity or performance of a function.
Interest	A feeling, cause, ground, reason, motive or justification that may, or be perceived to, influence a person's independence or decision-making,

	and this includes personal and financial interest.
Meeting	An IRBA meeting of the Board, its subcommittees, statutory committees and disciplinary hearings.
Member(s)	Members appointed to the Board, statutory committees and any subcommittee of the Board or statutory committee, inclusive of co-opted members.
Secretariat	A person appointed or performing the Secretariat function for the Board or statutory committee.
Statutory committee / Committee	A permanent committee of the IRBA, created by the Act and established in terms of Section 20 of the Act, to assist the IRBA in the performance of its function, as prescribed by the Act.
ACRONYMS	
CFAS	Committee for Auditing Standards
CFAE	Committee for Auditor Ethics
DISCOM	Disciplinary Committee
EDCOM	Education Training and Professional Development Committee
INSCOM	Inspections Committee
INVESCO	Investigating Committee
IRBA	Independent Regulatory Board for Auditors

3. PURPOSE OF THE CODE

The purpose of this Code is to:

- a) Outline the minimum ethical standards with which the members of the IRBA Board and its committees are required to comply; and
- b) Encourage and monitor ethical behaviour among members.

4. APPLICATION OF THE CODE

This Code applies to:

- a) Members of the IRBA Board appointed in terms of Section 11(2) of the Act.
- b) Members of the IRBA statutory committees appointed in terms of Section 20 of the Act, read together with Sections 21, 22, 24 and 24A, namely, members of:
 - i) CFAS;
 - ii) CFAE;

- iii) INSCOM;
 - iv) EDCOM;
 - v) INVESCO; and
 - vi) DISCOM.
- c) Members of any subcommittee established by the IRBA Board and/or statutory committees, inclusive of persons co-opted to such committees on a permanent or *ad-hoc* basis.

5. LEGAL FRAMEWORK APPLIED TO THE CODE

- 5.1. Auditing Profession Act 26 of 2005, as amended.
- 5.2. Companies Act 71 of 2008, as amended.

6. STANDARD OF CONDUCT

- 6.1. The members shall, in discharging their duties to the IRBA:
- a) Maintain the highest standards of ethical conduct to create confidence in the objectivity of the IRBA, the IRBA's decisions, as well as the auditing profession.
 - b) Discharge their duties professionally, with due diligence, efficiency and to the best of their abilities.
 - c) Act with utmost good faith and exercise due care, skill and integrity.
 - d) Comply with applicable laws and regulations applicable to the IRBA; and further ensure compliance with the prescribed and applicable codes, laws, rules, regulations and statutes, which, if not complied with, may otherwise disqualify the member from his/her association with the IRBA.
 - e) Ensure they use the IRBA's assets, property, information and intellectual property for official purposes only or as per the terms of their appointment.
 - f) Not seek, accept or receive, directly or indirectly, any gifts, inducements, payments or favour in whatsoever manner, which can be perceived as being given to gain favour in dealing with the IRBA.
 - g) Act in a manner that will not be detrimental to the integrity of the IRBA and the auditing profession.
 - h) Exercise independent judgment in respect of every matter presented for consideration and may not fetter their discretion in any manner.
 - i) Act for a proper purpose and in the best interest of the IRBA and the Auditing profession.

- j) Not have ulterior motives, save for the furtherance of the IRBA mandate.
- k) Not use their position or any information obtained by virtue of their position to improperly benefit themselves or other persons.
- l) Not impede the Board or any committee's ability to perform its functions.
- m) Not participate in decisions on matters in respect of which they have an interest, conflict or otherwise.
- n) Abide by the majority decisions, as prescribed, while retaining the right to seek changes in such decisions through ethical and constructive channels.
- o) Encourage and respect the free expression of opinion by fellow members as well as others who seek to have their opinion heard at meetings.
- p) Demonstrate commitment to strong corporate governance principles.
- q) Represent the IRBA in a positive and supportive manner at all times and in all places.
- r) Lead the organisation ethically, setting a positive tone at the top.

7. ACTIVE PARTICIPATION

7.1. Members shall exercise the responsibilities of their positions with integrity, collegiality and care. This includes:

- a) Attending meetings, unless specific circumstances prevent such attendance.
- b) Being prepared to discuss matters or issues and business on the agenda, and having read all background material relevant to the items or matters at hand, prior to the relevant meeting.
- c) Taking reasonable steps to ensure that they are informed on matters outside their expertise.
- d) Engaging robustly in discussions.
- e) Cooperating with and respecting the opinions of fellow members, and not bringing out personal prejudices during discussions.
- f) Respecting and implementing the decisions of the Board or committee, even when the member personally did not support the decision.
- g) Putting the interests of the IRBA above personal interests.
- h) Showing respect and courteous conduct in all meetings.
- i) Refraining from intruding on administrative and operational issues that are the responsibility of management, except to monitor and exercise oversight on results

and ensure that procedures are consistent with the Act, the IRBA strategy as well as Board policies and its direction.

- j) Observing established lines of communication and directing requests for information or assistance to the Chief Executive Officer or directors.
- k) Communicating to the Board or committee, as soon as practicably possible, any information that comes to their attention and which might affect or be material to the IRBA, unless they reasonably believe that the information is immaterial to the IRBA or is generally available or they are bound not to disclose that information by a legal or ethical obligation of confidentiality.
- l) Endeavouring to amicably resolve any dispute and/or impasse amongst members, and in the case where members cant reach a resolution amongst themselves, committing to and participating in any recommended¹ mediation process.

8. CONFLICT OF INTEREST

8.1. Members shall conduct their personal affairs in such a manner as to avoid any possible conflict of interest with their duties and responsibilities to the IRBA. Nevertheless, conflicts may arise from time to time, in which case, members must declare and/or report to the IRBA:

- a) Any interest or conflict of interest in a proposed transaction or arrangement with the IRBA. This duty continues even once the transaction or arrangement has been entered into or a matter has been partially dealt with but not yet extinguished.
- b) Any conflicts of interest in any agenda item or matter for consideration or decision at the meetings.
- c) Any other actual, potential and/or perceived conflicts of interest(s), as and when it arises and the member becomes aware of same.
- d) Any change in a prior declaration, as and when the change occurs.

8.2. Members with conflicts of interest must be recused for the discussion of the agenda item in respect of which a member has a conflict of interest or any perceived conflict of interest, as soon as reasonably possible after becoming aware of its existence.

8.3. Members should discourage the receipt of any gifts. Where gifts are received by members from stakeholders of the IRBA, within seven (7) days these must be declared and ceded to the Board Secretary, who will determine how such gifts are to be disposed of.

¹ A mediation may be recommended by any of the affected members and/or Chairperson of the Board or Committee, as the case may be.

9. DISCLOSURES

9.1. In conformity with applicable legal provisions, members shall make annual disclosures to the IRBA on any of the following:

- a) **Personal and/or financial interest** in any business dealings concerning the IRBA.
- b) **Affiliation**, directly or indirectly, to an IRBA registered audit firm or a network firm, as defined in the IRBA Code.
- c) Whether the member works for a consulting or internal audit firm that has any audit arrangements with an IRBA registered audit firm.
- d) Whether the member directly or indirectly shares or is likely to share in any of the **profits or interests of a registered auditor** or firm or any person related to a registered auditor or firm.
- e) Whether the member receives or is likely to receive any **payments**, excluding pension benefits, from a registered auditor or firm.
- f) Whether the member is under investigation, undergoing disciplinary processes or has been dismissed for misconduct by an employer or any other recognised public or private body.
- g) Whether the member is under investigation or undergoing prosecution or has been found guilty of any offence or improper conduct by the South African Police Service, the National Prosecuting Authority and/or any other duly constituted commission of inquiry.
- h) Whether the member has been declared insolvent, liquidated or placed under provisional liquidation or is undergoing such a process.
- i) Relevant information about related parties² including transactions, if any, entered into between the IRBA and such related persons.

9.2. Disclosures made in terms of this paragraph 9.1 may affect a member's continued eligibility to serve as such and/or the member's ability to participate in any engagement, decision making and/or project.

9.3. The Board Secretary or the secretariat of the committee will assess the disclosures made and where he/she is of a view that a disclosure may fall within the provisions of paragraph 9.2 above, he/she must bring such information to the attention of the relevant Chairperson. If the disclosure relates to a Chairperson, it must be brought to the attention of the full Board or relevant committee, as the case may be.

9.4. The relevant Chairperson must assess the disclosure and exercise his/her discretion in

² As defined in Section 2 of the Companies Act 71 of 2008, as amended.

respect of the possible impact of the disclosure to the member's continued eligibility to serve as such and/or participate in any engagement, decision making and/or project.

- 9.5. The relevant Chairperson must then report the outcome of the disclosure assessment to the full Board.
- 9.6. If the outcome of the assessment is the member's ineligibility to continue to serve as such, then a process set out in paragraph 14.6 to 14.7 must be followed.
- 9.7. In all cases, the full Board retains the power to override the decision or recommendation of the relevant Chairperson, if it is deemed to be in the interest of the IRBA to do so.

10. CONFIDENTIALITY

10.1. Members shall, at all times:

- a) Maintain the confidentiality of information entrusted by the IRBA or acquired during the performance of their duties, and may not use it for personal gain or advantage.
- b) Not disclose to any person, not in the service of the IRBA, any information obtained in the performance of their duties to the IRBA, except:
 - (i) for the purpose of enforcing compliance with the Act or any decision made in terms of the Act;
 - (ii) when required to do so by a court;
 - (iii) at the written request of, and to, any appropriate regulator which requires such information for the institution of an investigation, with a view to institute a disciplinary process or criminal prosecution;
 - (iv) at the written request of, and to, any appropriate international regulator of audits and auditors that requires such information for the purpose of an investigation or a disciplinary process; or
 - (v) for purposes of referring a non-audit matter, in terms of Section 48(1A) of the Act, to a professional body.
- c) Not communicate with the media or on social media regarding IRBA matters, unless so agreed to by the Chairperson of the Board and the Chief Executive Officer.
- d) Not commit any offences involving moral turpitude or any act contrary to law or opposed to public policy.

10.2. Disclosures effected in terms of paragraph 10(b)(i)-(v) shall only be effected through the Board Secretary or the secretariat of the committee.

11. INDEPENDENCE CONSIDERATIONS APPLICABLE ONLY TO THE MEMBERS OF THE BOARD, INVESCO AND DISCOM

11.1. Members of the Board, INVESCO and DISCOM shall:

- a) Maintain complete independence from the profession. To this end, they shall not be in the employ or service of any audit firm registered with the IRBA, and neither shall they be registered with the IRBA as auditors;
- b) Not share, directly or indirectly, in any of the profits or interests of a registered auditor or any person related to a registered auditor; and
- c) Not receive payments, excluding pension benefits, from a registered auditor.

12. RESPONSIBILITY AND ACCOUNTABILITY

In performing their duties:

- a) Members are ultimately responsible for the IRBA and its interests.
- b) Members shall ensure that their actions remain within the powers conferred upon them by the Act, the IRBA Rules, the Board Charter or Committee Charters, the IRBA policies, Delegations and/or Board Resolutions.
- c) Members of statutory committees are ultimately accountable to the Board.
- d) Members of the Board are ultimately accountable to the Minister of Finance.

13. ADMINISTRATION OF THE CODE

13.1. This Code shall be administered by the Board Secretary, in conjunction with the Secretariat staff to the relevant statutory committees.

13.2. Notwithstanding the above, the Board Secretary has the overall responsibility for the administration of this Code.

14. NON-COMPLIANCE WITH THE CODE

14.1. Non-compliance with this Code may render the non-complying member liable to a dismissal, in terms of Section 12 (4)(c) of the Act.

14.2. Should the Board Secretary or the secretariat to the committee become aware of a breach to the Code or have reason to believe that a breach has occurred, he/she must bring such information to the attention of the relevant Chairperson.

14.3. The relevant Chairperson must assess the non-compliance and exercise his/her discretion in respect of the extent of the breach and the necessary actions to be taken.

14.4. The relevant Chairperson must report the outcome of the matter to the Board.

- 14.5. In all cases, the full Board retains the power to override the decision or recommendation of the relevant Chairperson, if it is deemed to be in the interest of the IRBA to do so.
- 14.6. Where dismissal of a committee member is recommended, the relevant Chairperson must prepare a recommendation for consideration and approval by the Board.
- 14.7. Where dismissal of a Board member is recommended, the Board, through its Chairperson, must cause a recommendation to be prepared and submitted to the Minister of Finance for consideration and approval.
- 14.8. In the event of non-compliance by a Chairperson, the matter must be considered by the full Board or relevant committee, as the case may be. In such a case, the consideration and decision must be made in the relevant Chairperson's absence, with the meeting chaired by the Deputy-Chairperson or a member of the relevant committee elected by the committee for such a purpose.

15. UNDERTAKING TO BE BOUND BY THE CODE

15.1. Each member, both present and future, shall:

- a) Accept this Code and its provisions as binding on him/her.
- b) Acknowledge receipt of this Code and agree to comply with the provisions thereof at the time of appointment and annually thereafter.
- c) Ensure that a signed acknowledgement of receipt of this Code is forwarded to the Secretariat soon after appointment and in the first quarter of each financial year thereafter.

ACKNOWLEDGEMENT OF RECEIPT AND AN UNDERTAKING TO COMPLY:

I, _____, a member of the IRBA, _____ confirm and acknowledge that I have received a copy of the Code of Conduct for the IRBA Board and Committee Members; that I have read the provisions thereof, which I accept as binding on me; and hereby agree to comply with the Code in its entirety and at all times.

Signed at _____ on this _____ day of _____ 20__

Member Signature