

SAICA ETHICS COMMITTEE

Terms of Reference

2017

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Glossary of terms

Academia	-	Person permanently employed at a recognised university in South Africa
Large firms	-	PwC, Deloitte & Touche, KPMG, Ernest & Young and SizweNtsalubaGobodo
SAICA Manco	-	SAICA Management sub-committee
SAICA	-	The South African Institute of Chartered Accountants
SAICA Board	-	The SAICA board of directors
SAICA members	-	Includes all persons who pay a fee to SAICA for services and fall under the auspices of the SAICA Constitution. This includes persons with the designation CA (SA), AGA (SA) and trainees
Small & medium firms	-	Practice firms that are not large firms

1. Establishment

A revised committee structure was introduced for SAICA's committees within the three Standards Divisions (Assurance and Practice (AAP), Corporate and Public Sector Reporting (CPR) and Taxation (TAX)) within the Executive Portfolio, *Members and Global Alliances*. In terms of the revised structure advisory groups are established for focus areas that form the foundation of the accountancy profession's functions, namely Audit and Assurance, Financial Reporting, Taxation, Legal and Compliance and Ethics.

The purpose of the Ethics Committee ("the Committee") is to support SAICA in achieving its mission. Accordingly, the Committee provides thought leadership and guidance on ethics-related matters to SAICA and its members, so that they are able to comply with their responsibilities to act in the public interest, with integrity, objectivity, professional competence and due care, professional behaviour and confidentiality.

2. Purpose

The Ethics Committee has the following specific functions and responsibilities:

- 2.1 *Maintenance of the Code of Professional Conduct for Chartered Accountants (the Code)*. This includes, but is not limited to: monitoring, considering and responding to proposed modifications to the Code published by the International Ethics Standards Board for Accountants (IESBA); ensuring that the Code contains appropriate additional guidance relevant to a South African context; and making recommendations to SAICA's Board in respect of amendments to the Code.
- 2.2 *Monitoring, considering and addressing emerging ethical issues that are relevant to the public interest responsibility of SAICA and its members.* (1) *Monitoring and consideration*: Existing, emerging and potential ethical issues, both general and specific, may proactively be identified by Committee members. Alternatively, they may be referred to the Committee by any member or committee of SAICA, or SAICA's Board (which may also approve the referral of ethical matters originating from regulatory or legislative authorities, members of the public, or any other source). In addition, the Committee monitors and considers ethical issues arising from the disciplinary processes and proceedings of SAICA, as well as (to the extent that information is available and SAICA members are involved) other professional and regulatory bodies. (2) *Addressing*: Ethical issues are addressed, where necessary, by means of the Committee making recommendations to SAICA's Board (or other committees of SAICA) in respect of appropriate courses of action.
- 2.3 *Provision of leadership on behalf of SAICA in ethics-related communication, education and guidance*. This includes, but is not limited to: monitoring, considering and responding as appropriate to relevant ethics-related national and international publications and proposals; maintenance of appropriate links with relevant organisations (such as the Independent Regulatory Board for Auditors and the Ethics Institute of South Africa); and considering, developing and proposing appropriate means of educating members, trainee accountants and

accounting students, communicating with them, and maintaining their awareness, on ethical issues.

3 Membership

a) Composition

The Committee has a minimum of eleven members.

The approved membership is as follows:

- Public practice :
 - ± two representatives from large audit/accounting firms,
 - ± one representative from medium audit/accounting firm.
 - ± one representative from a small audit/accounting firm,
- Academia: ± one representative
- Experts: ± two experts on ethical issues, and
- Commerce and industry: ± three representatives
- Public sector: ± one representative.

Vacancies on the Ethics Committee will be advertised at the discretion of the Secretariat. Nominations to the Ethics Committee will be considered and approved by the current members, in consultation with the Secretariat, taking into account technical knowledge, relevant experience and qualifications, practice/industry area, and SAICA's overall commitment to transformation in the profession (taking cognisance of specific targets that by set from time to time). If consensus cannot be reached on the appointment or re-appointment of a member, the matter will be referred to the SAICA Executive Director, Members and Global Alliances for resolution.

Members serve on a voluntary basis and no remuneration is paid, apart from expense claims related to the Committee's activities.

Reimbursement of expenses shall be in accordance with SAICA policies as communicated from time to time to the Committee.

b) Resignation

Any member of the Committee, who wishes to tender his /her resignation, must do so in writing to the Chairman and the Secretariat. Reasons for his/her wishing to resign from the Committee should be set out in the document.

c) Chairman and deputy chairman

The chairman and deputy chairman shall be appointed by the Committee who will make the decision based on a majority of votes either by the Ethics committee members or by their nominated alternatives. The term of office of the Chairperson is three (3) years and may be reappointed for additional terms, subject to the overall term limits of their Committee membership. The position of chairman and deputy chairman should not be terminated simultaneously

It is the responsibility of the Chairperson to facilitate the Committee's functions and responsibilities during meetings, and to assist the Secretariat as appropriate with Committee business between meetings.

The committee may elect a deputy-chairperson to provide support to the chairperson.

d) Alternate members

Members are encouraged to appoint an alternate to attend meetings on their behalf when they are not available. Each committee member could nominate a specific person as their permanent alternate. In appointing their alternate members, committee members should take cognisance of the transformation requirements of this committee. The curriculum vitae of the appointed alternate members should be submitted to the Secretariat for noting.

4. Meetings

The Committee ordinarily meets four times a year. The number of meetings may be changed at the recommendation of the Secretariat, or by agreement of the Committee. Members or their alternates are expected to attend and contribute to all meetings, in person or by means of teleconferencing facilities. The Secretariat monitors and, after discussion with the Committee, responds as deemed appropriate to situations of generally poor attendance or contribution on the part of any member.

Where expedient, the Committee may constitute a project working group (or similar) (working group) to be chaired by a member of the Committee to formulate a proposed response on any issue. Working group members may be drawn from outside the Committee. Responsibility will be delegated to the working group, but the working group must report back to the committee, which will approve the final pronouncement or submission.

A quorum consists of at least 50% of the committee members plus one member. The invitees shall not form part of the quorum. The Chairman has the authority to agree on when a vote will be required. Should voting be required each member will have one vote. Votes will be passed by a majority of members present. Members that are conflicted should state the conflict and excuse themselves from any decision. Members should also state how long they have been conflicted.

Members of the Committee acting other than at a meeting

The Chairperson may decide at his/her discretion or on recommendation of the Secretariat, taking into account the nature of a particular matter and the time in-between formal meetings, that it may be expedient to address a matter via round-robin using electronic communication. Responses from round-robin should be expected within the same week of request. If the matter concerned requires members to vote, such decision may be adopted by written consent of a majority of the members of the Committee, given in person or by electronic communication, provided that each member of the Committee has received notice of the matter to be decided.

Conducting Committee business between meetings

While recognising that Committee members are normally in full-time employment and serve on a voluntary basis, it is necessary and appropriate that some Committee business continues and is conducted between meetings. Workloads will be kept realistic and no unreasonable demands will be made of members.

5. Term of office - Members

The term of office for members is three years. Members may be reappointed depending on their availability.

Poor record of attendance at meetings will lead to the chairman in conjunction with the secretariat to remove a member

6. Delegation

The Committee has no authority to delegate its powers and duties, except to delegate to the working groups.

7. Agenda and Papers

Each meeting shall have an agenda and shall be minuted.

The agenda, previous minutes and other documentation required for the meeting, shall be distributed to the Committee members one (1) week prior to the approved date of the meeting by the CPR sub-division and approved by the Chairman prior to the meeting.

8. Minutes

The Committee's meetings shall be recorded in full and the recording shall be kept by the Committee secretariat. The recording shall be available for inspection at any reasonable time on prior reasonable notice by a member. The Secretariat shall minute, in the form of brief meeting notes the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and note any apologies. Draft and final versions of meeting notes of the Committee's meetings shall be sent to all members of the Committee for their comment and records, within a reasonable time after such meetings. Meeting notes of Committee meetings shall be circulated promptly to all members of the Committee.

9. Reporting Procedures

A written annual report shall be constituted by the Committee, with the support of the CPR sub-division and will be submitted by the Chairman on behalf of the Committee to the SAICA ManCo and SAICA Board. The report should reflect the major developments, challenges and achievements by the Committee during the relevant year.

10. Authority

As it sees fit and appropriate, the Committee has the authority to obtain outside legal or other independent professional advice.

11. Review and Evaluation

This Committee shall at least on an annual basis review its own performance, constitution and terms of reference in the spirit of ongoing improvement and achieving maximum levels of effectiveness.

Should a member fail to attend meetings as required, fail to contribute meaningfully to the work of the Committee and fail to provide quality commentary as and when required, the Chairman, in consultation with the CPR sub-division, may, at his or her sole discretion, remove the member(s) from the Committee by written notice to the relevant member.

12. Approval of this Terms of Reference

This terms of reference was updated and approved by the Committee on **17 February 2017** and shall remain binding and in operation until replaced by resolution of the Committee.

CHAIRPERSON

ETHICS COMMITTEE