



Media Statement

Anti-intimidation in the public sector

Johannesburg, 21 January 2021 – In October 2020, the South African Institute of Chartered Accountants (SAICA) focused on ethics and delivered a series of webinars to discuss the ethical challenges currently facing the chartered accountancy and auditing professions and come up with solutions to these challenges.

During a particular focus on ethics in the Public Sector, SAICA's Senior Executive for Public Sector and Enabling competencies, Natasha Soopal, shared that the professional body has noted an increase in the number of member complaints about intimidation threats. This inspired a survey of SAICA members, which sought out their views on a range of related themes. The responses provided indicate that their concerns are located both within the public and private sectors and, that the types of threats encountered represent a range of possible consequences for members themselves, or those close to them. The session's most significant theme was the need for effective support systems, to assist members who Soopal explained "might only be induced to take part in unethical conduct if they feel that there's no help for them."

Beyond the conceptual framework

The codes of professional conduct for both SAICA and the Independent Regulatory Board for Auditors (IRBA) advise that professional accountants respond to situations that might pose a threat to the fundamental principles of professional conduct by applying the three-step conceptual framework. Beyond the *identify, assess, address* mind-set required of professional accountants, lie the internal and external systems which members must access to ensure that professional conduct standards are achieved. A crucial aspect to achieving the management of threats, is the safeguarding and support which these systems must provide to members, who risk the lives and livelihoods of themselves, as well as those close to them.

Protecting the whistle-blower

Alice Muller, the acting national leader in Audit at the Auditor General South Africa (AGSA), noted that the sense that perpetrators of intimidation continue to evade accountability, is something that is "equally felt in both the private and public sector".

"For professional accountants, intimidation threatened their ability to perform their work with integrity, independence and objectivity," said Muller, who also gave insight into the measures that the AGSA has put in place, to provide internal and external support to its staff members.

Muller described that the AGSA has over the past four years noted a marked increase in complaints about intimidation and that the organisation has put in place a number of internal interventions, which make whistle-blowing on intimidation a more supported experience for

its staff members. These interventions include a counselling service, which helps staff members to manage their wellbeing along the whistle-blower journey and includes access to a multidisciplinary security task team and protocols for escalating complaints. Muller explained that the AGSA has also engaged in a number of awareness activities that help audit team members to identify threats and begin to address them, by for example, encouraging a culture of transparency, in which they are urged to take their team members into their confidence.

The external support regime of the AGSA includes several state institutions. Muller elaborated on the framework, in which the State Security Agency (the SSA) provides support for the audit institution's risk assessment mechanism and, the Standing Committee on the Auditor General (SCoAG) provides engagement with the relevant stakeholders within the audit environment. The framework includes support from the South African Police Service, which Muller identified as a necessary stakeholder for members to engage, should they find themselves in a professional situation that is made risky by (possible) acts of criminality. This allows for referral to the Hawks (South Africa's Directorate for Priority Crime Investigation) for significant threats made against them, or those close to them.

Watching the watcher

Beyond the scope of state institutions, civil society organisations, such as Corruption Watch, have provided oversight over the accountability culture in South Africa. The comments shared by the organisation's Head of Legal and Investigations, Karem Singh, provided insight into the difficulties faced by whistle-blowers. He shared the story of a State-Owned-Entity organisation staff member who is facing challenges in the workplace, in response to the protected disclosures which the person has made to the Zondo Commission on State Capture. This possibility of a labour court challenge illustrates the financial cost of holding up the public interest, which has been the subject of recent discussion in the news about the need to incentivise whistleblowing. Singh proposed that incentives could be considered along with the need to ensure that the system is not compromised.

Culture eats strategy for breakfast

While the current commission has provided a view into the impact of corruption on the public sector, the issue remains a matter of global concern. In his remarks, Khalid Homid, the International Director at the Chartered Institute of Public Finance and Accountability (CIPFA), noted that members of the profession who operate with a zero-tolerance mind-set will surely face intimidation threats. A response to operating environments where corruption is engrained in the culture has been proposed by Sir Donald Brydon in the United Kingdom, who has argued that the auditor should place a stronger focus on fraud, beyond what is required by the International Audit Standard (IAS 240). He noted that this is a particular contemporary concern for the global auditing profession, which the International Auditing and Assurance Standards Board (the IAASB) has tasked to consider the "expectation gap" between what the public believes that auditors do, and what it is they actually do, to address the themes of fraud and going concern.

A behavioural change is needed

The focus on culture indicates the need for pro-active, values-based changes to the environments in which professional accountants may find themselves operating. While the

psycho-social support and overall structure offered by the AGSA to its staff members is something which other organisations might not have in place, Karem Singh encouraged professional accountants to make themselves aware of internal and external support available to them. This includes SAICA, as the secondary line of support, following the internal procedures at their places of employment. Another external source of support is the Anti-Intimidation and Ethical Practices Forum, of which SAICA, Corruption Watch South Africa and the Institute of Internal Auditors are founding members.

While these interventions come into play after acts of intimidation have been experienced, professional accountants are encouraged to be proactive in the development of their own ethical consciousness. This enables them to positively affect organisational cultures and, to identify issues before they snowball. The focus on self, as the agent of change, means that professional accountants should consider their personal attitudes as according to Zakariya Hoosain, SAICA Public Sector national council member, wrongdoing “often stems from how we conduct ourselves elsewhere, in our private lives. It permeates into the organisations that we find ourselves in. But it’s never too late to make changes.”

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About SAICA

The South African Institute of Chartered Accountants (SAICA), South Africa’s pre-eminent accountancy body, is widely recognised as one of the world’s leading accounting institutes. The Institute provides a wide range of support services to more than 50 000 members and associates who are chartered accountants (CAs[SA]), as well as associate general accountants (AGAs[SA]) and accounting technicians (ATs[SA]), who hold positions as CEOs, MDs, board directors, business owners, chief financial officers, auditors and leaders in every sphere of commerce and industry, and who play a significant role in the nation’s highly dynamic business sector and economic development.

Chartered Accountants are highly valued for their versatile skill set and creative lateral thinking, that’s why all of the top 100 Global Brands employ Chartered Accountants.

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