



**CODE OF BUSINESS CONDUCT FOR EMPLOYEES OF THE
AUTHORITY**

Introduction

This Code of Business Conduct (hereinafter referred to as “the Code”) applies to all employees of the Irish Auditing and Accounting Authority (hereinafter referred to as “the Authority”).

The Code of Conduct, which was formally adopted by the Board of the Authority in February 2006, (and amended by Board Resolution of 8th September, 2009) sets out in written form the agreed standards of principles and practice which govern the conduct of employees of the Authority.

There is a separate document setting out a Code of Business Conduct for members of the Authority’s Board.

The purpose of the Code of Business Conduct for Employees is

- to establish an agreed set of ethical principles;
- to prevent the development or acceptance of unethical practices;
- to promote and maintain confidence and trust; and
- to satisfy the requirements under the Code of Practice for the Governance of State Bodies (2009).

The Code underscores the Authority’s commitment to the highest standards of business conduct and has been prepared to assist employees in understanding their duties, rights and obligations. The Code is complementary to each employee’s contract of employment. It does not affect employees’ obligations under the legislation underpinning their employment or other relevant legislation e.g. the Employment Equality Acts 1998 and 2004, the Equal Status Act 2000 to 2004, the Ethics in Public Office Act 1995, as amended by the Standards in Public Office Act 2001 (“the Ethics Act”) and the Data Protection Acts 1988 and 2003. The Code is binding and employees are required to be familiar with its provisions.

While it is not possible for a set of rules or guidelines to provide for all situations which may arise, employees are expected to ensure that all their activities are governed by the ethical standards reflected in this document.

Acknowledgement by Employees of their obligations under this Code

Each employee is required to sign a Declaration of Understanding acknowledging that they have read the Code and understand its provisions and the obligations arising thereunder. When signed, the Declaration of Understanding is to be returned to the Chief Executive for record purposes.

John O’Malley
SECRETARY
8th September, 2009

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General Principles

Employees should observe the highest standards of honesty and integrity. To ensure this, they should adhere to the following principles.

Integrity

Employees should be, and be seen to be, objective and adhere to the highest standards of professional integrity. Specifically, employees are expected to:

- refrain from any involvement in outside employment or other business interests in conflict, or in potential conflict, with the business of the Authority;
- refrain from giving or receiving corporate gifts, hospitality, preferential treatment or benefits which might affect, or appear to affect, the ability of the donor or recipient to exercise independent judgement on business transactions and to adhere to any policy of the Authority on the receipt of gifts;
- conduct purchasing activities relating to goods and services in accordance with Authority policy;
- devote the whole of time and attention during business hours to the discharge of duties;
- not participate in discussions or decisions involving conflicts of interest whether or not such conflicts have previously been disclosed;
- avoid the use of the Authority's resources or time for personal gain or for the benefit of persons or organisations unconnected with the Authority or its activities;
- not acquire information or business secrets by improper means;
- ensure that the Authority's financial records, accounts and other reports accurately reflect its business performance and are not misleading or designed to be misleading; and
- not use any information obtained by virtue of their position as employees of the Authority for the purpose of any dealing (direct or indirect) in shares, property or otherwise.

Conflict of Interests

Public confidence in the Authority requires that all employees of the Authority be seen at all times to be above reproach in the area of actual or potential conflict of interest situations. It is also important that employees of the Authority act, and be seen to act, objectively and independently. They should not be biased or prejudiced

and should not be involved in decision-making if there is a real likelihood that they may be perceived to be biased.

To this end, employees should ensure that they comply with their statutory obligations with regard to actual and potential conflicts of interests and to the principles set out below in this Code. In addition, employees should comply with any policies, procedures and guidance issued by the Authority with regard to conflicts of interest and bias.

Statutory Obligations

Employees have a statutory duty to disclose to the Authority any material interest in a 'specified matter' (section 19 of the Companies (Auditing and Accounting) Act 2003) ("the Act") (the text of section 19 is set out in Appendix 3 to this Code). Specified matters are any arrangements or proposed arrangements or contracts or other agreements (or proposed such contracts or other agreements) to which the Authority is a party.

Each employee is required to sign a Declaration of Understanding acknowledging that they have read section 19 of the Act and understand its provisions and the obligations arising thereunder. When signed, the Declaration of Understanding is to be returned to the Chief Executive for record purposes. If an employee is unsure as to the requirements imposed by section 19, advice should be sought immediately from the Secretary.

Any disclosure required to be made by an employee pursuant to section 19 shall be made in writing to the Chief Executive Officer as soon as the obligation to disclose becomes apparent.

In addition, to the requirements contained in section 19 of the Act, employees who occupy "*designated positions of employment*" for the purposes of the Ethics Act are also required to also comply with the requirements imposed under that Act. The requirements include the submission of an annual written statement to a person specified by the Minister for Finance which discloses interests of the employee (and any interests of his or her spouse or child of the employee or his or her spouse) which could:

"materially influence the person in or in relation to the performance of the functions of the position by reason of the fact that such performance could so affect those interests as to confer on or withhold from the person or the spouse or child a substantial benefit."

Persons holding "*designated positions of employment*" must also furnish a statement in any case where a function falls to be performed and the employee has actual knowledge that he or she or a connected person has a material interest in a matter to which the function relates. In such case, the employee is prohibited from performing the function unless there are compelling reasons requiring him or her to do so.

The Minister for Finance has not designated any positions of employment of the Authority to date. However, it is anticipated that positions will be designated in the near future (possibly early 2007). It is likely that the positions that will be so

designated will be the Chief Executive Officer, Heads of Function, and the Finance Manager. In the event that any positions of employment of the Authority are designated for the purposes of the Ethics Act, such employees will be informed as to the obligations and will be provided with the necessary forms and guidelines for the preparation and submissions of the required statement.

Authority Policy

In addition to their statutory obligations, employees should disclose in writing to the Chief Executive Officer details of any conflict of interest which might affect, or potentially affect, their impartiality in carrying out their duties as soon as they become apparent, including:

- *any conflict, or potential conflict of interest arising by virtue of any interest, shareholding, business or professional relationship or other possible conflict of interest an employee has with any individual, firm, company or other entity from which the Authority purchases supplies, works or services or through which the Authority proposes to sell services;*
- *any conflict, or potential conflict, of interest arising by virtue of any shareholding, business or professional relationship or other possible conflict of interest an employee has with any individual, firm, company or other entity coming within the Authority's supervisory remit;*
- *any interest of an employee's immediate family which could involve such a conflict of interest.*

Where a conflict of interest, or potential conflict of interest, situation becomes apparent, the employee is expected to disclose such interest at the earliest opportunity and, unless specifically authorised to do so by the Chief Executive, to take no part in dealing with any such matter, refrain from making any recommendations in relation to the matter and neither influence nor seek to influence a decision to be made in relation to the matter.

In the event that an employee has a conflict or potential conflict of interest or where there might be a perception of bias in relation to a particular case, he or she should report this to the Chief Executive Officer.

Confidentiality of Information

Employees of the Authority operate under a statutory duty of confidentiality, as provided for by section 31 of the Act (the text of Section 31 of the Act is set out in Appendix 3 to this Code). Employees should not, therefore, disclose any confidential information obtained by the Authority:

- other than in circumstances provided for by the Act; and
- in any event, without the prior consent of the Chief Executive.

This statutory duty applies both during and after employment with the Authority. Employees of the Authority also owe a common law duty of confidentiality to the Authority.

Employees are expected to respect the confidentiality of sensitive information held by the Authority, including material such as:

- (a) commercially sensitive information (including, but not limited to, future plans or details of major organisational or other changes such as restructuring);
- (b) personal information and information relating to entities coming within the Authority's remit;
- (c) information received in confidence by the Authority; and
- (d) internal memorandum and papers prepared for the Authority's internal use.

As regards a possible conflict between the requirements of confidentiality and the normal performance of an employee's duties, employees should seek advice from the Secretary.

Disclosure of Information

Notwithstanding the foregoing, the Authority has a duty to be as open as possible about its decisions and actions, giving reasons for decisions and restricting information only when the law prohibits disclosure. Employees are expected to:

- subject to compliance with the relevant statutory confidentiality provisions which apply to employees of the Authority, support the provision of access by the Authority to general information relating to the Authority's activities in a way that is open and enhances its accountability to the general public;
- to protect against the disclosure of restricted or confidential information;
- to exercise due care in the storage of mail, documents, and the disposal of records, either electronic or paper;
- to seek approval from the Chief Executive prior to publishing information to the media and prior to giving any lectures or publishing any letters, articles or books relating to or potentially relating to the affairs of the Authority;
- to ensure that all phone calls, emails and letters received from the media are re-routed through to the Chief Executive Officer unless they are asked by the Chief Executive Officer to deal directly with them; and
- to comply with relevant statutory provisions including, where applicable, the Act, Data Protection Acts 1988 and 2003, the Official Secrets Act

1963, the Freedom of Information Act 1997, as amended by the Freedom of Information Act 2003,¹ and the Ethics Act.

Compliance with Obligations

Employees should seek to ensure that all regulatory and statutory obligations imposed on, or by, the Authority are adhered to. These obligations include:

- compliance with all policies, directions and levels of authority relating to the authorisation, approval and incurring of expenditure;
- compliance with the Authority's procurement procedures, which in turn are designed to comply with public procurement procedures;
- operating and respecting the Authority's controls and control procedures, which are designed, *inter alia*, to prevent and detect fraud;
- compliance with relevant legislation, including tax law, prompt payments legislation and health & safety legislation;
- ensuring that all entries in financial and other records are true, accurate and, where relevant, up-to-date;
- co-operating with relevant regulatory and supervisory bodies;
- adhering to any procedures adopted by the Board with respect to post-membership employment, appointment and/or consultancy of employees by the private sector; and
- avoiding engaging in any illegal or criminal activities.

Loyalty

Loyalty means being faithful to the Authority and its clients and includes:

- being fully committed in all of the Authority's business activities;
- protecting the good name of the Authority; and
- acknowledging the duty of all to conform to highest standards of business ethics.

Fairness

Employees should:

- comply with employment equality and equal status legislation;
- commit to fairness in all business dealings;

¹ At the time of approval of this Code, the Authority has not been designated as a 'Public Body' for the purposes of the Freedom of Information Acts.

- commit to valuing clients and colleagues;
- commit to ensuring that clients and colleagues are treated equally and not in an unfair manner; and
- treat staff, colleagues and the public with dignity and respect.

Work/External Environment

With respect to the work and external environment, employees should:

- place the highest priority on promoting and preserving the health and safety of all employees;
- ensure that community concerns are fully considered; and
- minimise any detrimental impact of the operations of the Authority on the environment.

Responsibility

The Chief Executive Officer should:

- ensure that this Code of Business Conduct is circulated to all employees of the Authority, for their retention; and
- provide guidance and direction of the policies and procedures of the Authority which staff are required to operate.

Employees should:

- familiarise themselves with these policies and procedures and refer to them as necessary when carrying out their duties; and
- seek guidance on clarification from the relevant person where necessary.

Review

The Board undertakes to review the Code as appropriate.

Ethics in Public Office Act, 1995 & Standards in Public Office Act, 2001

Each employee is required to ensure his or her compliance with the above Acts.

September, 2009



Declaration of Undertaking

I have read, and understand, the Code of Business Conduct for Employees of the Authority and the obligations it places on employees of the Authority.

Signed: _____

Name: _____
(In block capitals)

Date: _____

APPENDIX 2

SECTION 19 OF THE COMPANIES (AUDITING AND ACCOUNTING) ACT 2003

19.—(1) A member of the staff of the Supervisory Authority who, otherwise than in his or her capacity as such a member, has a material interest in a specified matter, as defined below, shall -

- (a) disclose to the Authority the fact of the interest and its nature;
 - (b) take no part in the negotiation of the arrangement, contract or other agreement concerned or in any deliberations by the Authority or members of its staff relating to that matter,
 - (c) refrain from making any recommendations relating to the matter, and
 - (d) neither influence nor seek to influence a decision to be made in relation to the matter.
- (2) Subsection (1) does not apply to contracts or proposed contracts of employment of members of the staff of the Supervisory Authority with the Authority.
- (3) Where a person contravenes this section, the Supervisory Authority may make such alterations to the person's terms and conditions of employment as it considers appropriate or terminate the person's contract of employment.

For the purposes of this section, "specified matter" means:

1. an arrangement to which the Supervisory Authority is a party or a proposed such arrangement, or
2. a contract or other agreement with the Supervisory Authority or a proposed such contract or other agreement.

APPENDIX 3

SECTION 31 OF THE COMPANIES (AUDITING AND ACCOUNTING), ACT 2003

- 31.—(1)** No person shall disclose, except in accordance with law, information that—
- (e) is obtained in performing the functions or exercising the powers of the Supervisory Authority, and
 - (f) has not otherwise come to the notice of members of the public.
- (4) Without limiting subsection (1), the persons to whom that subsection applies include the following:
- (a) a member or director or former member or director of the Supervisory Authority;
 - (b) an employee or former employees of the Supervisory Authority;
 - (g) a professional or other adviser to the Supervisory Authority, including a former adviser.
- (5) Subsection (1) does not prohibit the Supervisory Authority from disclosing information referred to in that subsection –
- (a) if the disclosure is, in its opinion, necessary to enable it to state the grounds on which it made a decision under section 23, 24 or 26, or
 - (b) if the information is, in its opinion, connected with the functions of, and if the disclosure is made to, any of the following:
 - (i) The Minister;
 - (ii) The Minister for Finance;
 - (iii) The Garda Síochána;
 - (iv) The Director of Public Prosecutions;
 - (v) The Director of Corporate Enforcement;

- (vi) The Revenue Commissioners;
- (vii) The Comptroller and Auditor General;
- (viii) The Central Bank and Financial Services Authority of Ireland;
- (ix) The Irish Takeover Panel;
- (x) The Irish Stock Exchange;
- (xi) The Pensions Board;
- (xii) A prescribed accountancy body;
- (xiii) A member of a recognised accountancy body who is qualified for appointment as an auditor;
- (xiv) An inspector appointed under any other enactment; and
- (xv) Any person prescribed under section 48(1)(i) for the purposes of this section.

(4) A person who contravenes subsection (1) is guilty of an offence.