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Non-Audit Services Policy

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Table of Contents

Contents

Document Versions.....	3
Document Reference Library	3
Business Areas Impacted By This Policy	3
Glossary of Terminology	3
1. Policy purpose.....	4
2. Policy Statement	4
2.1 Prohibited non-audit services.....	4 - 5
2.2 Permitted services.....	6
2.3 Services requiring specific approval	6
3. Related Policies	7
4. Non-compliance with the Policy.....	7
5. Acceptance of the Confidentiality Policy	7
6. Policy Review and Evaluation	7
7. Interpretation.....	7
8. Policy Approval	7

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Document Versions

Version	Revision Date	Prepared / Revised by	Business Unit	Status
V 0.1		Hannah Ntshingila	Finance	1 st draft
V 0.2	4 July 2014	Musa Mabesa	Corporate Services	2 nd draft
V 0.3	22 September 2020	Siyabonga Dabula	Finance	3 rd draft

Document Reference Library

Document File Name	Context and Relevance
GEPF policy guidelines on provision of non-audit services	Provide guidelines on drafting of the non-audit services policy.

Business Areas Impacted By This Policy

Name Business Unit / Area	Context and Relevance
Corporate Services - Finance	Responsible for implementation of the non-audit services policy.

Glossary of Terminology

Abbreviation/Terminology	Description
GEPF	Government Employees Pension Fund
ICT	Information and Communications Technology
External Auditors	Refers to statutory auditors (i.e. responsible for audit of the financial statements)
Non-audit services	Non-audit services are any professional services provided by a qualified public accountant (external auditor) during the period of an audit engagement which are not connected to an audit or review of an Institution's financial statements.

1. Policy purpose

1.1. The aim of this policy

This policy sets out the Government Employees Pensions Fund (GEPF) guidelines to be applied in determining those non-audit services that are appropriate for the organization's external auditors.

This policy has been prepared to support GEPF in meeting its obligations under principles on Good Corporate Governance, GEP Law 21 of 1996 and the rules of the GEPF. The policy, accordingly, meets the requirements of King IV (Principle 8, paragraph 59) and is in line with the Independent Regulatory Board of Auditors' Code of Professional Conduct, section 290.6 which requires auditors to be independent in mind and appearance when undertaking a reporting assignment.

1.2. Policy objectives

The policy covers the engagement of external auditors to supply non-audit services. The objectives of the policy are to:

- Ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity.
- Establish a straightforward and transparent process and reporting to enable the Finance and Audit Committee to monitor policy compliance.
- Avoid unnecessary restrictions on the procurement of services from the external auditors where they are able to demonstrate provision of a higher quality and more cost-effective service than other providers.

2. Policy Statement

External auditors' need to remain independent in mind and/or appearance in order for them to perform their audit duties objectively.

The auditors' objectivity may be compromised by performing non audit related services. A policy is therefore needed to govern the extent of non-audit services that the auditors can perform, therefore external auditor may not provide prohibited non-audit services to GEPF. Refer 2.1 for a list of prohibited services.

2.1 Prohibited non-audit services are:

The external auditor should not be engaged to perform any service of the following services:

- Would create a mutual or conflicting interest between the auditor and the organisation
- May create a self-review threat as the non-audit services done by the external audit may not be reviewed appropriately during the audit engagement.
- Would involve the auditor in decision-making that is in the domain of management
- Would involve the auditor acting in a management capacity or as employee of the organisation

Confidential

- Would require the auditor to act as an advocate or negotiate on behalf of the organisation

This specifically includes the following:

- Management functions such as performing any decision-making, supervisory or monitoring function or acting temporarily as a director, officer or employee in a secondment capacity, authorizing of transactions, controlling or management of bank accounts or investments
- Human resources including any services associated with recruitment, selection or negotiation or payroll services
- Providing bookkeeping and accounting assistance
- Preparing accounts/reporting packages to be included in the annual financial statements
- Performing internal audit services and other services where by the auditor becomes part of the internal control
- Valuation services material to the financial statements and/or where there is a high degree of subjectivity
- Acting as the broker-dealer, investment adviser, promoter or underwriter
- Providing strategic advice
- Design and implementation of, or management of the design and implementation of any Information Technology (IT) system material to the accounting system
- Preparing the financial statements or the information that forms the basis of the financial statements
- Management of material projects
- Responsibility for appointment of senior management
- Advice on the quantum of remuneration criteria for key management
- Litigation support services involving the estimation of the likely outcome of a legal matter
- Corporate finance and similar activities where there is a significant advocacy role
- Contingent fee services on material projects
- Transaction related services where there is a significant advocacy role
- Restructuring services which would involve the audit firm undertaking a management role, or the engagement would require the audit firm to act as an advocate for the audited entity in relation to matters that are material to the financial statements
- Maintaining custody of the organisations funds
- Actuarial services
- Acting as agent for the organisation
- Expert witness or testimony services, except where specifically related to the organisations accounting policy, procedures or audited financial statements.

If non-audit services are not listed above, it will still be prohibited if it creates a real/ perceived threat to the independence of the auditor.

All engagements of the external auditor to provide any non-audit services must be pre-approved by the Finance and Audit Committee on an engagement-by-engagement basis

Prior to appointing the external auditor to undertake the non-audit service, consideration should be given as to whether this would create a threat to the external auditor's independence. The external auditor should only be appointed if the threat to independence is clearly insignificant or appropriate safeguards can be applied to eliminate or reduce threats to an acceptable level.

2.2 Permitted Services

2.2.1 Audit services

- Audits of financial statement including quarterly reviews, consultation on accounting issues, assessment of the internal control environment and the operating effectiveness thereof, attendance at the Finance and Audit Committee meetings, use of specialists in connection with the foregoing and other services integral to audits of financial statements.
- Providing recommendations to management in the implementation of new accounting principles;
- Audits of opening balance sheets of acquired companies.
- Audits and accounting consultation on assets acquisitions, disposals and discontinued operations;
- Compliance letters, agreed-upon procedures, reviews and similar reports based on audited financial statement and the role of independent auditors;
- Audits of financial statements and transactions that are used by lenders, filed with government and regulatory bodies and similar reports and or;
- Audits or reviews of financial statements of subsidiaries, or affiliates of the Company as may be requested by management for reasons other than as listed above.

2.2.2 Audit related services

- Employee benefit plan audits and revenues of relevant filings.
- Assistance in reviews and tests of internal control and related systems.
- Assessment of the design and implementation of internal accounting controls (for example, in connection with implementation of an ERP system or as a result of reviews of existing systems).

2.2.3 Tax Services

- Tax return and tax accrual reviews, consultations and assistance.
- Tax planning and other non-compliance related consultation or services.

2.3. Services requiring specific approval

- Business process improvement advisory services and process re-engineering support services.
- Employee benefit plan advisory services.
- Operational consulting (e.g., efficiency and effectiveness improvement services in areas such as supply chain management, customer relationship management, financial and performance management, etc.).
- Cash management and treasury advisory services.
- Merger integration assistance and change management consulting services.
- Mergers & Acquisitions transactional assistance.
- Assessment of the design and implementation of risk management controls.
- Preparing administrative or statutory forms for the GEPPF.
- Submitting such forms as instructed by the GEPPF.
- Monitoring statutory filing dates, and advising the GEPPF of those dates.

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3. Related Policies

Valuation of Unlisted Investments Policy

4. Non-compliance with the Policy

Non-compliance with this Policy and the procedures described in it by any Trustee (and employees) will be dealt with in accordance with Chapter 7 of the Board Charter.

5. Acceptance of the provision of non-audit services Policy

As part of the Trustee (and employees) induction each new Trustee shall be required to review a copy of this Policy and to acknowledge in writing that he/she has reviewed the Policy, understands the content and agrees to be bound by it.

6. Policy Review and Evaluation

This Policy will be reviewed every three-years or as and when necessary provided that such a required review will be within 6-months after new legislation has been implemented.

Any changes to the Policy shall be communicated immediately to all Trustees.

7. Interpretation

In the event of any inconsistency between this Policy and the Rules of the Fund, the Rules shall prevail.

8. Policy Approval

Approved / Not Approved



MR JS MNGOMEZULU
CHAIRPERSON: FINANCE AND AUDIT COMMITTEE
DATE: 2020-12-02

Approved / ~~Not Approved~~



DR RD MOKATE
CHAIRPERSON: BOARD OF TRUSTEES
DATE: 2020-12-02
