A commentary on the key principles of the Code of Conduct

This Code provides that CFOs and senior finance officers influencing financial performance in respect to:

Honesty and integrity

1. Discharge their duties at the highest levels of honesty and integrity having regard to their position and their organisation. Integrity is the quality from which public trust is derived and a benchmark against which the CFO must measure all decision making.

The CFO should be competent, committed, independent and tough-minded. The CFO should protect and preserve the integrity of the organisation's financial reporting process. The CFO should behave in such a way as to ensure the integrity of the financial statements and by extension, the interests of shareholders are foremost.

Compliance with requirements

2. Observe the rule and spirit of the law and comply with the ethical and technical requirements of any relevant regulatory or professional body.

Many CFOs will already be subject to regulation by a professional body and they are also always subject to the operation of the general law. This Code is designed to buttress adherence to both these regulatory regimes.

This Code also stresses the requirement to observe the spirit of all relevant regulatory regimes. Specifically, CFOs must avoid recourse to technical "hiding places" to resolve difficult ethical issues.

Use of information

3. Respect the confidentiality of all confidential information acquired in the course of business and not make improper use or disclose such confidential information without specific authorisation or legal requirement.

In all systems designed to enhance observance of ethical standards, the issue of confidentiality is crucial. CFOs should not deal with confidential information so as to gain an advantage for themselves or an associate or to cause detriment to the organisation.

Internal communications and dealings

4. Observe the principles of honesty, independence, accuracy and integrity in dealings with the Board, audit committees, board committees, internal and external auditors, other senior managers within the organisation and other relevant bodies external to the organisation.

Establishing independence – within the context of a cohesive a team – can be challenging for CFOs. This Code is meant to help provide a powerful foundation for CFO independence. CFOs need to ensure they have independence in reporting to the CEO and the Board through appropriate access and authority.

Conflicts of interest

5. Disclose to the Board any actual or perceived conflicts of interest of a direct or indirect nature of which the CFO becomes aware and which the CFO believes could compromise in any way the reputation or performance of the organisation.

At the very heart of almost all codes of conduct lies "conflict of interest". This is a complex issue that requires unremitting, close attention by CFOs in carrying out their duties by adopting the principles of honesty, integrity and transparency.

Transparency

6. Maintain the principle of transparency in the preparation and delivery of financial information to both internal and external users.

CFOs must ensure they are satisfied that all material matters in relation to the company that could impact the equities market have been appropriately disclosed.

Diligence and good faith

7. Exercise diligence and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the organisation and complies with all applicable legislative requirements.

The CFO should be diligent to ensure that an organisation's financial statements are not materially misstated. This principle mandates adherence to the highest standards of care in the preparation of financial information. In particular, it requires CFOs to present a "true and fair" view of the financial performance and condition of the organisation – a requirement which means going beyond the letter of any statutory requirement, for example, when it is clear that this is materially important to the various persons who may be relying on the relevant financial information.

Internal controls

8. Ensure the maintenance of a sound system of internal controls to safeguard the organisation's assets and to manage risk exposure through appropriate forms of control.

The CFO, as the senior financial officer, must take responsibility for all the control systems. It is a basic principle of almost all codes of conduct such as this, that the persons directly covered by this Code are also professionally and ethically responsible for the personnel and systems under their charge. The CFO is responsible for designing, implementing and supervising systems to protect a company's assets.

Setting a standard

9. Set a standard for honesty, fairness, integrity, diligence and competency in respect of the position of CFO that will encourage emulation by others within the organisation.

Finance staff are strongly influenced by the attitude and actions of the CFO. The CFO is a role model in setting the standards for the entire finance function and throughout the organisation.

Compliance with this Code

10. Remain committed, at all times, to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.

This Code is not a document to be read and filed. It is a document that a CFO should turn to regularly. Each CFO – and all relevant staff – should use it as a tool to enhance considered ongoing workplace reflection. Company Boards are encouraged to adopt the Code for their company's finance functions.

CFOs are uniquely positioned to oversee the construction and operation of an organisation's financial affairs. But, if the actions and influence of CFOs are to be real, they must extend beyond prescribed rules, obligations and responsibilities. Instead, the boundaries of a CFO's efforts must be shaped by an unwavering commitment to investors and a dedication to the integrity of high quality financial reporting.

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The Group of 100 Incorporated · Level 28, 385 Bourke Street, Melbourne · Telephone: (03) 9606 9661
Facsimile: (03) 9670 8901 · Email g100@group100.com.au · www.group100.com.au