



SAICA
THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS
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ANNUAL INTEGRATED REPORT

ANNUAL INTEGRATED REPORT

2019

NPO Registration number – 020-050

DEVELOPING RESPONSIBLE LEADERS **FOR A CHANGING FUTURE**

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EARNED




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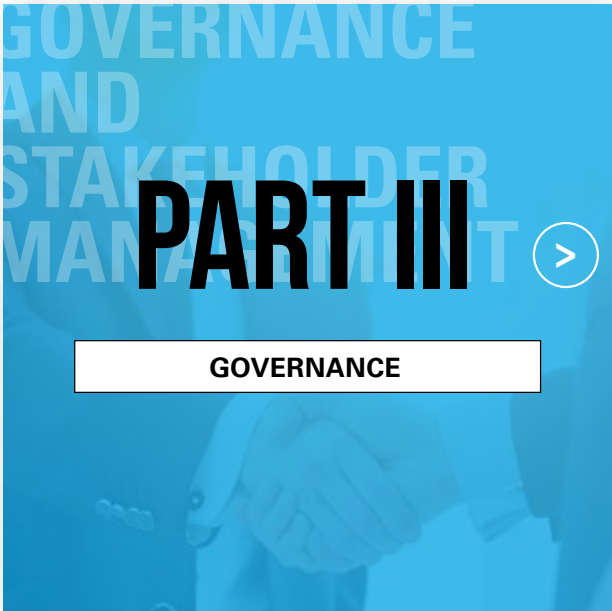


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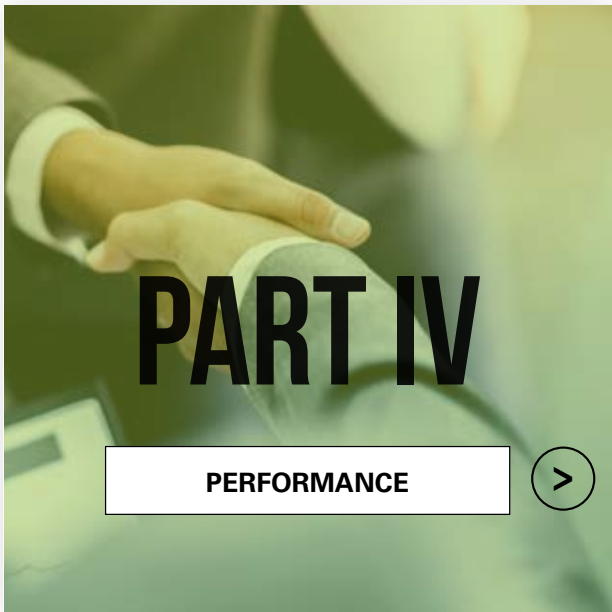
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DEVELOPING RESPONSIBLE LEADERS **PART I**

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DEVELOPING RESPONSIBLE LEADERS

SAICA AT A GLANCE

SAICA IS A VOLUNTARY, NOT-FOR-PROFIT MEMBER ORGANISATION THAT OPERATES IN TERMS OF ITS CONSTITUTION (AVAILABLE ON OUR WEBSITE) https://www.saica.co.za/Portals/0/documents/SAICA_Constitution2019.pdf

OUR PURPOSE:

DEVELOPING RESPONSIBLE LEADERS FOR A CHANGING FUTURE

#aprofessionofnationalvalue

SAICA is the custodian of three complementary accounting designations, CA(SA), AGA(SA) and AT(SA), and has 49 804 active members around the world. Our primary sources of revenue are membership fees, fees from seminars and events, as well as donor funding. SAICA is an active member of a number of international forums as part of our advocacy role and to participate in knowledge-sharing and global standard-setting. Our recognition agreements with 14 peer accounting institutes worldwide improve members' professional mobility and international business networks.

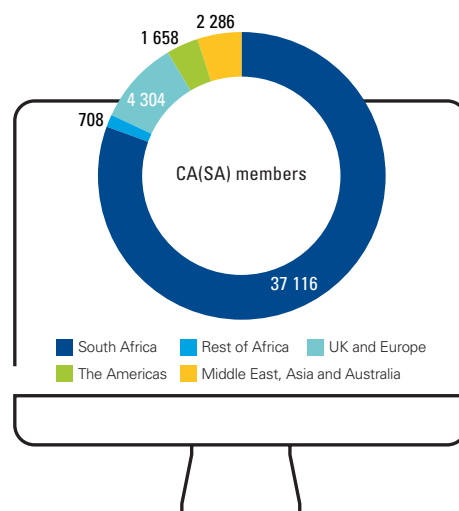
The Institute's head office is in Johannesburg with offices in Bloemfontein, Cape Town and Durban situated close to the business areas in which our members operate.

SAICA's strategy supports the achievement of its purpose and has six pillars, which are shown below.

The report is also relevant to these pillars.

OUR MAIN OBJECTIVES ARE TO:

- > Promote the interests of SAICA members
- > Support the development of the South African economy and society



1

Continued **relevance of the accountancy profession**

5

Making a **quantifiable social contribution** through nation-building initiatives, thereby contributing to the global Sustainable Development Goals (SDGs)

2

Delivering better **member value** and offerings that will see our members remain relevant and in high demand in the marketplace

6

Sustainability of the profession through the attraction and retention of new members

3

Growth and transformation of the accountancy profession in terms of race and gender and in line with the overarching national agenda

4

Growing the Institute's **thought leadership** standing, both locally and internationally, through technical excellence and a more robust stakeholder engagement focus

ABOUT THIS REPORT

This integrated report provides an overview of SAICA's structure, activities, performance and outlook for the year ended 31 December 2019. It has been prepared to meet the information needs of SAICA members as well as those who form part of the Institute's broader stakeholder groups (refer to SAICA's stakeholder section on page 40).

MAIN FRAMEWORKS USED AND TIME FRAMES

The integrated report is prepared in accordance with the International Integrated Reporting <IR> Framework and considers the principles of the King Report™ on Governance for South Africa 2016 (King IV). In this report:

- **Short term refers to the coming financial year**
- **Medium term is the period to 2023, and**
- **Long term is the period beyond 2023**

There were no significant changes to SAICA and its activities during the year that affect comparability with the 2018 report and no material restatements of information provided in previous reports.

The process to determine the information included in this report includes:

• A review of SAICA's external environment (refer to 'Our operating environment' on page 50).

• The priorities identified through engagements with members and SAICA's other key stakeholders (refer to 'Stakeholder engagement and shared value creation' on page 40).

• Assessment of risks and opportunities (refer to 'Risk management' on page 69).

• Assessment of the critical issues discussed at SAICA Board, Board sub-committee and executive management meetings throughout the year. (Refer to 'The Board' on page 91 and 'Board committees' on page 96).

MATERIALITY DETERMINATION

This report aims to provide readers with information regarding SAICA's most material matters. Materiality is determined by considering matters that have the potential to affect SAICA's ability to create value for its stakeholders by implementing its strategy.

Material matters that have the potential to destroy value are referred to as risks, while those that can help create value are termed opportunities.

GROUP STRUCTURE AND REPORT BOUNDARY

At the end of 2019, the SAICA Group comprised SAICA, the Thuthuka Education Upliftment Fund (TEUF), The Hope Factory Group (THF) (comprises of The Hope Factory and it's 100% owned subsidiary SAICA Enterprise Development) and the dormant company Association of Accounting Technicians (AT(SA)) which is in the process of being wound up. The reporting boundary includes those risks, opportunities and outcomes associated with entities or key stakeholders beyond the financial reporting structure which have a significant and direct effect on the ability of the SAICA Group to create value (refer to 'Stakeholder engagement', 'Risk management' and '2019 Performance against strategy' sections – pages 40, 69 and 112 respectively).

ASSURANCE PROCESS

Our integrated reporting process, as well as the content of this report, is guided by the principles and requirements of the <IR> Framework and King IV. Management prepares and validates the report, ensuring it provides a balanced and reasonable view of SAICA, its performance for the year and outlook. The report has been reviewed and approved by the Board, assisted by the Audit and Risk Committee. Financial information is extracted from the audited financial statements, which are available on our website. Limited assurance is expressed over the actual performance information used to evaluate performance over the strategic objectives. The assurance statements are available on our website, http://www.saica.co.za/Portals/0/documents/SAICA_Limited_Assurance_Report_2019.pdf and provide a detailed overview of the assurance provided. The external auditors also reviewed the alignment of the Integrated Report against the requirements of the International <IR> Framework.

STATEMENT BY THE BOARD

The Board acknowledges its responsibility to ensure the integrity of this report. The Board has applied its collective mind to the preparation and presentation of the report and the information it contains. The Board is satisfied that the information contained in this report is presented in accordance with the International <IR> Framework. This integrated report was approved by the Board on 16 April 2020.

PERFORMANCE AGAINST 2018 COMMITMENTS

Development of an Ethics Management Framework stemming from the results of the ethics culture survey

The first draft of the framework was finalised early in 2019. An internal values and ethics workshop was conducted during the year that concluded with a session to develop a set of core values for SAICA which will be refined, approved and adopted in 2020

Rollout of the Ushintsho project

The first phase of the project was implemented during the year

Communication on Ntsebeza inquiry

The outcome of SAICA's actions following the Ntsebeza Inquiry were communicated to members and the public in June 2019. Further communication will be made as and when the cases are concluded

Implementing the Governance Review Task Team (GRTT) recommendations

The GRTT recommendations were approved by SAICA members in 2019 and are being implemented in a phased approach

Developing the necessary programmes and partnerships to deliver the competencies defined in the CA2025 initiative

The necessary changes to curricula, teaching methodologies, capacitation and assessment protocols are being embedded in schools, universities, training programmes and in SAICA's continuous professional development programmes

Implementing SAICA's new strategy

SAICA's strategy is being implemented and is being reported on throughout the integrated report

Accrediting the University of Venda by 2020

The University of Venda achieved SAICA accreditation during 2019 and all six of the historically disadvantaged universities in the country are now accredited at undergraduate level

Establishing a Compliance Monitoring Unit to assess ethical practices of members and SAICA employees

The Compliance Monitoring Unit was established during 2019

Conclude a request for proposal to source a service provider to monitor the network for cyber threats

This process was postponed due to Ushintsho taking priority and will be initiated in 2020

Lifelong learning framework to begin in 2019

The new CPD Policy (Lifelong Learning Framework) was approved early in 2019 and includes a more robust rollout of non-technical skills and offerings

Partner with top universities to provide online technical programmes and accreditation in areas that have been identified as critical skills for current and future scarce skills professionals, including accountants

Rolled out online short learning courses in partnership with the University of Johannesburg, providing an opportunity for deeper learning and covering areas identified as critical for future skills

Establish a member engagement committee

SAICA National Council was established in order to facilitate better member engagement

The working relationship between the Board and the National Council has been codified in an approved memorandum of understanding

Internal leadership development, including succession planning

Engagements around succession planning are ongoing and we continue to investigate effective programmes for internal leadership development

Enhanced performance management and reward and recognition practices, including the establishment of a long-term incentive scheme for SAICA

We continue to evaluate opportunities to review the option of a long-term incentive scheme to enhance performance management and retention

Research into alternative sources of income for the Institute in order to help diversify our revenue streams

Alternative sources of income were researched with visits to relevant stakeholders and engagement with members. The tax implication on the NPO status of SAICA requires further consideration before this is concluded

Focusing on growing the pool of African academics

Support is provided to help develop more African academics to ensure that African accounting students have the opportunity to be taught and mentored by academics who understand their background and realities

Amend the financial delegation of authority

The Board approved the new delegation of authority

2019 HIGHLIGHTS

Good progress on the

CA 2025 project,
which aims to define
competencies needed for CAs(SA)
of the changing future

1 181 previously disadvantaged
African and Coloured undergraduate
and postgraduate students were
funded by the Thuthuka Bursary
Fund to study to become CAs(SA)



More than **200 SEMINARS** and
events were held during the year with
a third of the face-to-face seminars and
half of the webcasts provided free of
charge to members



SAICA received
R68 MILLION
worth of media exposure
value with coverage in
1 583 publications
and platforms

**All six of the historically
disadvantaged universities in
South Africa** are now accredited
to offer SAICA programmes at an
undergraduate level

**Rollout of the Associate General
Accountants (AGA(SA)) and
Accounting Technicians (AT(SA))
qualifications continues**



**Launched our first
South African
developed online
learning programmes**
(short learning courses)
in the 4IR space

More than **R3 BILLION** raised
in independent funding for
nation-building activities since
2002. R1 billion was raised for
various projects and ISFAP in 2019

The **Accountancy SA** circulation that
is audited by the Audit Bureau of
Circulations of South Africa increased
substantially to

54 886 compared to
25 964 in 2018



SAICA's new Board appointed in line with the recommendations of the Governance Review Task Team

Phase 1 of **Ushintsho** (SAICA's digital transformation project) was implemented, which focused on improving member engagement with the Institute

The second CA(SA) of the future conference was **attended by 683 delegates** and received an excellent rating



The CA(SA) designation was rated **top for brand admiration** (68%) and trust leadership (77%) in an independent survey*

MORE:

- **Ikusasa Student Financial Aid Scheme (ISFAP)** support for the 'missing middle' continued for 1 653 active students in 2019 (2018: 1 182) and 376 students supported in the CA(SA) stream (2018: 225)
- Publishing of **SAICA's second UN Sustainable Development Goals (SDGs) Report** showcases the work of the Institute and its members to promote stronger and more sustainable businesses, communities and economies
- Two more **Courageous Conversations** were facilitated to promote leadership discussions on South Africa's challenges covering topics like the *Relevance of the CA Profession* in the 21st Century as well as *Future Proofing CA Profession*
- **SAICA partners with the Good Governance Academy** to drive thought leadership on critical governance issues
- **Five SAICA speakers at the 2019 LeaderEx conference**, Africa's largest gathering of business leaders, professionals and entrepreneurs

* AskAfrica survey among business decision-makers in October 2019.

CHAIRMAN'S MESSAGE



TSAKANI MALULEKE: CHAIRMAN

THE RECOMMENDATIONS OF THE GOVERNANCE REVIEW TASK TEAM ARE BEING IMPLEMENTED IN A PHASED APPROACH, PROVIDING THE INSTITUTE WITH A SIMPLIFIED AND FIT-FOR-PURPOSE GOVERNANCE MODEL THAT ALIGNS WITH THE GUIDELINES OF KING IV

It gives me great pleasure to present my first report as Chairman of SAICA.

IMPLEMENTING THE RECOMMENDATIONS OF THE GOVERNANCE REVIEW

The governance review concluded during the year and the Institute is extremely grateful to the members of the Governance Review Task Team for their work in this regard. Their recommendations were approved by SAICA members at the AGM in June 2019 and are being implemented in a phased approach. They provide the Institute with a simplified and fit-for-purpose governance model that aligns with the guidelines of King IV. My fellow directors and I met as a Board for the first time in October 2019. I am excited to be working with such exceptional Board members and believe that together we represent an excellent balance of skills and experience that can help SAICA go from strength to strength.

REFLECTION ON SAICA'S STRATEGY

Besides the governance review, one of the other major changes undergone by the Institute over the 2019 financial year was a review of the SAICA strategy (detailed on page 17). The time in which the Institute finds itself – characterised by the rapidly shifting nature of business, changing member needs, and an increased expectation for professional member bodies to play a more active social and economic role – means that we have had to relook how SAICA is positioned in order to best respond to all of these changes. The strategy comprised six pillars:

1 Ensuring the accountancy profession remains relevant

SAICA continues to face challenges on a number of fronts. The overwhelming majority of our members respect and adhere to the Code of Professional Conduct. However, the Institute's brand and the CA(SA) designation have been tarnished in the eyes of the public by the actions of a small number of chartered accountants. Frustration has been expressed at a perceived lack of urgency by SAICA to take action.

SAICA's constitution and by-laws define the disciplinary process and aim to ensure that it is conducted in a transparent, ethical, fair and equitable manner. Progress is being made, although unfortunately the process takes time.

Some members were unhappy at the additional levy the Institute asked of them last year, but it was necessary to ensure that the structures that conduct the disciplinarys are adequately funded. These funds are ring-fenced. SAICA is revising the relevant by-laws to improve the efficiency, agility and transparency of the disciplinary process.

More than ever, ethical conduct is a critical focus for SAICA and a key enabler to achieve our strategy. Board members and SAICA staff are expected to hold themselves to the highest standards of professional conduct and business ethics. The Institute conducted an internal values and ethics workshop that concluded with a session to develop a set of core values for SAICA which will be refined, approved and adopted in the new year. Ethics training courses are compulsory for trainees to ensure that the Institute's expectation of exemplary ethical conduct and what this practically entails is consistently underscored to aspirant CAs(SA). During the year, SAICA launched the revised Code of Professional Conduct and provided training for current and aspirant members across the regions and via webcasts.

2 Delivering member value

It is critical that we engage regularly with members to understand their interests and concerns so that we can best meet their needs. The strategy recognises that accounting in the 21st century will require a different set of skills to those traditionally expected of accountants. The CA2025 initiative provides these and we believe that the combination of technical, entrepreneurial, legal and technological insight and experience in the Board will be an asset in this regard.

Member value is also created through the development of technical programmes and accreditation in areas that have been identified as critical skills for the future, as well as through a more robust rollout of non-technical skills and offerings, as guided by the new Lifelong Learning Policy Framework.

The Institute has in 2019 implemented a concerted marketing and communication plan to reconstruct the reputation of the CA(SA) designation to counter negative publicity.

3 Growth and transformation

The transformation of the accountancy profession to align with the demographic realities and transformation priorities of the country is an area of particular emphasis. SAICA's initiatives in this regard include promoting the accountancy profession in South Africa's schools, supporting capacity growth in historically disadvantaged universities, providing bursaries to aspirant accountants through the Thuthuka Education Upliftment Fund (TEUF), implementing initiatives to diversify the profile of ITC exam entrants and improving the throughput of historically disadvantaged candidates.

Going forward, we will also focus on measuring our transformation efforts in our internal B-BBEE rating. Our current transformation work is largely externally focused and we now want to make our transformation efforts whole by focusing internally as well. Just as the Institute takes, and can demonstrate, a leadership role in the transformation of our membership profile, we should also do so in terms of internal organisational transformation.

CHAIRMAN'S MESSAGE (CONTINUED)

4 *Thought leadership*

SAICA's strategy prioritises improving our local and international thought leadership standing, with an emphasis on technical excellence and more robust stakeholder engagement. We are committed to contributing to leadership growth and participate in a number of forums that aim to achieve this goal. The Institute partnered with the Good Governance Academy (GGA), an initiative founded by Professor Mervyn King. The GGA aims to disseminate national and international thought leadership on critical governance issues among educators.

SAICA's Courageous Conversations provide a forum where the uncomfortable issues that hold our country back can be unpacked and aired.

The Unite4Mzansi: Stand for Truth activation planned for the new year aims to mobilise and empower civil society to participate in building a better country.

5 *Making a quantifiable social contribution*

Social contribution has always been at the core of SAICA's activities and is embedded in the new strategy. The donor-funded programmes implemented by the Nation Building cluster exemplify the concept of shared value creation, grow the pipeline of future accountants and help to transform the profession and the country.

SAICA's SDG Report provides a wealth of information and case studies showcasing the ongoing work of the Institute and its members in support of the SDGs. We are honoured that SAICA has been invited to attend the first meeting with the United Nations Conference on Trade and Development (UNCTAD) and the Department of Trade and Industry to discuss South Africa's progress on SDG reporting.

6 *Supporting the sustainability of the profession*

SAICA's focus on increasing its impact in the pre- and post-qualification accounting education and training landscape promotes the growth and long-term resilience of the profession. The range of opportunities provided across the CA(SA), AGA(SA) and AT(SA) qualifications expand the Institute's professional footprint in both the public and private sectors.

SAICA IN 2020

Although the outlook for the domestic economy is uncertain in the year ahead, the accountancy profession is a key enabler of value creation in both the private and public sectors. Despite the actions of a few, the CA(SA) designation is still highly regarded although there is work ahead for us to rebuild trust in the profession to the high levels it should hold. The Board is looking forward to working with the SAICA Council, management, members and other stakeholders to restore pride and confidence in the Institute and deepen our work for the benefit of society.

The rapidly changing environment further required a revision of the original 2019 strategy and the Board chose to rather select areas of priority than to change the strategy completely.

The initial SAICA strategy 2019 to 2023 was first developed in early 2019. This strategy initially featured six strategic pillars (see page 17).

The 2019 to 2023 strategy was again reviewed in 2020 due to rapidly changing environmental circumstances and streamlined to four strategic pillars:

- Member value
- Relevance and reputation
- Growth and transformation
- Internal efficiencies

Thought leadership is now included in member value and quantifiable social contribution is now included in relevance and reputation. Sustainability issues are under both member value and internal efficiencies (which now form the fourth pillar).

We will continue to focus on building the reputation of SAICA and the value of its designations via a revised integrated marketing and communication strategy in 2020.

SAICA creates value for members by ensuring that the skills and approach of our accountants remain relevant, providing opportunities to enhance their competencies and supporting them to take responsibility for their professional development. We will continue strengthening the Institute's position as a thought leader and progress our nation-building work, which aligns with many of the aspirations set in the SDGs. Building an ethical culture and enhancing risk and governance processes, both within SAICA and in the broader profession, are priorities. The ongoing projects that aim to improve internal efficiencies in the Institute will be important enablers to improve the value and service we offer to our stakeholders.

APPRECIATION AND CLOSE

I would like to thank the outgoing SAICA Board for their leadership of SAICA during difficult times as well as at the time of transition to the new governance structure.

On behalf of the Board I also thank SAICA's management and staff for their hard work in challenging circumstances. I would also like to thank our members, who participated extensively in the redesign of the governance framework and in establishing the new Board. We thank them for their input and robust engagements, and reiterate that we are committed to working closely with them to protect and represent their interests.

SAICA's purpose is to develop responsible leaders for a changing future and ensure that we maintain and protect the quality, integrity and trust of the accountancy profession. As we enter the year of SAICA's 40th birthday, I believe that the revised governance framework, new Board and ongoing delivery on our strategic pillars will be effective in creating value for all of SAICA's stakeholders and particularly members, and in reminding the country that accounting is indeed #aprofessionofnationalvalue.

Maluleke

TSAKANI MALULEKE CA(SA)
SAICA BOARD CHAIRMAN



CEO'S STATEMENT



FREEMAN NOMVALO: CEO

2019 HAS BEEN BOTH A CHALLENGING YEAR AND A YEAR OF RENEWAL FOR SAICA, WHICH INCLUDED THE RECONFIGURATION OF SAICA'S GOVERNANCE FRAMEWORK, APPOINTMENT OF THE NEW BOARD AND FINALISATION OF OUR STRATEGY TO 2023. WE HAVE WORKED HARD TO RESTORE THE REPUTATION OF THE CA(SA) BRAND AND THE INSTITUTE AFTER THE DAMAGE SUFFERED OVER THE LAST FEW YEARS

VALUE CREATION

Creating value for our members is SAICA's primary focus and one of the fundamental priorities of our strategy. This value is created in a number of ways, not least by protecting the value of the CA(SA) brand.

Progress continues to be made in holding members who contravene the SAICA Code of Professional Conduct to account, albeit more slowly than we or our members would like. We concluded some of the matters raised through the Ntsebeza Inquiry and are working closely with IRBA where they hold primary responsibility. SAICA is committed to investigating all reported matters of misconduct by members and will take action to bring those implicated to account in terms of SAICA's constitution and by-laws.

SAICA's CA2025 initiative (discussed on page 59) is progressing well. The necessary changes to curricula, teaching methodologies, capacitation and assessment protocols are being embedded in schools, universities, training programmes and in SAICA's continuous professional development (CPD) programmes, however this will require an ongoing commitment on the part of all stakeholders.

Member value proposition

- A premium/market-leading designation
- Excellence in competence
- Continuous professional development
- Technical and non-technical training
- Professional support
- International (professional) mobility

The Institute's CPD policy was revised during the year to further shift the focus of members to identifying new skills that will allow them to remain relevant in their respective roles and to instil in members the philosophy and mindset of lifelong learning. During 2019 we started rolling out online short learning courses in partnership with the University of Johannesburg, providing an opportunity for deeper learning and covering areas identified as critical for future skills.

SAICA seminars and events provided a valuable opportunity for accessing ongoing learning and networking. In 2019, SAICA offered more than 200 events and participation in our webcast events has been particularly pleasing. More than a third of the face-to-face events and more than half of the webcasts were available to members at no cost as part of their membership subscription.

SAICA's recognition agreements with peer institutes around the world make it easier for our members to work, receive support and develop networks in other countries. This year we finalised a recognition agreement with the National Association of State Boards of Accountancy (NASBA) and American Institute of Certified Public Accountants (AICPA), bringing the number of these agreements to 14.

Improving the efficiency of SAICA's internal processes is a priority that is being considerably advanced by the Ushintsho digital transformation project. The first stage of the project was implemented towards the end of the year and focused mainly on enhancing members' experience when they interact with SAICA on queries and new member applications. Five more stages are planned for the project.

CONTINUING THE TRANSFORMATION OF THE PROFESSION

The Department of Trade and Industry gazetted the revised Chartered Accountancy Profession Sector Code (CA Charter) for public comment during 2019. The increased emphasis on skills development in the charter has the potential to unlock significant funding for educational initiatives that support the transformation of the profession, such as those provided by SAICA's donor-funded nation-building activities.

The success of SAICA's transformation programmes driven through its nation-building initiatives is something we are very proud of. Since inception in 2005, the Thuthuka Bursary Fund has funded 3 907 students for their full four years of study. Starting in 2008, the CTA programme has allocated 1 797 students donor training offices to begin their articles. In 2011, the first group of CAs(SA) qualified from the Thuthuka Bursary Fund cohort and as of 2019, Thuthuka has created over 1 200 CAs(SA). Other interventions promote skills development and capacity-building in schools, tertiary institutions, the public sector and SMMEs.

During the year the University of Venda achieved SAICA accreditation and all six historically disadvantaged universities in the country are now accredited at an undergraduate level. Students from these areas have the option to complete their undergraduate studies closer to home and the surrounding areas will benefit from increased academic capacity and the retention of skills. To ensure that students from these areas are also able to complete their postgraduate studies closer to home, we are working with the historically disadvantaged universities to assist them in not only developing content for postgraduate programmes but also in coming up with innovative teaching and learning methodologies.

The poor results of the 2018 and 2019 APC (the final part of the SAICA qualifying examinations), which were announced in February 2019 and 2020 respectively, are a concern, particularly the decline in the pass rate. SAICA spent time analysing reasons for this downward trend and engaging with a wide range of stakeholders. A number of factors were identified and steps were taken in conjunction with key stakeholders, such as training offices and professional programme providers, to address the possible causes.

REBUILDING OUR HUMAN CAPITAL

SAICA's management and employees represent a critical resource and a significant intellectual capital asset to the Institute. Unfortunately the damage to SAICA's reputation has had an impact on this human capital. Resignations remove institutional memory in the organisation and some positions have been vacant for extended periods, affecting delivery and morale. However, the situation is now stabilising and key positions, including that of the CFO, have been filled.

SAICA commissioned an engagement survey to measure the levels of emotional engagement of our employees with a focus on key drivers of engagement in the workplace. The results of the survey will form a baseline against which SAICA will measure itself.

The 2019 employee engagement survey attained a 94,5% response rate, which is extremely commendable and an indicator that our employees value the opportunity to be heard. 49% of respondents said that they were engaged and among other positive comments, indicated that they would speak favourably about SAICA and its services.

Whilst 27% of the employees expressed a neutral view of neither engaged nor disengaged, 24% indicated that they were disengaged. Our action includes a management deep dive with employees and to implement initiatives that include a decisive culture and honest feedback.

The feedback from the survey will inform our efforts to improve employee engagement going forward.

It is important to recognise the critical role Fanisa Lamola, our COO, played as Acting CEO during some of the most challenging months of the Institute's existence. That she did such a good job of holding everything together in the face of these challenges and despite limited resources, while maintaining her positive outlook, is testament to her character and competence.

CEO'S STATEMENT (CONTINUED)

PRIORITIES FOR THE YEAR AHEAD

Our focus for 2020 will be on delivering on the projects supporting the priorities set in our new strategy. These include progressing the various disciplinary enquiries currently underway, rolling out the next phases of the Ushintsho initiative and further embedding the necessary changes to curricula and learning interventions to achieve the goals of CA2025. Filling staff vacancies and addressing staff morale remain priorities.

We are commencing a member profiling project to deepen our understanding of our members and their needs. This will give context to SAICA's offerings and how best these can support members in their careers. Robust engagement with both local and international members will be a critical part of our focus throughout the year.

SAICA notes with concern the developing COVID-19 pandemic and welcomes the decisive action taken by President Ramaphosa to safeguard the health and well-being of all South Africans. We view the health of our members, stakeholders, clients, guests and staff as a top priority and are committed to doing everything we can to limit the spread of the virus. This includes proactive preventative measures to ensure sanitation, staff working remotely and the use of webinars to offer services where possible. We will continue to actively monitor the situation as it develops and take appropriate measures – refer pages 70 to 72 for further detail.

The outgoing Board members deserve a huge vote of thanks for the time they contributed to SAICA over the years and the diligence and expertise they brought to bear while leading the Institute.

As SAICA enters its 40th year, the Institute has the necessary structure and competencies to rebuild trust, serve the needs of our members and continue to create value for them while making a demonstrable contribution to society.

I would like to close by welcoming the new members to the SAICA Board and thank them for stepping up to lead the organisation. I look forward to working with them.



FREEMAN NOMVALO
SAICA CEO



SAICA

THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS

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SAICA STRATEGY



Financial capital



Intellectual capital



Human capital



Manufactured capital



Natural capital



Social and relationship capital

Please refer to page 20 for detailed information on the capitals

SAICA constantly reviews its strategy in the context of the external environment, risks and opportunities, stakeholder interests and the availability of all the relevant capitals to ensure that it remains relevant and drives the Institute and profession to deliver on its objectives. This process led to the development of a strategic plan for 2019–2023 that aims to respond to the rapidly changing nature and pace of business, as well as the evolving expectations of members, commerce and industry, government and civil society. The revised strategy also aims to ensure the profession's continued relevance in the light of developing macro-economic and societal trends, which are discussed in more detail in the section on SAICA's operating environment on page 50.

The 2019–2023 strategic plan was further refined during the course of the year and finalised early in 2020. SAICA's strategic pillars and activities to support these during 2019 are discussed in the section starting on page 112.

The profession's first constitutional objective is to enhance the relevance, values, competence and influence of our members and associates and to make a positive contribution to the South African economy and society. The new strategy recognises the critical importance of ensuring that the Institute and its members continue to act in service of the public interest.

2018 Purpose: To promote and enhance the value of the profession for and through members

2018 Strategic pillars:

Sustainable funding

A **responsive funding model** as an enabler to achieve the business mission on a sustainable basis

Digital transformation

Enhanced integrated thinking capabilities supported by credible data and systems as an enabler to achieve the business mission on a sustainable basis

Culture of collaboration

Enhanced collaborative leadership as an enabler to achieve the business mission on a sustainable basis

Organisational risk and governance

Enhanced organisational risk and governance processes as an enabler to achieve the business mission on a sustainable basis

2019 Purpose: Develop responsible leaders for a changing future

2019 Strategic pillars:

1 Continued **relevance of the accountancy profession**



2 Delivering better **member value** and offerings that will see our members remain relevant and in high demand in the market place



3 **Growth and transformation** of the accountancy profession in terms of race and gender and in line with the overarching national agenda



4 Growing the Institute's **thought leadership** standing, both locally and internationally, through technical excellence and a more robust stakeholder engagement focus



5 Making a **quantifiable social contribution** through nation-building initiatives, thereby contributing to the global Sustainable Development Goals (SDGs)



6 **Sustainability** of the profession through the attraction and retention of new members



SAICA allocates the necessary **financial capital** to its project areas, which are implemented through the activities of our **human capital** to deliver on all six strategic pillars. In doing so, SAICA creates value for its **members, society and other stakeholders** and ensures the ongoing **financial sustainability** of the Institute.

SAICA's core mission remains unchanged – to develop responsible leaders for a changing future – but the new strategy enhances this goal by emphasising that the leaders we aim to produce and develop are those capable of operating effectively both in the current business environment and financial markets, as well as in those of the future.

Responsible leaders are recognised as professionals who engender trust in business and the economy both locally and across the world. They are business value creators who:

- Have a unique competence set
- Subscribe to a defined code of professional conduct
- Are committed to lifelong learning
- Contribute to improving the greater society

SAICA's strategic focus over the medium to long term will be on initiatives that help our members attain these attributes.

SAICA STRATEGY (CONTINUED)

SAICA'S KEY VALUE DRIVERS

Delivery on the proposed strategy requires that SAICA identifies and understands its strengths as an organisation and particularly those that differentiate it from other member bodies. These allow the Institute to create unique value for its stakeholders, especially members, and serve its public interest mandate.

These key value drivers are critical for SAICA's success and licence to operate:

- **Trust** – Accountancy is a trust-based profession. The work that we do, especially in financial oversight and assurance, can only be undertaken or hold any credence when users have faith in accountants to carry out their duties in a competent, honest and professional manner. When this trust is lost or tarnished in any way, the value that we offer becomes diminished.
- **Integrity (ethics and accountability)** – Where the integrity of either SAICA or its members is in question, the profession risks losing not only its reputational standing but also its licence to operate. Both users of annual reports and the general public

need to always see accountants as professionals driven by a code of ethics and as willing to hold themselves accountable to the highest ethical standards. SAICA must be seen and known as always serving and enforcing these ideals.

- **Quality (competence)** – The technical excellence of our members is one of the key ways in which they are able to create value. This excellence arises from the rigour that SAICA applies to qualifying CAs(SA) through the education, assessment, training and accreditation of prospective members. Our uniqueness lies in our ability to work in a manner and to a standard that no other profession or professional institute can. SAICA continues to work hard to keep our current technical standards high as well as to determine and incorporate the additional competencies that our professionals need to meet current requirements as well as those of the changing future business and technological landscape.

OUR STRATEGIC ENABLERS AND CRITICAL SUCCESS FACTORS

The key strategic enablers and necessary internal structures, processes and resources (critical success factors) that need to be in place to achieve these strategic priorities are shown below.

Strategic enablers

- Create an ethical culture within our profession in service of the public interest
- Enhance the risk and governance processes of the Institute and eventually the profession as a whole
- Enhance internal efficiencies and effectiveness so the Institute can better service its stakeholders

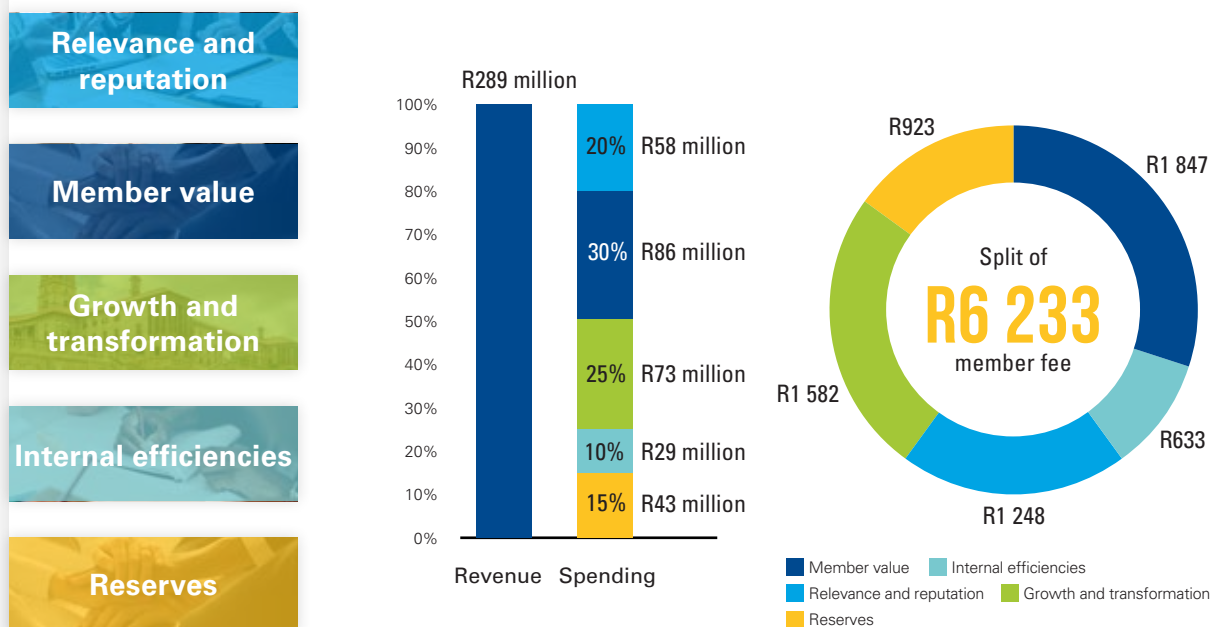
Critical success factors

- **Reputation** – Restoring the reputation of SAICA and the accountancy profession
- **Stakeholder engagement** – More engaged stakeholders who buy into the strategic vision of SAICA and the profession
- **Human capital** – Hiring and retaining high-performance staff, as guided by the three-year HR plan
- **Infrastructure** – The transformation of internal digital processes and systems to ensure process efficiencies and reduce over-reliance on individuals' institutional memory
- **Financial** – Ensuring that the Institute has sufficient funds to deliver on its strategy, including through the identification and implementation of new revenue models and a new financial recovery model

SAICA's operations, including the Institute's internal operating model and structure, have accordingly been aligned with the strategy.

Allocation of annual member subscription

During 2019 the annual member subscription was allocated as illustrated below.



BUSINESS MODEL AND VALUE CHAIN

SAICA's activities create value for our members and other key stakeholders, as shown in this section. The business model supports effective delivery on our strategy. In conducting these activities, the organisation makes use of the capitals available to it, and management and the Board make decisions regarding the trade-offs required between these capitals.

CAPITAL INPUTS

The <IR> Framework defines six capitals – financial, intellectual, manufactured, human, social and relationship, and environmental capital. As an organisation with a primary focus on member and social benefit, SAICA does not use significant 🌿 environmental resources, nor does it have a material environmental impact. The Institute is nonetheless committed to environmental responsibility with regards to electricity and water use, and minimising waste generation. For example, we have installed energy-saving lightbulbs and water-saving devices that reduce water use at our offices.

The significant capitals SAICA makes use of as inputs are:



Intellectual capital

- SAICA's strong reputation and its designations – CA(SA), AGA(SA), AT(SA)
- SAICA's Competency Framework
- Thought leadership and technical development
- The Thuthuka model
- The Ushintsho Programme – SAICA's digital transformation initiative that aims to improve member experience, provide a comprehensive view of the SAICA value chain and drive business process efficiency



Financial capital

- Membership subscriptions, examination and training-related fees, and revenue from services and products offered to members
- Donor funding for developmental programmes from companies, firms, government, members and individuals



Social and relationship capital

- Member participation through the various SAICA structures
- Developmental programmes driving educational and skills development initiatives, and transformation in the profession
- SAICA's and staff relationships with stakeholders (refer to 'Stakeholder relationships' section on page 40)
- SAICA members assist Government with key projects and apply their intellectual capital to a wide range of areas in the profession as, for example, captains of industry



Human capital

- SAICA has 208 staff members with diverse capabilities



Manufactured capital

- SAICA's education and training programmes are delivered through the infrastructure of universities, private providers and training offices around the country
- SAICA rents premises in Johannesburg (Head Office), Durban, Cape Town and Bloemfontein, from which all operations are conducted

BUSINESS ACTIVITIES TO CREATE VALUE

Relevance and reputation



- Advocate and lobby stakeholders on behalf of SAICA's members on topics that impact the profession
- Profile members and member activities that enhance the value of the brand
- Participate in global and local associations to promote the interest of the profession within the context of the broader society
- Brand promotion activities



Member value



- Engage and collaborate with members and stakeholders to understand or respond to technical and/or legislative topics that impact the profession
- Provide members with access to relevant continuous professional development activities and interventions through SAICA's product and service offerings
- Respond to members' technical queries



Growth and transformation; quantifiable social contribution and sustainability



- Continuous enhancement of the competency frameworks for the CA(SA), AT(SA), AGA(SA) designations
- Deliver skills development initiatives to the profession, including transformation initiatives through Thuthuka
- Raise funds for students from households with earnings below R600 000, studying towards occupations in high demand via ISFAP. These supported occupations are not limited to aspirant CAs(SA)
- Create socio-economic programmes for both the public and private sectors through The Hope Factory
- Provide enterprise and supplier development programmes and activities, and accounting support initiatives to SMMEs through SAICA Enterprise Development
- Working with unemployed accounting graduates, developing their skills and placing them in schools to assist school governing bodies
- Facilitating Courageous Conversations around matters affecting the profession
- Capacitating all historically disadvantaged institutions to offer the SAICA-accredited undergraduate CA-stream programme
- Communication of the benefits of membership, career awareness campaigns and significant investment in the growth of the pipeline, specifically at historically disadvantaged institutions



Thought leadership



- Develop and distribute thought leadership (internally generated or externally sourced) on a wide range of topics using multiple platforms or channels

BUSINESS MODEL AND VALUE CHAIN (CONTINUED)

OUTPUTS

2 762 ITC* qualifying examinations candidates passed in 2019 (2018: 2 854) and 2 024 APC candidates (2018: 2 080)**

* Initial Test of Competence
** Assessment of Professional Competence



Members and associates served:

- **303 AT(SA) (2018: 321)**
- **3 429 AGA(SA) (2018: 3 268)**
- **46 072 CA(SA) (2018: 44 721)**

MORE...

- **More than 200 seminars and events (2018: 183)**
- **89 technical articles produced (2018: 124) that were published 237 times (2018: 301)**
- **148 thought leadership exposures (2018: 105)**
- **In 2019, Thuthuka funded:**
 - **682 beneficiaries' undergraduate degree (2018: 775)**
 - **524 beneficiaries' postgraduate (CTA) degree (2018: 524)**
 - **880 beneficiaries through its capacity-building programmes (2018: 817)**
- **Increased membership with increasing proportions of black and female members**
- **Improved pass rate of Thuthuka students**
- **Enhanced offerings at universities and training offices offering accredited programmes**

CAPITAL OUTCOMES

Refer to page 37 for description of SDG icons.

Intellectual capital



- Unprompted awareness of the CA(SA) designation increased to 87% among business leaders
- Progress in implementing CA2025: Draft entry-level framework and member framework developed
- Two Courageous Conversations held
- ISFAP supported 1 653 active students and 376 students supported in the CA(SA) stream
- 18 seminars with sessions on ethics attended by 3 562 members, achieving a member satisfaction rating of 4,3 out of 5 (86%)
- Most admired brand rating increased to 68% among business leaders (2018: 66%)
- 1 583 public relations exposures generating R68 million worth of publicity
- Technical committees satisfaction:
 - Assurance guidance committee 4,3 out of 5
 - National Tax Committee 4,65 out of 5
 - Ethics Committee 4,46 out of 5
 - Legal and governance Committee 4,17 out of 5
- SAICA brand architecture aligned with global Chartered Accountants Worldwide brand architecture
- Over 88 hours of free CPD offered to members
- A satisfaction rating of 4,3 out of 5 received from the 7 570 members attending seminars and events and 23 435 members viewing webinars

Financial capital



- R280 million in membership subscription fees
- Reserves target met
- R8 462 221 in sponsorship revenue
- More than R3 billion independent funding raised for nation-building and financial capacity-building activities across the private and public sectors since 2002. R1 billion was raised for various projects and ISFAP in 2019

Social and relationship capital



- Recognition agreements with 14 professional bodies
- Over 4 000 South African high schools (with a matric pass rate of 65% in mathematics) were part of a SAICA school interaction in 2019
- Since 2012, more than 3 900 students have been funded and over 1 400 accountants have qualified as CAs(SA) through the Thuthuka Bursary Fund, with over 2 000 more currently in the qualification pipeline
- By upskilling more than 200 unemployed accounting graduates, SAICA has equipped the school governing bodies at 112 schools with financial management and governance skills
- 50 unemployed accounting graduates have received work-readiness training through SAICA's Accounting Support Programme
- AT(SA) qualified public sector employers can be found in 17 municipalities/government offices around the country
- SAICA's Hospital Capacitation Project has equipped five provincial hospitals with financial management and governance skills
- AT(SA) rolled out its NQF Level 4 qualification to five universities of technology, two comprehensive universities and twelve TVET colleges to expand the offering of their finance and accounting faculties
- SAICA's career awareness targets primary school learners through the Grade 7 SAICA Quiz – 2 000 learners from 186 schools took part in this initiative in 2019
- All six historically disadvantaged institutions (HDIs) in South Africa have achieved SAICA accreditation for their undergraduate programmes and three have SAICA accreditation for their postgraduate programmes

Human capital



- R285 million in employment costs
- R2,4 million invested in skills development
- 78% employees deemed historically disadvantaged South Africans (HDSA)
- 71% of staff are female
- 94,5% employee engagement survey response rate
- 49% engaged employees

VALUE CHAIN AND VALUE CREATED

Value chain		Strategic pillar	SAICA focus
SAICA members CA(SA), AGA(SA), AT(SA)		2 Member value	<ul style="list-style-type: none"> Enhance members' competence (knowledge, skills and attributes) and thereby their value to the private, public and academic sectors in which they operate Grow the profession through member retention
Prospects (Discharged training contract and passed the Assessment of Professional Competence)		1 3 6 Relevance of the accountancy profession Growth and transformation Sustainability	<ul style="list-style-type: none"> Maintain exam standards and quality Create competent prospects for membership Grow the profession through new member recruitment
Trainees and training offices		1 3 6 Relevance of the accountancy profession	<ul style="list-style-type: none"> Accredit quality training programmes across all training spaces Provide training support
Students, tertiary institutions and academics		Growth and transformation Creating a sustainable pipeline for the profession	<ul style="list-style-type: none"> Ensure quality education programmes at undergraduate and postgraduate level Increase the footprint of the CA(SA) and related programmes across the country Make the CA(SA) and related programmes and quality tertiary education accessible to all
High school learners and educators			<ul style="list-style-type: none"> Promote maths-related subjects in SA schools Promote chartered accountancy as top career choice
Infants and primary school learners		5 Quantifiable social contribution	<ul style="list-style-type: none"> Improve STEM (science, technology, engineering, maths) subject performance in South Africa

SAICA activities	Value created by SAICA
<ul style="list-style-type: none"> • Member registration and engagement • Member services: seminars and events • Continuous professional development • International affiliations • Technical guidance, articles and support 	<ul style="list-style-type: none"> • Competent prospects and members • Access to relevant continuous professional development opportunities • Technical and non-technical training • Professional support • Premium/market-leading designation • International (professional) mobility
<ul style="list-style-type: none"> • High-standard exam setting and administration processes • High-quality professional assessments, being the Initial Test of Competence (ITC) and Assessment of Professional Competence (APC) • Monitoring and accreditation of higher education institutions to offer the CA programme/postgraduate programme (requirement for the ITC) • Accreditation of professional programme providers to offer the Professional Programme (requirement for the APC) High-quality professional assessments being the Initial Test of Competence (ITC) and Assessment of Professional Competence (APC) • Thuthuka Education Upliftment Fund (TEUF) initiatives • Engagement with prospective members (students and trainees) • Flexible entry routes for AGA(SA) designed and implemented, including the introduction of the Training Equivalence Assessment 	<ul style="list-style-type: none"> • A clearly defined competency framework which provides guidance for both academic and training programmes • Quality assured academic programmes • Engagement with academics across multiple providers allowing for debate, sharing and networking • A rigorous training programme • Trainee networking and support platform • Training programme development and support • High standard of professional assessments • Transformation of the accountancy profession to reflect the country's population demographics
<ul style="list-style-type: none"> • Monitoring and accreditation of SAICA training offices • Implementation of a revised accreditation process and reporting for training offices • TEUF initiatives 	<ul style="list-style-type: none"> • Rigorous training programme • Training networking and support platform • Training programme development and support
<ul style="list-style-type: none"> • Accreditation: CA(SA), AGA(SA), AT(SA) • Accreditation: Thuthuka • Capacity building in historically disadvantaged universities to offer the SAICA-accredited CA-stream programme • Subventions for academics with the objective of recruiting and retaining the best academics for the CA-stream programmes 	<ul style="list-style-type: none"> • Funding • Wrap-around support (funding, academic and psycho-social support) • Accreditation support • Academic development and support
<ul style="list-style-type: none"> • Grade 8+: <ul style="list-style-type: none"> – Curriculum development – Thuthuka development camps: additional maths, English, science and accounting for learners with the aim of creating a pipeline for SAICA's Thuthuka Bursary Fund – Career awareness – CA(SA) promotion 	<ul style="list-style-type: none"> • Career awareness • Academic support (STEM subjects) • Educator mentoring and support • Curriculum development assistance • School governance and financial management support
<ul style="list-style-type: none"> • Researching the role of early childhood development (ECD) and ECD teaching methods in instilling mathematical principles at a young age to promote early adoption and affinity with science, technology, engineering and maths (STEM) studies in SA learners 	<ul style="list-style-type: none"> • Academic support (STEM subjects) • Better informed and supported learners and students

SAICA MEMBERS

SAICA is the custodian of three complementary accounting designations: Chartered Accountants (CA(SA)), Associate General Accountants (AGA(SA)) and Accounting Technicians (AT(SA)). This approach responds to the country's financial market needs and aligns with our intent to be represented in the full professional accounting education and training landscape.

Our members accept the responsibility to act in the public interest. They use their knowledge, skills and influence to serve their clients and employers and to carry out their duties in a manner that empowers businesses and promotes prosperity in a changing South Africa and world.

Accountants holding these designations may offer a professional service to the public on condition that they are members of SAICA (refer Chartered Accountants Designation (Private) Act 67 of 1993) and have to operate in accordance with a strict code of professional conduct, which is available on our website at

www.saica.co.za/Portals/0/documents/SAICACodeofProfessionalConductRevisedNovember2018b.pdf



The table below describes the complementary nature of the three designations.

	Market position	Designation's value	Role in the market	Designation's brand essence	Members 2019
CA(SA)	Premium	CAs(SA) perform at the highest level in organisations, creating and protecting value as well as informing and shaping strategic direction to positively impact business and the broader economy	<ul style="list-style-type: none"> Strategic and advisory Business value creator 	A leadership designation for accountants at the forefront of business and the broader economy	46 072
AGA(SA)	Mid-tier	AGA(SA) has a broader, future-focused, multi-disciplinary approach to enable accountants to enhance and measure organisational value and drive operational performance by bridging operational and strategic aspects within the organisation's management functions	<ul style="list-style-type: none"> Operational Junior to middle management 	A professional accounting designation for accountants enhancing value and driving operational performance in organisations	3 429
AT(SA)	Entry level	AT(SA) seeks to empower and develop better-skilled accounting technicians and to make the accounting, finance and business profession accessible to all South Africans so as to improve employability	<ul style="list-style-type: none"> Administrative Entry level (for example bookkeepers and clerks) Strong public sector focus 	A practice-based, work-ready accounting, finance and business qualification and professional membership for entry-level to mid-tier accountants	303

GROWING OUR MEMBER BASE

SAICA's purpose is to develop responsible leaders for a changing future. SAICA's strategy aims to grow and transform the profession and attract and retain new members, and we therefore focus on:

- Driving pipeline growth by expanding the number of students and trainees that come into the profession
- Improving the throughput pass rates of these students and trainees
- Transforming the professions in line with population and gender demographics
- Reducing member attrition by continuously improving member value

Students leaving university with the necessary SAICA-accredited accounting-related qualifications can enter into a training contract with a registered training office before sitting two qualifying examinations: the Initial Test of Competence (ITC) and the Assessment of Professional Competence (APC). These exams are set and administered by SAICA.

SAICA's activities include multiple interventions at school level and at tertiary institutions to increase the number of pupils and students studying the relevant courses and achieving the required qualifications.

In 2019, 2 202 prospects completed the requirements and became SAICA members (2018: 2 265).

	African	Coloured	Indian	White	Race not disclosed	Total
2018	698	138	381	1 034	14	2 265
2019	726	148	354	966	8	2 202

SAICA MEMBERS (CONTINUED)

TRAINEES AND SAICA-ACCREDITED TRAINING OFFICES

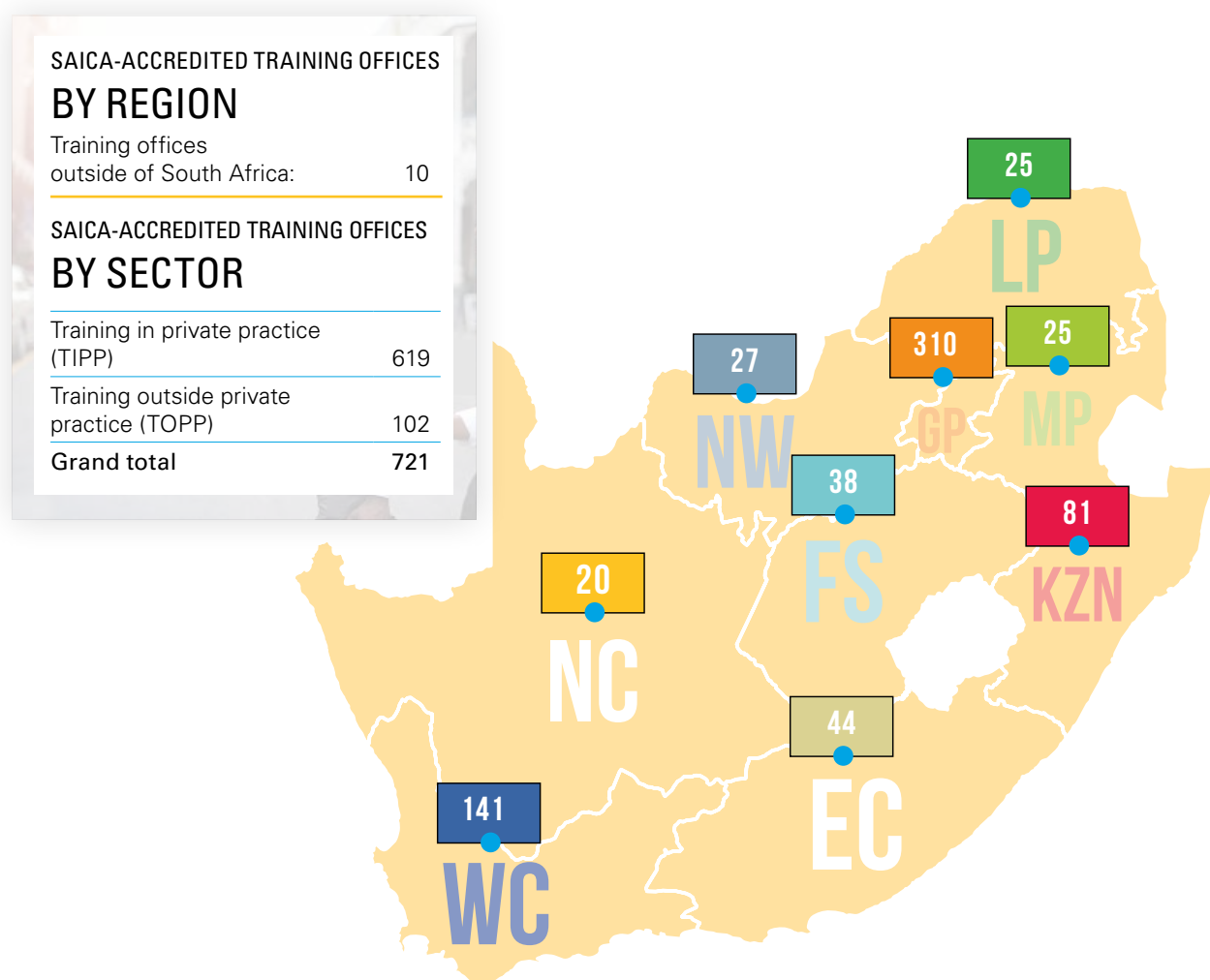
Training offices play a critical role in the qualification process by helping to develop the necessary skills, professionalism, ethics, professional competence and knowledge required of future SAICA members.

SAICA plays a vital quality assurance role by accrediting training offices.

As at 31 December 2019, there were 10 201 trainees at SAICA-accredited training providers/universities across South Africa (2018: 9 501).

	African		Coloured		Indian		White		Unknown		Total		Total	Female %	African %	Black* %
	F	M	F	M	F	M	F	M	F	M	F	M				
2018	2 134	1 464	381	310	656	604	1 973	1 892	46	41	5 190	4 311	9 501	55	38	58
2019	2 539	1 738	381	305	692	629	1 959	1 874	43	41	5 614	4 587	10 201	55	42	62

* African, Coloured and Indian



* The decrease in training offices in FS and KZN from 2018 is due to voluntary de-accreditation and smaller firms merging.

SAICA-ACCREDITED UNIVERSITIES

SAICA programmes meet the highest accreditation standards and SAICA (as a professional body) is regulated by the South African Qualifications Authority (SAQA) and the Council for Trade and Occupations.

The table below shows the tertiary institutions who offer SAICA-accredited programmes and the number of programmes per institution.

Province	Institution	Undergraduate qualification	Bridging programme	Postgraduate qualification (CTA)
Residential learning				
Eastern Cape	Nelson Mandela University	2	1	1
	Rhodes University	1	–	2
	University of Fort Hare	2	1	1
	Walter Sisulu University	1	–	–
Free State	University of the Free State	1	2	2
Gauteng	University of Johannesburg	1	1	2
	University of Pretoria	1	–	2
	University of the Witwatersrand	1	–	2
	Institute of Accounting Science (P)	–	–	1
	Monash South Africa (P)	1	–	1
KwaZulu-Natal	University of KwaZulu-Natal	1	–	2
	University of Zululand	1	–	–
Limpopo	University of Limpopo	1	1	1
	University of Venda*	1	–	–
North West	North-West University	2	1	1
Western Cape	University of Cape Town	2	–	2
	Stellenbosch University	2	–	1
	University of the Western Cape	1	1	2
Distance learning				
	University of South Africa	2	1	2
	Regent Business School (P)*	–	–	1
Online learning				
	Milpark Business School (P)*	–	–	1
Residential learning – nationwide programmes				
	Varsity College (P)	1	–	–

(P) Private Provider

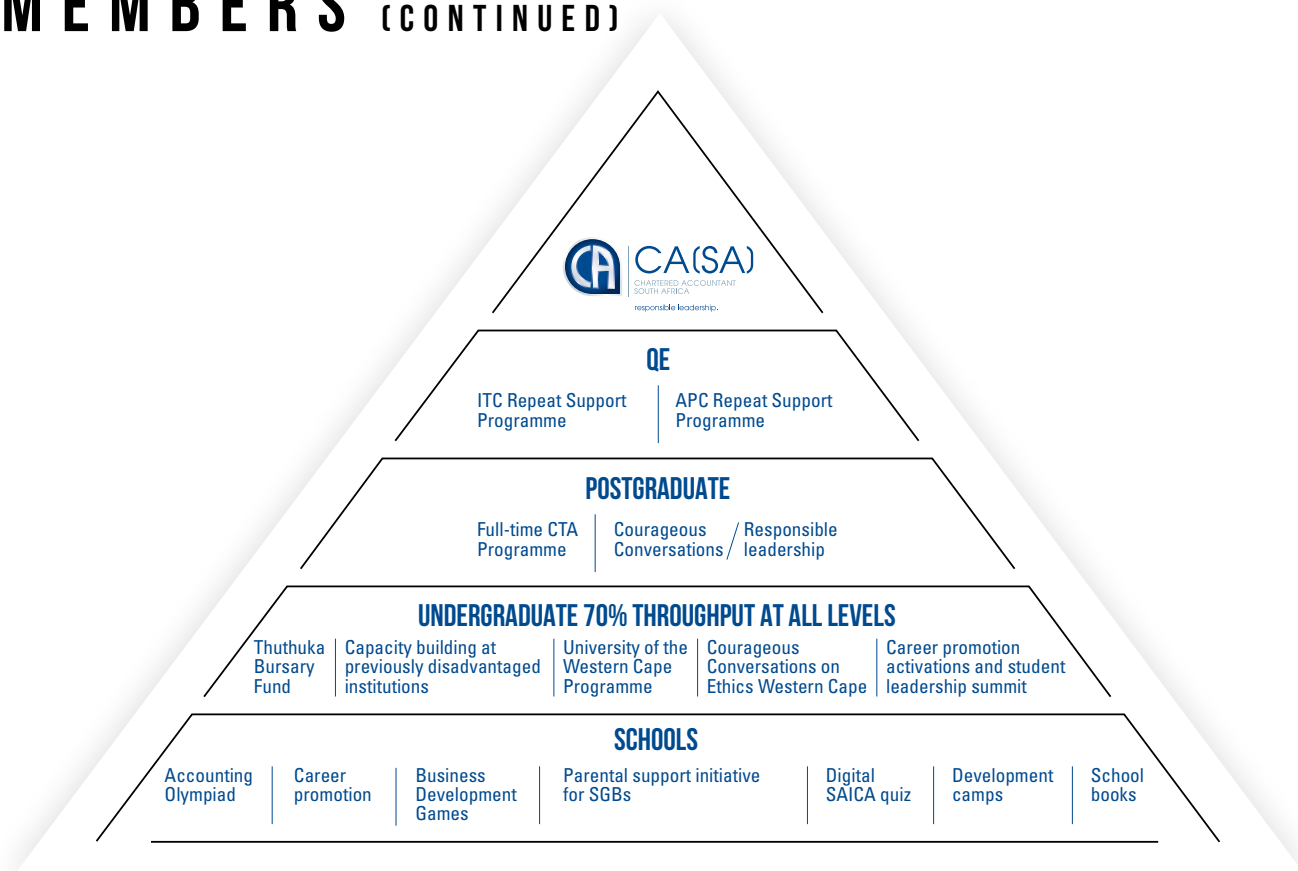
* New institutions



PIPELINE TRANSFORMATION

Transforming the racial and gender profile of accountants is critical to the sustainability of the profession and a key focus of our strategy. SAICA established the Thuthuka Education Upliftment Fund (TEUF) in 2002 to house the Institute's transformation-driven initiatives.

SAICA MEMBERS (CONTINUED)



ACTIVITIES THAT SUPPORT THE CA(SA) PIPELINE

Support includes:

- Financial support that includes student fees, on-campus accommodation, books and laptops
- Non-financial assistance in the form of extra-academic interventions such as winter schools
- Psychosocial support that helps Thuthuka students acclimatise to the academic and social environments that they are placed in (which may differ greatly from what they experienced during their basic education years) and supports them to produce the necessary high results required to stay in the programme

Since inception, TBF has funded more than 3 900 students and created more than 1 400 chartered accountants (noting that it takes a minimum of seven years of study and training after leaving school to become a chartered accountant).

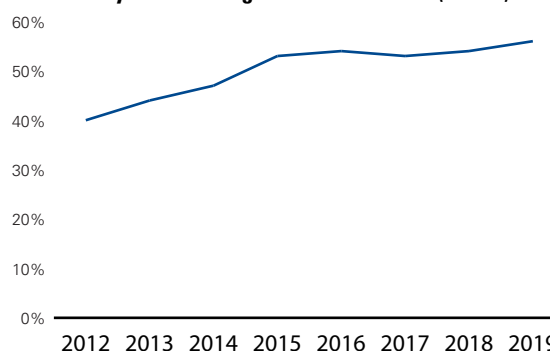
The first cohort of TBF-funded students qualified in 2012. Since 2012, the proportion of historically disadvantaged students that have qualified as members of SAICA has increased from 39,8% of new members to 56,1%. In addition:

72% OF THE AFRICAN CAs(SA) IN THE CURRENT MEMBER POOL QUALIFIED SINCE 2012

55% OF THE CURRENT COLOURED CAs(SA) QUALIFIED SINCE 2012

49% OF THE CURRENT INDIAN CAs(SA) QUALIFIED SINCE 2012

Proportion of new members who are historically disadvantaged South Africans (HDSA)



* for Thuthuka bursary-funded students

INSTITUTIONAL CAPACITY-BUILDING

SAICA's transformation work includes a capacity building programme for historically disadvantaged institutions (HDIs). During 2019, the University of Venda achieved SAICA accreditation of its undergraduate programme and all six HDIs are now accredited with SAICA at an undergraduate level. Capacity building is continuing at the Universities of KwaZulu-Natal and Venda as well as at Walter Sisulu University to support future accreditation at a postgraduate level.

These initiatives build sustainable capacity in communities outside South Africa's main centres to provide quality education so that aspiring CAs(SA) can stay in their home provinces, reducing travel and increasing family support during their transition from high school to university. They also strengthen skills development in these areas and support the local economy.

Capacity building includes support for academics in recognition of the need to ensure that all accounting students have the opportunity to be taught and mentored by academics who understand their background and realities and, by extension, the best ways in which they consume knowledge and can best meet their potential.

Support for academics includes:

- An African academics programme that supports academics, and particularly young academics, to improve their teaching skills and engage in more research, especially at a PhD level.
- Curriculum transformation and assistance to identify new and innovative ways to teach students, especially those from previously disadvantaged schools who may need different teaching methods in order to better grasp some of the concepts in accounting studies. These new teaching methods have been found to improve student engagement and results over time.
- During the year, SAICA held three workshops for academics, one on integrating ethics into curricula and two on developing critical thinking skills.

INTERNATIONAL PARTNERSHIPS



UNIVERSITY OF THE WESTERN CAPE 2019 GRADUATION

SAICA MEMBERS (CONTINUED)

SAICA is an active participant in a number of international forums. Interactions with our global partners are an important part of our advocacy role, which provide SAICA with valuable input to our member engagement activities and inform global standard-setting.

Our international partnerships also support our strategic pillars, ensuring the continued **relevance** of the profession providing, **member value** by providing a platform where SAICA can promote the CA(SA) brand and the work of the professionals who hold this designation. This is a crucial factor in the continued high ranking of South African chartered accountants internationally and supports their ability to work around the world.



Chartered Accountants Worldwide (CAW) was created by the leading international chartered accountancy institutes to promote, support and develop the vital role that chartered accountants play throughout the global economy. CAW currently comprises 15 member groups across the United Kingdom, Africa and Asia, and creates a community of more than 1,7 million chartered accountants and students in 190 countries who share a commitment to the highest standards of professional and ethical practice.

CAW's objectives are to:

- Promote, protect and develop the CA brand for the benefit of our members worldwide
- Support and connect our members wherever they are working globally
- Strengthen the CAW family by sharing expertise and experience and maintaining the status and relevance of chartered accountancy

CAW also promotes the alignment of CA curricula to enable associates to become full members and share full reciprocity with founding member bodies. The CAW member engagement group, which is chaired by SAICA, shares strategic member engagement initiatives to improve engagement across all institutes. CAW members share thought leadership, training and research to provide additional value and the existing reciprocity arrangements allow for members from individual institutes to have access to certain member events at member rates.

 More information on CAW is available at www.charteredaccountantsworldwide.com



The Global Accounting Alliance (GAA) is an alliance of ten leading professional accountancy bodies in significant capital markets in North America, Europe, the UK, Asia and Australasia. It represents more than one million members in over 180 countries around the globe and was created to promote quality services, share information and collaborate on important international issues while furthering the interests of a quality accountancy profession in the public interest. The GAA works with national regulators, governments and stakeholders through member-body collaboration, articulation of consensus views and working in collaboration where possible with other international bodies, especially the International Federation of Accountants (IFAC).

SAICA is represented on the GAA Board, the tax directors' group, the technical directors' group, the education directors' group and the sustainability and integrated reporting groups.

The Institute's membership of the GAA provides SAICA members with professional support when working in another country covered by the GAA through the GAA passport.

 More information on the GAA is available at www.globalaccountingalliance.com

SAICA MEMBERS (CONTINUED)



The International Federation of Accountants (IFAC) is a global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC comprises over 175 members and associates in more than 130 countries and jurisdictions, representing almost three million accountants. IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards
- Working to prepare a future-ready accountancy profession
- Speaking out on public interest issues as the voice of the global accountancy profession

SAICA is represented on the **International Federation of Accountants (IFAC)** Board by Christine Ramon as the South African representative and Fanisa Lamola as technical advisor.

 More information on IFAC is available at www.ifac.org



SAICA is a council member of the **International Integrated Reporting Council (IIRC)**, a global coalition of regulators, investors, companies, standard setters, the accountancy profession, academia and NGOs. The IIRC's vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. SAICA's participation in the IIRC allows the Institute to influence international trends in integrated reporting, advocate for its members and build global relationships in providing guidance and thought leadership in this space.

 More information on the IIRC is available at www.integratedreporting.org

TOP 35 - UNDER - 35 COMPETITION

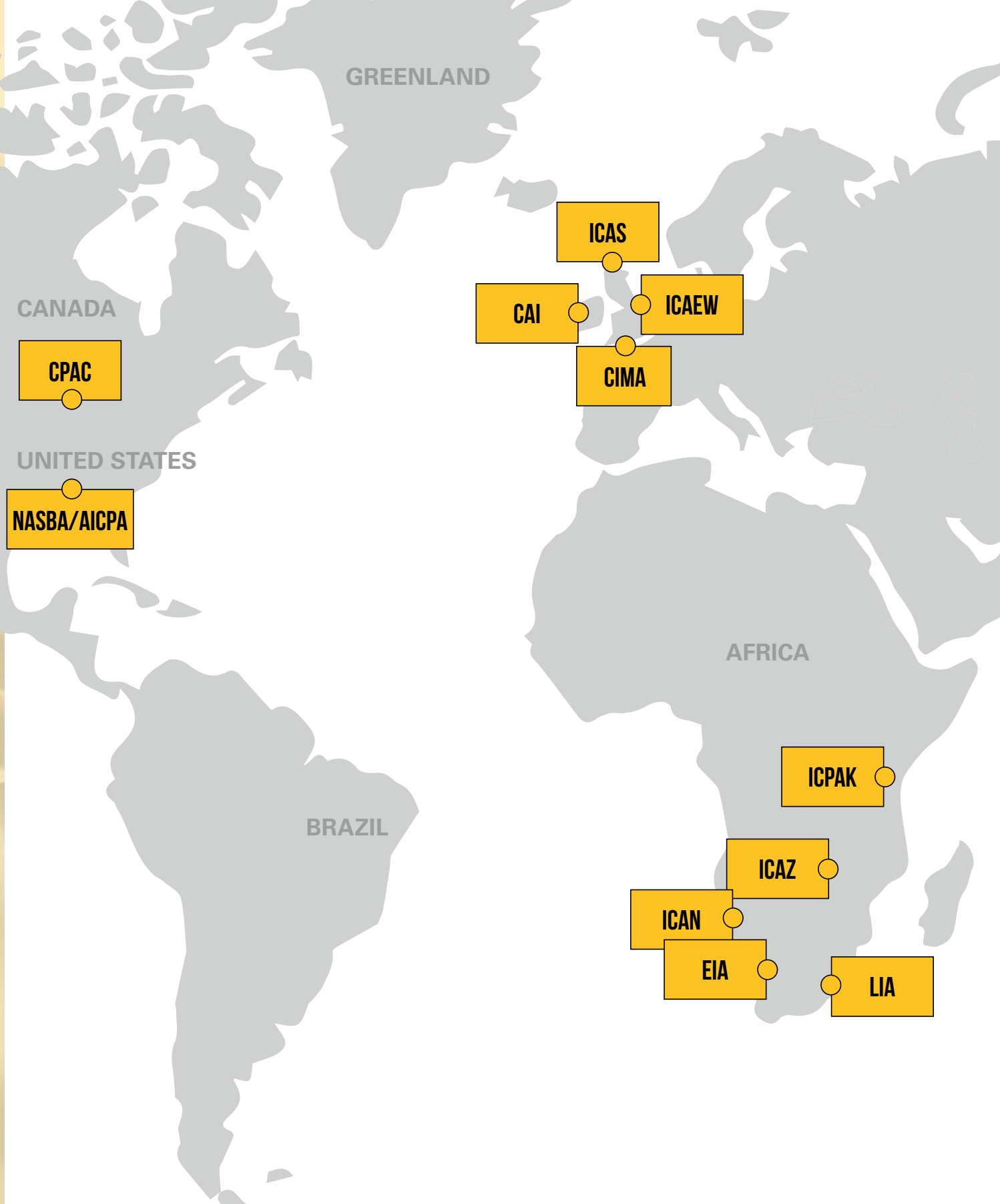
2019 Overall winner



2018 Category winner: Lead



SAICA MEMBERS – RECOGNITION AGREEMENTS



RECOGNITION AGREEMENTS

SAICA's recognition agreements advance the South African accountancy profession's footprint nationally and globally by broadening access to the various bodies' professional qualifications and resources. These agreements provide SAICA members with expedited pathways to other African and international designations so that members can operate in an increasing number of international locations, making them more professionally mobile and creating a wider network of business areas in which to add value.

SAICA currently has recognition agreements with the following 14 international professional bodies:

- The Institute of Chartered Accountants in England and Wales (ICAEW)
- The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA)
- Chartered Accountants in Australia and New Zealand (CAANZ)
- The Chartered Professional Accountants of Canada (CPAC)
- The Hong Kong Institute of Certified Public Accountants (HKICPA)
- Chartered Accountants Ireland (CAI)
- The Institute of Chartered Accountants in Scotland (ICAS)
- The Institute of Chartered Accountants Zimbabwe (ICAZ)
- The Institute of Chartered Accountants of Namibia (ICAN)
- The Chartered Institute of Management Accountants (CIMA)
- Institute of Certified Public Accountants of Kenya (ICPAK)
- Eswatini Institute of Accountants (EIA)
- Lesotho Institute of Accountants (LIA)
- The Institute of Chartered Accountants of India (ICAI)



HOW SAICA'S QUANTIFIABLE SOCIAL CONTRIBUTION PROJECTS ALIGNS WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

BUSINESS IS CHANGING. TRADITIONALLY COMPANIES HAVE ONLY BEEN INTERESTED IN THE BOTTOM LINE, BUT WITH THE GLOBAL RISE IN IMPORTANCE TOWARDS SUSTAINABILITY, BUSINESS LEADERS HAVE TURNED THEIR FOCUS AWAY FROM THEIR SOLE FIXATION ON FINANCIAL PERFORMANCE TO ONE THAT ENCOMPASSES PROGRESS ON AN ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRONT

When it comes to sustainability, there is one North Star that should not be ignored, the United Nations' Sustainable Development Goals (SDGs).

SUSTAINABLE DEVELOPMENT GOALS

At their heart, these goals commit all of us, as citizens of the world, to leave no-one behind as we move into an era in which even the poorest and most vulnerable members of our society are looked after. By pledging to uphold this vision, world leaders have committed to addressing the full range of social and economic development issues facing people around the world so as to adequately, and collaboratively, respond to the complex social, economic and environmental issues that confront us.

The profession has always contributed its time and other resources to projects focused on making South Africa and the world better.

Even before the adoption of the 2030 Agenda, SAICA recognised that collective action is required to maximise our efforts. Through work that begun in the late 1990s and early 2000s, our profession has been recognised and seen its models replicated as viable and successful models for a variety of projects that contribute towards the SDGs. These projects include, but are not limited to:

The Thuthuka Bursary Fund, which Government is using as a model for its solution for South Africa's tertiary education funding crisis

SAICA's school governing body programme, which is used by the public sector as part of a solution for South Africa's youth unemployment crisis

SAICA Enterprise Development's unique financial excellence model, which drives economic growth, innovation and job creation through SMME development

The graphic opposite outlines how SAICA's social contribution projects align to the goals and outcomes of nine of the UN's 17 SDGs



The Hope Factory (THF)



SAICA Gender Transformation Commitments

Girl Learner Development Camp



Hospital Capacitation Project



Rise Against Hunger: Packing Events



THF Flagship Socio-Economic Development Programme

THF Transnet Pipeline

Customised Programme WeCAre



Training unemployed graduates to provide financial excellence services for SAICA's Enterprise Development's programmes

SAICA's Enterprise Development

JP Morgan Accounting Support Programme

AT(SA) Private Sector Training Programme

Thuthuka CTA Allocations

SAICA SGB Intern Project

AT(SA) TVET & UOT Post-School Training Programme



Thuthuka School Projects

Thuthuka Bursary Fund

CTA Support

Wrap-Around Support

ITC & APC Support

ISFAP

AT(SA) TVET & UOT Post-School Training Programme

Building Capacity in Academia – Common CTA

AT(SA) TVET & UOT Capacity Programme

School Governing Body (SGB) Programme

Capacity-building of TVET & CET HR and Finance Departments

Prince Accounting for Sustainability Project



Courageous Conversations

CA Charter

Partnerships for the goals through the DBE, DHET, DoH, DTI, the SETAs (BANKSETA, MERCETA & FASSET) and members of the profession

Member of the Human Resource Development Council's Technical Working Group

Seat on Presidential B-BBEE Advisory Council

Reciprocity Agreements



Unite4Mzansi: Anti-corruption dialogues and movie

Courageous Conversations

AT(SA) Public Sector Training Programme

SAICA University Accreditation & Monitoring

SAICA Training Programme

To download SAICA's full 2019 UN SDGs Contribution Report go to: saicasdg.co.za/wp-content/uploads/2020/04/SAICA_2019_SDG_Report_Final-web.pdf

STAKEHOLDER ENGAGEMENT AND SHARED VALUE CREATION

Responsible leaders value People and Planet at an appropriate level in the pursuit of Profit, knowing that prioritising any of these over the others is unsustainable. Chartered accountants, in their roles as key influencers and leaders, have the opportunity to guide the organisations with which they work to a deeper understanding that environmental responsibility, building sustainable communities and creating social value are integrally linked to the creation of value.

Reinforcing the accountancy profession's reputation as one of integrity and trustworthiness challenges SAICA and the broader profession to operate with an understanding of the needs and interests of a broad range of stakeholders so that we can respond appropriately and make a meaningful contribution to transform and uplift communities and contribute to sustainable societies.

The United Nations' Sustainable Development Goals (SDGs) set aspirations to 2030 to eradicate poverty and achieve global sustainable development. The SDGs interconnect and address the most significant global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. (SAICA's 2019 SDG Report is available at saicasdg.co.za/wp-content/uploads/2020/04/SAICA_2019_SDG_Report_Final-web.pdf)

KEY STAKEHOLDERS

Understanding SAICA's key stakeholders is an important aspect of delivering on our purpose and our strategy, particularly identifying our strategic dependencies (those stakeholders SAICA depends on to deliver on our strategy) and our strategic benefactors (those who will benefit from the achievement of the strategy). The process of mapping our stakeholders and developing our understanding of their needs and expectations of SAICA is also crucial to inform our stakeholder engagement efforts to create shared value for both the Institute and our stakeholders.

The graphic below shows the Institute's key stakeholders. These were identified based on a consideration of SAICA's most material matters, as well as factors such as continued local and international relevance, technical competence, reputation management, financial sustainability and service of the public interest.



The table that follows shows how SAICA engages with our stakeholders, the role they play in shared value creation, their material interests and how we address these.

How we engage	Their role in value creation	Their material interests	How we address these interests
Members and associates			
<ul style="list-style-type: none"> SAICA Board, SAICA National Council and regional councils National and regional constituency-based committees Roadshows Interest groups Networking/seminars and events Online member communications Face-to-face member visits Focus groups with members SAICA facilitated member engagements with regulators Annual General Meeting (AGM) 	<ul style="list-style-type: none"> Active engagement with SAICA (no apathy) Adherence to the Code of Professional Conduct (ethical conduct) Understanding of lifelong learning principles (not participating in CPD as a tick-box exercise) 	<ul style="list-style-type: none"> Value of the SAICA membership Reputation of SAICA designations, especially the CA(SA) brand SAICA's disciplinary process with regard to members under investigation for transgression of the Code of Professional Conduct and overall ethical standing of the profession Enhancement of their professional competencies CA(SA), AGA(SA) and AT(SA) brand enhancement SAICA and member relationships with key government agencies Sustainability of the accountancy profession 	<ul style="list-style-type: none"> Excellence in competence An integrated designations communication and marketing plan to protect and build the reputations and sustainability of SAICA's designations Continuous professional development Technical and non-technical training Professional support Premium/market-leading designation International (professional) mobility SAICA engages with government stakeholders on behalf of members Through engagement with government SAICA identifies opportunities for its members to contribute to the development of South Africa's economy and society SAICA plays an active leadership role in the profession and the community to enhance the image and standing of the designations

STAKEHOLDER ENGAGEMENT AND SHARED VALUE CREATION (CONTINUED)

How we engage	Their role in value creation	Their material interests	How we address these interests
Trainees			
<ul style="list-style-type: none"> • Trainee workshops • Roadshows and networking events • Online surveys 	<ul style="list-style-type: none"> • Sustainability – trainees represent the future of the profession • Potential ambassadors for the profession if engaged with appropriately 	<ul style="list-style-type: none"> • Professional practical work experience through the SAICA training programme • Development of competencies that will increase their market attractiveness/employability and help them contribute to the economy and greater society • Training and employee contract 	<ul style="list-style-type: none"> • Rigorous training programme • Trainee networking and support platform • Training regulations mechanisms for trainees to appeal to SAICA • Engage in employment contract disputes if these have a direct bearing on the training programme
Training offices			
<ul style="list-style-type: none"> • Training office visits • Accreditation visits • Training office workshops • Online surveys 	<ul style="list-style-type: none"> • Deliver the training component required to become a CA(SA) • Key to ensuring that the quality of our members is maintained 	<ul style="list-style-type: none"> • A suitable supply of and retention of trainees • Reputation of SAICA designations, especially the CA(SA) brand • Training administration systems that are fit for business and easy to implement and administer • Effective application of SAICA accreditation criteria in order to ensure the continued quality of the programme and their retention as accredited training offices 	<ul style="list-style-type: none"> • Training programme development and support • Promotion of high-quality training programmes at accredited training offices • Streamlined accreditation and monitoring, including more effective reporting to training officers

How we engage	Their role in value creation	Their material interests	How we address these interests
Employees			
<ul style="list-style-type: none"> The daily interface between management and employees Regular departmental meetings Organisational town halls Employee engagement surveys Ongoing performance discussions 	<ul style="list-style-type: none"> Can be the strongest brand ambassadors for SAICA Highly motivated, skilled and competent staff are critical to the successful implementation of SAICA's strategy 	<ul style="list-style-type: none"> Clear understanding of SAICA strategy to maximise their contribution to its implementation Fair remuneration Transformation Career progression through competency and skills development 	<ul style="list-style-type: none"> SAICA is committed to fair treatment and remuneration of employees SAICA delivers a range of development and training programmes for employees SAICA reviews its strategy on an annual basis SAICA applies a proactive equity employment strategy
Students			
<ul style="list-style-type: none"> Ongoing engagement through the student funding and support initiatives Student forums for networking and mentorship from young professionals/members 	<ul style="list-style-type: none"> Pipeline: Students in the accounting stream represent possible future members and it is therefore critical to understand their needs and interests 	<ul style="list-style-type: none"> Rising tertiary institution costs and funding challenges (fee-free education and ongoing #FeesMustFall discourse) Students look to SAICA as the custodian of the profession and they require a high-quality programme from SAICA that ensures their employability after successful completion of their education and training 	<ul style="list-style-type: none"> Provision of financial support to eligible students through the Thuthuka Bursary Fund (TBF) (page 15) and ISFAP (page 57) SAICA provides additional academic and psycho-social support to students who are eligible and demonstrate potential
Learners and educators			
<ul style="list-style-type: none"> School visits (career awareness) Career exhibitions Thuthuka development camps Educator and curriculum support programmes 	<ul style="list-style-type: none"> STEM subject promotion Curriculum development Promotion of accounting as a tertiary subject choice Advancement of accountancy careers 	<ul style="list-style-type: none"> Access to careers that will make them employable while making a social contribution Assistance in developing educational skills Quality and relevant maths, science, accounting and English curricula 	<ul style="list-style-type: none"> Career awareness Academic support (STEM subjects) Educator mentoring and support Curriculum development assistance School governance and financial management support

STAKEHOLDER ENGAGEMENT AND SHARED VALUE CREATION (CONTINUED)

How we engage	Their role in value creation	Their material interests	How we address these interests
Firms			
<ul style="list-style-type: none"> • Training officers • Firm visits • Trainee allocation engagements 	<ul style="list-style-type: none"> • Skills absorption: Trainee placement and employers for SAICA members • SAICA programme support: Thuthuka donors 	<ul style="list-style-type: none"> • Highly competent and trained trainees and members • Relevant programmes that assist in providing a skills pipeline • Members that are equipped to meet the needs of the business of the future/impact of the Fourth Industrial Revolution on auditing and other accounting functions 	<ul style="list-style-type: none"> • Training programme development and support
Regulators			
<ul style="list-style-type: none"> • SAICA committee structures • Accreditation engagements • Face-to-face meetings 	<ul style="list-style-type: none"> • Provide the regulatory framework in which SAICA operates 	<ul style="list-style-type: none"> • SAICA and SAICA member compliance with regulations • Inputs and commentary on regulations to assist in their development 	<ul style="list-style-type: none"> • Ensuring compliance of the Institute and members is a significant priority and we engage with regulators as necessary to provide input on developing regulations as representatives of the accountancy profession • Understanding of their regulatory requirements to ensure that SAICA programmes and members continue to be compliant

How we engage	Their role in value creation	Their material interests	How we address these interests
Donors			
<ul style="list-style-type: none"> Funding proposal briefing sessions and proposals Donor update meetings One-on-one donor sessions Student allocation engagements 	<ul style="list-style-type: none"> Programme development (financial capacity building) Sustainability of SAICA student-funding programmes Skills absorption (Thuthuka trainee allocations) 	<ul style="list-style-type: none"> Transformation of the profession B-BBEE Quality-assured and trusted/reputable programmes in which to place funds 	<ul style="list-style-type: none"> SAICA delivers mutually beneficial programmes Tailored sector or organisation-specific financial capacity building Effective programme delivery and trackable spend on financial contributions provide peace of mind to donors Transformation is a key focus of the Institute's activities SAICA's nation-building initiatives include projects that aim to address the key challenges facing the country, including education, transformation, skills development and job creation Introduction of the CA Charter is aligned to the B-BBEE Code of Good Practice to grow the number of black people in the CA(SA) profession
Users (public and private sectors)			
<ul style="list-style-type: none"> Skills of the future focus groups Employer and recruiter engagements Face-to-face interactions SAICA market surveys 	<ul style="list-style-type: none"> Help SAICA keep abreast of market needs and the roles our members need to play to deliver these, which helps to ensure the continued relevance of our training, CPD offerings and members Ensure that our programmes are designed to enable SAICA members and associates to deliver the best value to their employers Potential funders for SAICA nation-building/financial capacity-building initiatives 	<ul style="list-style-type: none"> Competent and ethical professionals SAICA members to be value creators for their businesses and departments Quality-assured and trusted/reputable programmes in which to place funds 	<ul style="list-style-type: none"> Excellence in competence Continuous professional development Technical and non-technical training Professional support for members Rigorous training programme

STAKEHOLDER ENGAGEMENT AND SHARED VALUE CREATION (CONTINUED)

How we engage	Their role in value creation	Their material interests	How we address these interests
Academia			
<ul style="list-style-type: none"> • Institutional accreditation • Competency reviews and updates • Accounting heads of department meetings • African academics conference 	<ul style="list-style-type: none"> • Competent training-ready students • Transformation of tertiary curriculum and teaching methods 	<ul style="list-style-type: none"> • SAICA accreditation for accounting programmes • Relevant higher education offerings • Training and subvention for African academics 	<ul style="list-style-type: none"> • Accreditation support • Development and support for academics
Alliance partners			
<ul style="list-style-type: none"> • Regular engagement with other professional bodies through membership of GAA, CAW, IFAC and related meetings • Representation on various regional and international accountancy bodies and participation in meetings • Submissions to international accountancy bodies 	<ul style="list-style-type: none"> • Mutual assistance in maintaining global standards and vice versa • Sharing of best practice • Provide representation for South African concerns at global forums • Contribute to the establishment and sustainability of strong and stable accountancy institutes worldwide 	<ul style="list-style-type: none"> • South African compliance with international professional and related standards • Recognition agreements with a number of other professional accountancy organisations • A unified African profession and participation in the Pan African Federation of Accountants (PAFA) • Development of an international brand • South African inputs on key professional and technical issues 	<ul style="list-style-type: none"> • SAICA is an active participant at Board and executive levels in a range of professional bodies (pages 31 to 34)
Government			
<ul style="list-style-type: none"> • Parliamentary presentations • Meetings with various representatives from various government departments and related entities • Engagement with departments related to the profession, especially National Treasury, the Department of Higher Education, the Department of Trade and Industry and the South African Reserve Bank 	<ul style="list-style-type: none"> • Engage with SAICA on how the Institute and its members can best contribute positively to the development of the South African economy and society • Strategic partnerships for nation-building initiatives • Users of financial capacity-building initiatives 	<ul style="list-style-type: none"> • Transformation of the profession in line with the national context • Identification and implementation of projects that can assist in the implementation of the National Development Plan with particular reference to: <ul style="list-style-type: none"> – Elimination of corruption, particularly in the area of financial management – Provision of accounting support for African entrepreneurs and emerging small businesses 	<ul style="list-style-type: none"> • SAICA's purpose commits the Institute to contributing to a sustainable South African society • Transformation is a key focus of the Institute's activities • SAICA's nation-building initiatives include projects that aim to address the key challenges facing the country, including education, transformation, skills development and job creation

How we engage	Their role in value creation	Their material interests	How we address these interests
Media			
<ul style="list-style-type: none"> SAICA proactively provides the media with information about the profession and commentary about key business and financial matters, as well as matters of greater public interest Media responses One-on-one interactions with various media houses, especially business media 	<ul style="list-style-type: none"> Influence the reputation of SAICA and the profession as a whole Key in shaping public opinion Assist in reaching a greater audience around the work, economic role and greater social and economic importance of the profession 	<ul style="list-style-type: none"> Professional conduct of our members Impact of our members on the public and private sector and the economy SAICA's role in the enhancement of the independence and ethical conduct of the profession Role and track record of the profession in transformation SAICA's role and commentary on issues of public interest 	<ul style="list-style-type: none"> SAICA proactively engages with the media to provide relevant updates and information and to ensure that the Institute's position on important matters is clearly communicated
General public			
<ul style="list-style-type: none"> Media and public relations CEO roadshows 	<ul style="list-style-type: none"> Understanding how SAICA operates Holding SAICA accountable through active communication with the Institute 	<ul style="list-style-type: none"> That the accountancy profession helps to build and safeguard the conduct of business and Government That the profession helps to build stronger financial systems and a sustainable national economy That we play a transformation role and help open up the profession to those previously disadvantaged in terms of both race and gender 	<ul style="list-style-type: none"> SAICA proactively engages with the media to provide relevant updates and information and to ensure that the Institute's position on important matters is clearly communicated



OPERATING ENVIRONMENT AND PERFORMANCE PART II

OPERATING ENVIRONMENT AND PERFORMANCE



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SAICA’s disciplinary process	60

TRUST IN
ACTION

SAICA'S OPERATING ENVIRONMENT AND ITS IMPACT ON STRATEGY

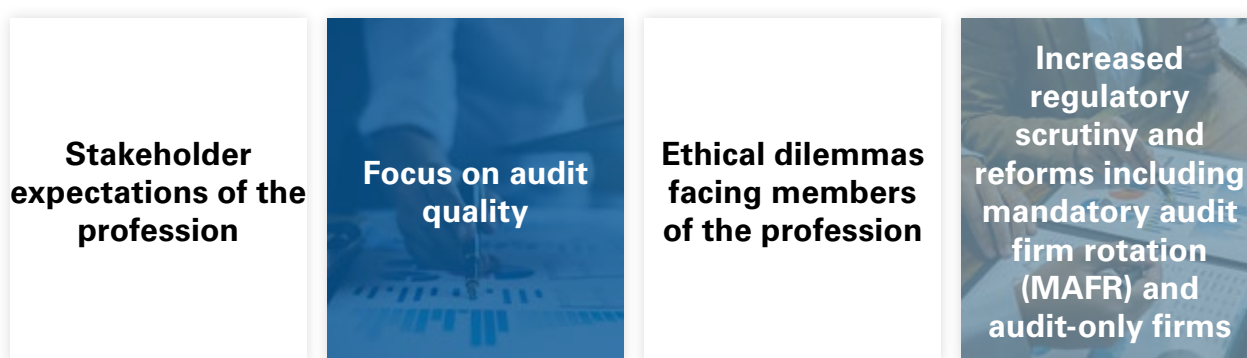
The nature and rapid pace of business change has led to commerce and industry, governments and civil society having very different expectations of the chartered accountancy profession. In response, and to ensure that SAICA and the profession are more responsive, agile and relevant with regard to market and member needs, the Institute formulated a new medium- to long-term strategy that was refined during 2019, and reviewed and approved by the Board early in 2020.

The strategy review considered the key macro-economic trends emerging in the global and local economies in which accountants operate, including:

- The rapid pace of change and disruptive technologies (Fourth Industrial Revolution)
- Changing business models that require innovation
- Globalisation, reflected in high mobility of labour and capital

In the light of these developments, member bodies such as SAICA must re-evaluate what we do and how we do it to ensure the continued relevance and market strength of accountants and the accountancy profession.

SAICA's core mission remains unchanged – to develop responsible leaders. However, the skills and competencies accountants will require in the future will likely be materially different from those of today.



SAICA constantly evaluates the appropriateness of its strategy against these and other relevant trends in the external environment as well as the Institute's internal operating environment. This evaluation also weighs the associated risks and opportunities that arise from these trends, stakeholder interests and the availability of the relevant capitals required to achieve our strategic goals. Developments are assessed to ensure a thorough understanding of the risks they bring, their impact on SAICA's most material matters and the strategic opportunities they create. Budgets and resource allocation plans are then adjusted to ensure that our activities support our strategic pillars and continue to deliver sustainable value for our stakeholders.

ASTUTE ENOUGH TO LEAD OPTIMALLY SKILLED TO BE RELEVANT INTO THE FUTURE

Our symbiotic partnership with emerging technology is having an increasing impact on the way we lead our businesses forward. Our dedication to lifelong learning, means that our CAs(SA) have built up – and continue to develop – the qualities and skills needed to deliver a positive and sustainable impact on your business now and into the future.

CA25 PATHWAYS
TO RELEVANCE

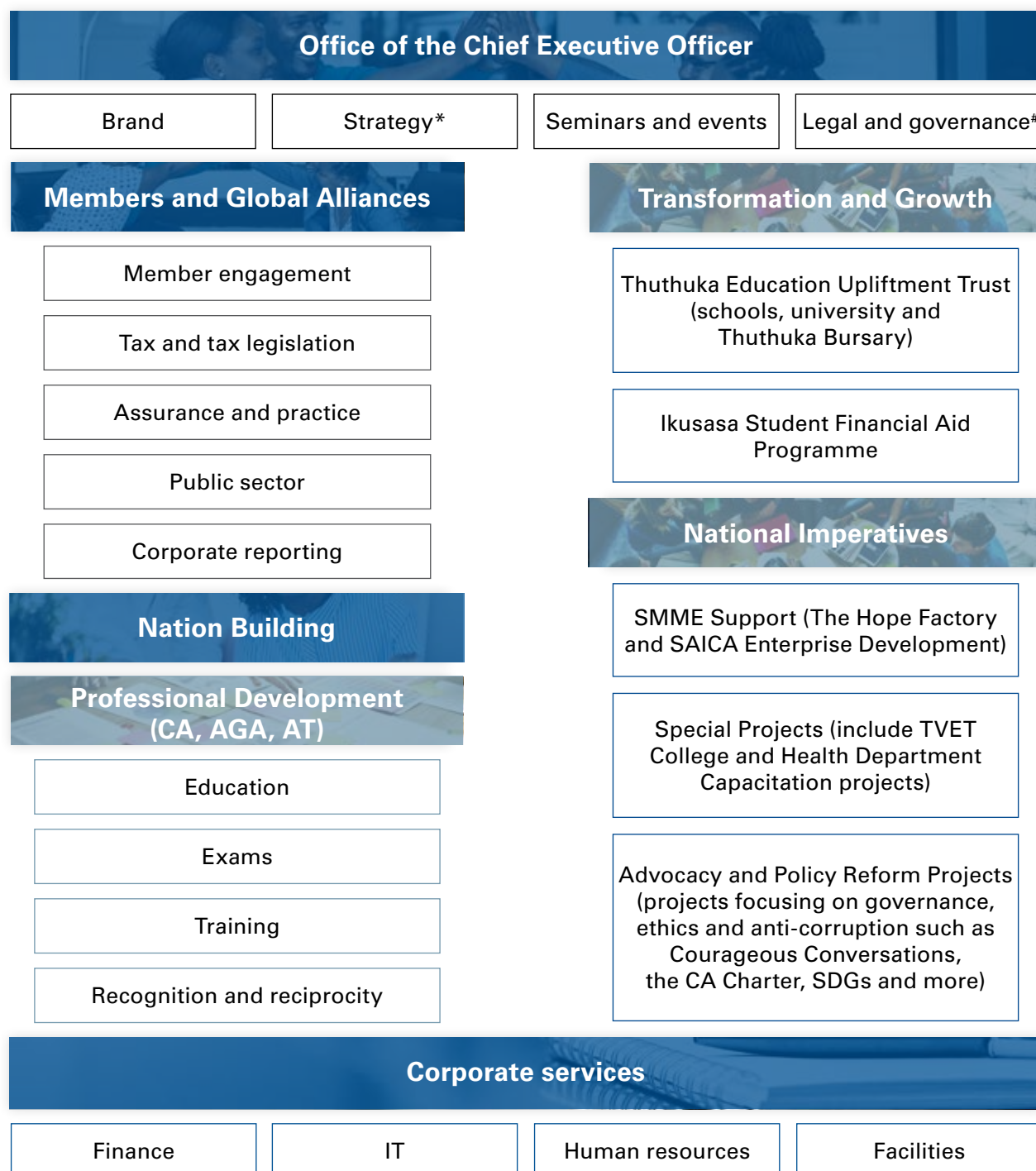
For more info go to www.CA2025.co.za

SAICA
THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS
develop.influence.lead.

SAICA'S OPERATING MODEL

SAICA's operating model comprises the Members and Global Alliances Division, which drives member representation, value provision and support, as well as the Nation Building Division, which manages the qualification and training of new members and the transformation of the industry, and houses the donor-funded initiatives that drive social contribution.



The Corporate Services Division houses the support functions that are critical enablers to ensure SAICA delivers on its strategic mandate and help drive operational excellence.



* Refer to pages 17–18 for the 2019 strategy

For actives refer to pages 60–63 and the governance section starting on page 65.

SAICA BRAND INITIATIVES

The Brand Division is primarily responsible for delivering on SAICA's strategic pillars of creating better **member value**  and **improving reputation and relevance** .

The most significant brand of SAICA is the CA(SA) designation. Due to negative publicity, it has been subject since 2017 to a decline in its market rating as the most admired brand among business decision-makers.

The Integrated marketing and communication plan include a trust reconstruction strategy (#trustleadership) to protect the reputation of the profession as well as a strategy to grow the relevance perception of the profession as a profession of national value (#aprofessionofnationalvalue).

Communications

Due to the media and the public's negative perception of the CA(SA) brand and the accountancy profession as a whole, the SAICA team proactively followed a trust reconstruction strategy and increased focus on thought leadership and member profile articles in an effort to counter negative publicity. In 2019, the team managed to significantly reduce the ratio of negative publicity to 3% of all publicity, compared to a ratio of 10% negative publicity in 2018.

SAICA makes a concerted effort to build media relationships in order to ensure positive exposure in top-tier media, including print, broadcast (radio and television) and digital media. In 2019, more than 60% of total coverage was in top-tier publications, radio and television.

In 2019 SAICA achieved a total of 1 536 positive exposures across all media, with 47 negative exposures relating to criticism of the profession or individual members.

Considering the current business environment and media landscape, implementing the trust reconstruction strategy will remain a strategic imperative in order to improve the market's perception of the value of the brand.

Marketing

SAICA develops brand-building initiatives that showcase the value of all three SAICA's designations in the market place and promotes brand equity and relevance of these designations. The CA(SA) designation is predominantly promoted by partnering with business media and other key stakeholders to demonstrate the value of CAs(SA) as strategic business leaders, influencers and valuable contributors to the economy and society. The CA(SA) brand has shown reputational resilience in 2019 with the steady growth of the most admired designation rating

from 66% in 2018 to 68% in 2019. Despite the decline in the brand admiration ratings in 2017 and 2018, the CA(SA) designation remains the most admired business designation in South Africa, which still represents significant value for members from an employability perspective in the market place.

The 2019 AGA(SA) marketing strategy focused on raising awareness levels among potential candidates and positioning the value of hiring an AGA(SA) to key decision-makers in finance and recruitment. The brand awareness level for the AGA(SA) designation reflects a steady increase in prompted as well as spontaneous brand awareness and achieved a moderate growth in new AGA(SA) registrations.

In support of the direct engagements efforts that contribute to SAICA's Transformation and Growth pillar, SAICA implements strategic youth campaigns aimed at sustaining the pipeline of future SAICA members and promoting CA(SA), AGA(SA) and AT(SA) as career paths of choice. In 2019, these efforts saw SAICA reach learners at 10 904 South African high schools (or 8 542 individual schools – mitigating for a 15% overlap in projects) as well as university students studying for a BCom CA-stream degree at all 21 SAICA-accredited institutions of higher learning.

Digital and publishing

SAICA's social media and publishing team focuses on engaging members on digital and social media channels, including the SAICA website and the digital *Accountancy SA* magazine.

In 2019, our social media coverage and impact grew exponentially, thanks to the strategy of using video-based communication to all our stakeholders to a greater extent and changing the SAICA LinkedIn channel to an exclusively technical channel rather than a news channel.

The *Accountancy SA* circulation that is audited by the Audit Bureau of Circulations of South Africa also increased substantially to **54 886 compared to 25 964 in 2018**. The increase can be attributed to the consistently new, relevant and interesting content that is delivered to readers via four channels they can choose from namely: an interactive Digi-magazine, a PDF download, an interactive mobile responsive version, or the option to listen to articles on a cell phone.

The SAICA Top 35-under-35 competition continues to provide a local and international platform to showcase the talents and achievements of SAICA's young members and provides them with valuable networking opportunities. This forms the core of our international promotion of the CA designation in conjunction with Chartered Accountants Worldwide (CAW). SAICA also launched the CAW Network Member logo device to promote the CA designation in the international arena.

SAICA'S OPERATING MODEL

(CONTINUED)

SAICA members achieved the highest number of sign-ups to this digital designation badge among all the participating CA institutes.

The CA of the Future conference was hosted for the second year in a row and attracted 683 participants with almost 30% participants joining the online webinar.

Seminars and events

SAICA offers continuing professional development opportunities for our members through accessible and affordable offerings including seminars, events, workshops, conferences and webcasts.

In 2019 SAICA delivered:

- 58 face-to-face offerings via 134 sessions, attended by a total of 8 754 people, and
- 57 online webcasts were presented and a total of 23 557 people participated in these sessions.
- The SAICA GIBS Leading for the Future programme received a satisfaction rating of 4,95 out of 5.

Of the total of 115 offerings, 63% was provided to members for free, representing excellent member value.



Commercial

During 2019, sponsorship contracts worth R8 462 221 were procured, which represented a 28% increase from 2018. This included 31 new sponsors to the value of R1,5 million who partnered with SAICA, which indicates two important trends: firstly, that SAICA is offering innovative and creative sponsorship opportunities for sponsors with services that are relevant for our members. Secondly, it indicates that companies are willing to invest their limited promotions budget with SAICA and build sustainable partnerships in an effort to further their business development efforts among our members.

The most significant way in which SAICA has been able to grow the commercial income and third-party partnerships has been through new commercial event offerings. Conferences such as Finance Leaders and Cloud in Practice gave SAICA the opportunity to attract multiple sponsorships and engage with large numbers of members, while also effectively competing with external events organisations that are increasingly targeting our members.

In 2020 SAICA Brand will continue to implement a comprehensive integrated marketing and communications strategy for the benefit of all members.

MEMBERS AND GLOBAL ALLIANCES

M&GA is mainly responsible for delivering on SAICA's strategic objectives of delivering **member value**  and maintaining its **reputation and relevance** . Core functions are advocacy, member support, professional competence and thought leadership.

Together with our 33 technical committees, technical submissions were made to local and foreign regulators, and standard setter and engagements were had with stakeholders on behalf of the profession. Members are supported through technical queries, guides and operational stakeholder escalation support. Members' technical competency was enhanced through technical events and social media communications. Building on our brand, thought leadership outputs were produced in the form of technical articles, media releases and research publications.

Highlighted below are a few of these initiatives. More detail on these and other SAICA initiatives is available on our website under Technical Resources (available at www.saica.co.za).

Member engagement

The Member Engagement department consists of four core divisions:

- Four local regional offices and one international office based in London,
- Non-technical training division,
- Contact centre, and
- Membership administration division.

The Member Engagement department serves a broad range of functions. These include creating a sense of community amongst members, engaging with members and stakeholders that are close to the profession to understand the changing business environment and respond with appropriate products and services, engaging with regulators to (1) facilitate interaction between regulators and members and (2) facilitate a smoother operational environment for members, amongst others.

The department also provides training interventions on a variety of competencies, including organisational management, people management and development in the technological field.

The continuous engagements and understanding of member relevance resulted in the delivery of 177 seminars and events in 2019, attended by 10 756 participants, with an average satisfaction rating of 89%. Note that these statistics exclude the technical seminars delivered through SAICA's technical department.

The foundation for an enhanced query management system was laid through the completion of Stage 1 of the Ushintsho project.

The benefits thereof will be realised by members incrementally over the coming two years as SAICA's query resolution processes are centralised within the Contact Centre, leading to quicker, more effective and accurate resolution of queries. Members are now able to log their queries via the portal on the SAICA website, and track their query resolution and history in real time.

Tax and tax legislation

Together with the National Tax Committee and its six technical and four regional subcommittees, SAICA advocated on behalf of the profession with 38 submissions during 2019. These include submissions to Parliament on the Budget and Tax Bills but also numerous quarterly engagements and submissions to SARS on tax operational matters on behalf of members at national level and in five SARS regions.

2019 saw the creation of the Tackle Tax monthly webcast series which attracted more than 6 000 attendees.

A new Tax Practitioner Induction series was also created and implemented to better prepare tax practitioners for the challenges of practice.

In broadening our international insights in 2019, SAICA celebrated another successful International Tax Conference with speakers from eight different countries and global engagements through the Global Accounting Alliance with revenue authorities, accounting firms and political representatives in China and New Zealand.

Audit and assurance

Assurance and practice

SAICA provided a number of thought leadership initiatives to its members in 2019 to ensure that members kept abreast of the changes taking place in auditing and assurance standards. The major thought leadership activities were focused on the following:

- International Standards on Quality Management (ISQM 1, ISQM 2 and ISA 220). The IAASB issued exposure drafts in May 2019
- ISA 315 (Revised), *Identifying and assessing the risks of material misstatements*. The final pronouncements were issued in December 2019
- Consultation paper on Extended External Assurance Reporting Assurance
- ISA 540 (Revised), *Auditing accounting estimates and related disclosures*, which became effective from December 2019

Post-implementation review activities were also performed on the recently issued auditor reporting standards of the IAASB to assess their impact in the South African environment and other topics that practitioners find difficult to apply, such as independent reviews.

Legal, ethics and governance

SAICA adopted the 2018 International Code of Ethics for Professional Accountants, including International Independence Standards, which was effective as at June 2019. SAICA released the SAICA Code of Professional Conduct (revised 2018) and published a pocket-size booklet of the code for members.

The Ethics Committee submitted four comment letters on exposure drafts released by the International Ethics Standards Board for Accountants (IESBA). A number of articles were published in Accountancy SA and other awareness initiatives received very positive evaluations.

Training on the Code of Professional Conduct was also well received. The technical director of IESBA, Ken Siong, recognised SAICA's Ethics Committee chairman for publicly supporting the newly released code and for raising awareness about it in South Africa.

SAICA's Legal Compliance Committee obtained legal advice supporting the SAICA opinion from Senior Counsel on the interpretation of section 30 of the Companies Act 71 of 2008 following the Information Notice published by the CIPC on its website on 8 August 2018 and 5 October 2018 on the interpretation of voluntary audit. The guides dealing with the duties of the Commissioner of Oaths and Regulatory Reporting were updated.

Small and medium practices

SAICA's Project Director: Practices was appointed as Technical Advisor to the Malta member of the IFAC SMP Committee. With this appointment, SAICA is recognised as a thought leader in the practice space and has an opportunity to provide feedback to SAICA members regarding global trends and solutions.

SAICA produced the blue book of co-branding for CA(SA) and AGA(SA) members to assist members with marketing themselves and using the CAW, CA(SA) and AGA(SA) logos.

A business checklist was developed and published which assists members on what legislation is applicable to certain businesses.

SAICA'S OPERATING MODEL

(CONTINUED)

Public sector

SAICA has a dedicated public sector division that develops thought leadership, provides support to members, advocates for improvements in legislation in the public sector and delivers CPD interventions. Highlights for the division for the 2019 year are as follows:

Senior Executive: Public Sector appointed as chairperson of the Public Sector Audit Committee Forum. With this appointment, SAICA is recognised as a thought leader in the public sector audit committee space and has the opportunity to lead the forum towards developing interventions to improve the effectiveness of public sector audit committees.

Launched the first ever Quarterly Public Sector Thought Leadership Newsletter. Members can now access a summary of public sector recent developments and offerings from SAICA on a quarterly basis. The newsletter features thought leadership articles and provides information about upcoming seminars and events.

Development of Guidelines for Preparation of Public School Financial Statements. In order to address the challenges facing members when auditing public schools in provinces where the Education Department has not issued Guidelines for Preparation of Public School Financial Statements as required by the South African Schools Act, the public sector division has developed and published template guidelines that members can use in the absence of provincial guidelines.

Launch of the GRAP Certificate Course. The Certificate Course runs over five days and provides delegates with an understanding of the GRAP standards with practical examples. Delegates receive a SAICA GRAP certificate upon successfully completing the course.

Corporate Reporting

Within corporate reporting are four divisions, namely International Financial Reporting Standards (IFRS), Integrated Reporting, Members in Business (MIB) Technical, and Governance and non-IFRS Reporting.

IFRS

Detailed submissions were made to the International Accounting Standards Board (IASB) on detailed topics including IBOR reform, IFRS 17 amendments and lease incentives and adjustments to fair value measurements tax consequences.

Hosting of multi-dimensional CPD events including IFRS back to basics, IFRS updates for CFOs and the JSE proactive monitoring events.

Integrated reporting

Highlights and initiatives include the following:

- SAICA health and wellness survey
- Public Sector Integrated Reporting Survey
- Detailed research on the assurance of the integrated report
- Produced the Public Sector Integrated Reporting Guides
- Integrated Reporting guidance for SMMEs
- Integrated thinking case study

MIB Technical

Members in Business (MiB) Technical has established the following member structures: Banking Project Group, Insurance Project Group, Investment Management Project Group, Medical Schemes Project Group, Retirement Funds Project Group and the National MIB Forum. This enables SAICA to serve our members in business and to play a leadership and influential role by keeping members informed of developing trends, developing guidance where necessary; making proactive and reactive submissions on all relevant pronouncements and legislation that affect financial and regulatory reporting; and working with relevant stakeholders to address financial and regulatory reporting issues in South Africa, Africa and globally.

Technical resources

Resources developed to assist members to provide guidance for members.

General

- Research: Current and future relevance of the profession
- Comment letter: COFI Bill

Banking Industry

- Illustrative Revised Macro-Prudential Foreign Exposure Return
- Illustrative BA 501 Reports
- Illustrative Mutual Banks Act Reports (Parts A–F)
- Foreign Operations (BA 610 returns) – Revised Illustrative Regulatory Reports A–H.

Insurance Industry

- Engaged the PA on the industry concerns around Joint Audit Engagements for Insurers
- Submission of a comment letter: Amendments to IFRS 17 and Industry Letter to the IASB on Tax related to the fulfilment of insurance contract services

Medical Schemes Industry

- 2019 Medical Schemes Accounting Guide
- Submission of a comment letter: Circular No. 6 of 2019: Classification of and reporting on Administration Services – Core vs Supplementary Services

Retirement Funds

- Regulation 28 Retirement Fund Reports
- Schedule D Retirement Funds Audit Reports

Governance and non-IFRS Reporting

Proactive screening of the regulatory landscape. SAICA and its Legal and Compliance Committee (LCC) monitored progress on a number of laws that may potentially affect members. This process requires members to continuously screen a variety of sources to ascertain if and where there are new developments on the regulatory front. Where appropriate, the committee provided comment on the following:

- Companies Amendment Bill
- Amendments to the JSE Listings Requirements
- Conduct of Financial Institutions Bill

Guidance

The committee discussed and updated the guides set out below to ensure that the content aligns with regulatory developments:

- Retention of Records Guide
- Regulatory Reporting Duties Guide
- Duties of Commissioner of Oaths Guide

CIPC engagement

Representatives from the LCC attended a workshop at the Department of Trade and Industry on the Companies Amendment Bill and participated in the comment process. The Companies and Intellectual Property Commission (CIPC) was engaged in a round-table and other forums to discuss topical matters pertaining to the Companies Act 2008 such as the calculation of the Public Interest Score and the Compliance Checklist issued by the CIPC. Research was also conducted to obtain an international perspective on some of the topics in conjunction with a member survey. The expectation is to implement the findings in the form of proposals to the CIPC to enhance the legislation in the public interest. The LCC had the invaluable opportunity to engage with a representative from the Competition Commission on interpretation and practical application of the Competition Act. The committee issued an information piece to members on the amendments that became operative during 2019.

SAICA'S NATION-BUILDING INITIATIVES

The Nation Building Division is mainly responsible for delivering on SAICA's strategic pillars

- 3 **Growth and transformation** and making a
- 5 **Quantifiable social contribution.**

These pillars support the profession's public interest focus established in the SAICA constitution and align with Principle 3 of King IV, which calls on organisations to be responsible corporate citizens. The division aims to leverage the accountancy profession's skills and networks to facilitate meaningful economic participation for those in and outside the profession.

Highlighted below are a few of these initiatives, which are all donor-funded initiatives. More detail on these and other SAICA nation-building initiatives is available on our website and in the 2019 SDG Report (available at www.saica.co.za).

School support

SAICA's Thuthuka school projects aim to improve literacy and numeracy at schools. Thuthuka runs 47 school programmes a year across all nine provinces, including career awareness projects such as annual Olympiads, academic support programmes and development camps. Over 200 000 learners participated in the projects in 2019 and more than one million learners have participated in the 17 years since inception.

University support

The Thuthuka Bursary Fund (TBF) supports aspiring financially needy African and Coloured CA(SA) students at university through bursaries and wrap-around support. In 2019, 763 undergraduate and 418 postgraduate students at 12 partner universities were funded by TBF. Since the start of the programme in 2005, more than 3 000 aspiring CAs(SA) received support, producing over 1 400 qualified CAs(SA). More than 2 300 prospective CAs(SA) are currently in various stages of the qualification process.

The Ikusasa Student Financial Aid Programme (ISFAP), a SAICA-founded project, is part of the national effort to solve the funding challenge faced by students. The programme funds the tertiary studies of relevant students from households that earn less than R600 000 per year and provides them with the full cost of study as well as wrap-around support for 11 occupations of high demand. A total of 376 CA(SA) students were funded by ISFAP in 2019 and 1 600 students have been supported since 2017.

SAICA'S OPERATING MODEL

(CONTINUED)

TVET college and University of Technology (UoT) Support

SAICA's AT(SA) TVET college and UoT training programmes provide work-readiness qualifications and career advancement opportunities to students at TVET colleges and UoTs. These AT(SA) programmes increase the number of youths and adults who have the relevant skills for employment and entrepreneurship. Over 275 students were supported in 2019. SAICA also provides support to build capacity in the Finance and human resource departments at TVET and community education and training (CET) colleges. This includes establishing systems, processes and controls to create sustainable financial management and human resource management structures – as well as providing coaches and mentors, and finance and human resource staff at TVET and CET colleges. In 2019, 59 colleges (50 TVETs and nine CETs) were supported.

Institutions of learning support

SAICA's School Governing Body (SGB) Programme helps SGBs of primary and secondary schools to improve their financial management and governance, and thus to ensure that financial resources directly benefit learners at those schools. This support is given to the schools via unemployed financial management diploma holders. In 2019, 112 schools were supported, providing work opportunities for over 200 TVET interns.

SMME support

SAICA Enterprise Development offers a unique financial excellence model which drives economic growth, innovation and job creation through SMME development. The initiative's flagship SMME programme has supported more than 1 000 SMMEs since its inception in 2014 with over 450 jobs created by the supported SMMEs. Several donor-specific projects are also implemented through the programme.

Seat on Presidential B-BBEE Advisory Council

Through its seat on the Presidential B-BBEE Advisory Council, SAICA influenced changes to the revised B-BBEE codes, specifically code 300 on skills development to include bursary funds expenses for black students.

Courageous Conversations

SAICA launched the Courageous Conversations dialogue series in 2017 in partnership with the Wiseman Nkuhlu Trust. This series exists to facilitate uncomfortable but necessary conversations of national importance to promote decisive, accountable and intellectually based leadership on issues among South Africans.

In 2019, two such conversations were held covering the topics:

- What do we need to do to ensure that the CA profession remains relevant to meet the challenges of the 21st century?
- Does the SAICA Training Programme truly prepare CAs(SA) in a way that will future-proof the profession?

Unite4Mzansi

The first project in the initiative will launch in 2020 under the branding **UNITE4MZANSI™: STAND FOR TRUTH**. The project will showcase high-profile advocates with the goal to mobilise civil society and work together to see what concerned leadership can do to identify, understand and prevent corruption in both the private and public sectors.

TRAINING AND EDUCATION INITIATIVES



CA2025

This project was initiated to respond to the significant changes facing the accountancy profession. These include the increasing pace of change and disruptive technologies of the Fourth Industrial Revolution, as well as the continued improvement in technology and its broadening prevalence in the workplace. This is particularly relevant for accountants, as intelligent systems can now execute some of their traditional basic functions. The outcome of this project is to clearly define what competencies are required of entry-level and already qualified members in order for them to remain relevant.

SAICA formally completed the research into defining the competencies (knowledge, skills and attitudes) that entry-level accountants will need to optimally operate and bring value to the workplace of the future to ensure that our members remain relevant in the roles they perform. This document is now being used to develop more comprehensive guidance for the academic and training programmes and to assist members post-qualification in various roles.

The project's work to date has included a review of the principles that inform the education and training model and development of a draft entry-level framework. This project spans a number of years given the significance of the changes and a review of SAICA's formal assessments as well as improvements to teaching and learning approaches and the post-qualification process. Amendments to the guidance provided for academic and training programmes are in progress.

Guidance on the competencies required for ten different post-qualification career paths has been developed and supports the new CPD policy, which further emphasises the need for ongoing reflection on which professional competencies need to be created for accountants to remain relevant in their roles in the future.

Workshops were held during the year with key stakeholders on the implementation of the CA2025 project. Two project groups were set up to focus on the practical implementation of the CA2025 programme at universities and training offices.

Short online learning courses were rolled out for members in partnership with the University of Johannesburg in areas that have been identified as critical skills for current and future scarce skills. These include big data, big data analytics, integrated thinking, blockchain and its impact on the accountancy profession, as well as integrated reporting.

Future projects will include:

- Investigation and development of post-qualification specialisations
- Improved SAICA offerings related to non-technical learning and development

SAICA'S DISCIPLINARY PROCESS

SAICA'S DISCIPLINARY PROCESS

The behaviour and professional conduct of chartered accountants, both locally and internationally, has come under increasing scrutiny in recent years. Questionable conduct by chartered accountants in both the public and private sectors in South Africa continues to receive widespread media coverage. The focus on the profession and its members led to increased focus on and criticism of SAICA regarding how we deal with our members on issues of ethics and professional conduct. Several shortcomings were identified in SAICA's processes and work around ethics promotion, monitoring and enforcement.

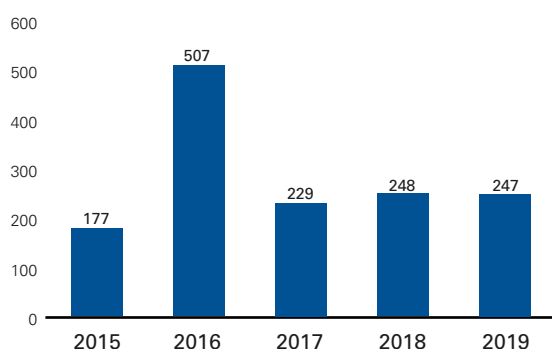
Phase II of the Governance Review Process, which includes a revision of the SAICA by-laws to optimise the disciplinary process and effect changes to the sanctions imposed on members found guilty of misconduct, has commenced towards the end of 2019. (Refer page 100).

SAICA established a compliance monitoring unit to ensure that we can be more proactive in our ethics work, by not only focusing on dealing with members when they become errant but rather ensuring that members do not get to this point. Certain by-laws (21A and 30.6) were amended to improve the efficiency and agility of SAICA's disciplinary work.

SAICA's disciplinary process operates in terms of the Institute's by-laws (available on our website at <https://saicagovernance.co.za/disciplinary-process/legal-documents/> and the process is discussed in detail at year end <https://saicagovernance.co.za/disciplinary-process/>

The pages that follow provide a high-level overview of the process, which is delivered through two committees.

Complaints received



* 2016 includes 330 cases against trainees for APC examination breaches.

Professional Conduct Committee

All complaints disclosing a *prima facie* case of improper conduct against members, associates or trainees are referred to the Professional Conduct Committee (PCC) for an informal meeting to consider the complaint and any response from the member/trainee. The PCC may decide to finalise the complaint by either dismissing the complaint or upon a guilty finding, imposing a caution, a reprimand, a fine up to an amount of R250 000 per charge and/or a suspension not exceeding 12 months. In cases of serious misconduct, the PCC will refer the matter to the Disciplinary Committee (DC) for a formal hearing.

Disciplinary Committee

The DC convenes formal hearings to consider complaints of a serious nature where the sanction is likely to be above the sanction mandate of the PCC. Evidence is heard by witnesses and the accused person is allowed legal representation. Due to the evidence led and complex nature of complaints before the DC, this committee usually convenes on two or more sittings in order to finalise a complaint. Upon a guilty finding, the DC may impose a sanction of a caution, a reprimand, a fine of up to R500 000 per charge, a suspension, exclusion or disqualification from membership, associateship or traineeship.

In 2019 the PCC held 20 meetings (2018: 27), considered 263 complaints and finalised 173 complaints. This included 32 APC cases which has brought the APC 2015 complaint to finalisation. Twelve additional complaints were referred by the PCC to the DC for formal hearings and 78 complaints are still on-going before the PCC. The DC held 22 meetings in 2019 (2018: 13) and finalised 11 cases with three complaints still on-going before the DC at year end.

Disciplinary summary	2019	2018	2017	2016	2015
Number of cases reported	247	248	229	507	177
Cases referred to IRBA*	34	35	42	24	31
Cases finalised	184	128	235	162	70
• Through the Professional Conduct Committee (PCC)	173	119	229	142	55
• Through the Disciplinary Committee (DC)	11	9	6	20	15
Breakdown of total cases reported	247	248	229	507	177
• Complaints against members and associates (AGAs)	171	190	177	136	160
• Complaints against trainee accountants	39	15	38	38	12
• Complaints against non-members**	19	43	14	3	5
• APC matters	–	–	–	330	–

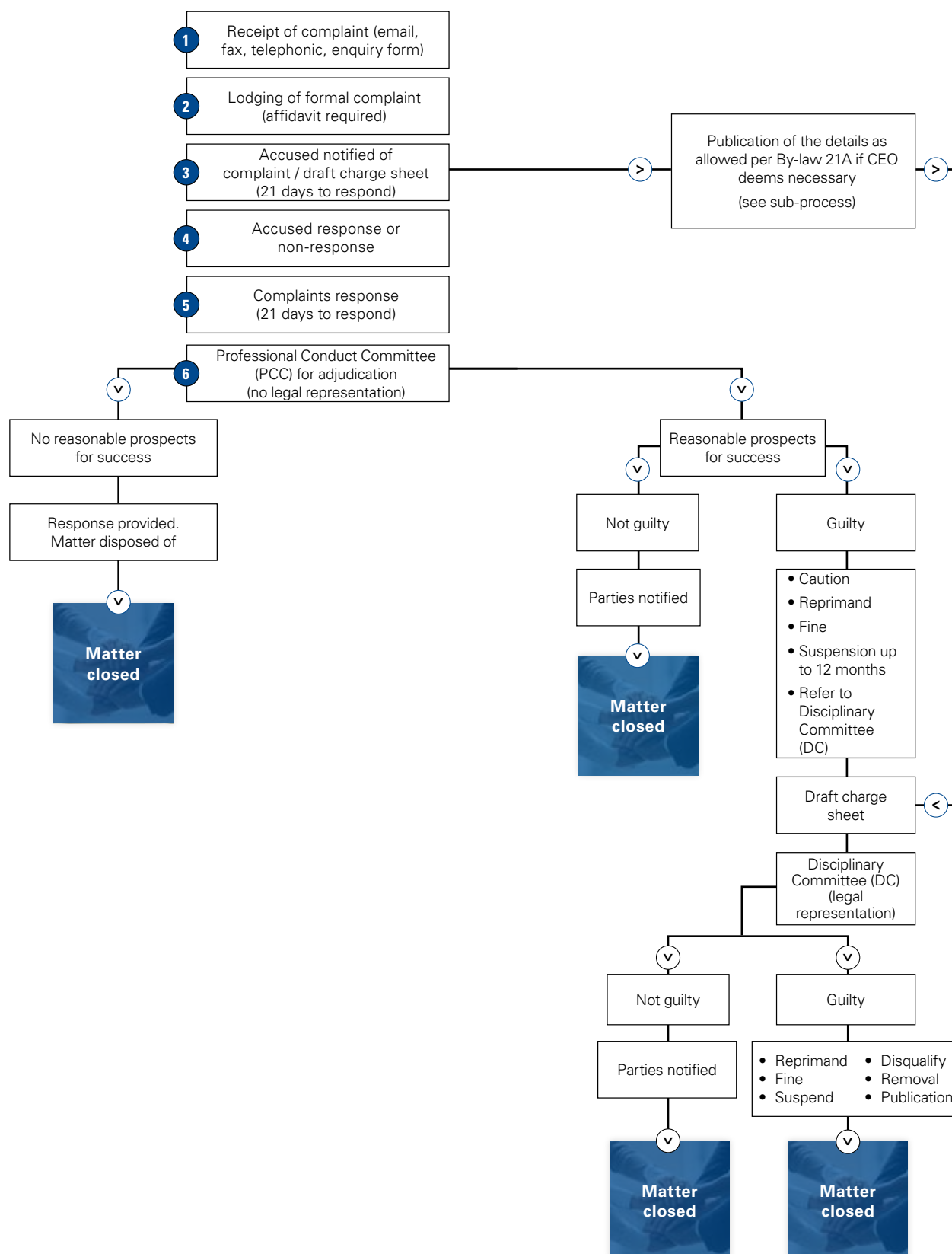
* Complaints against registered auditors are referred to the IRBA to investigate in terms of By-law 19.2.

** SAICA pursues holding out cases where individuals are found to have contravened the Chartered Accountants Designation (Private) Act 67 of 1993.

SAICA'S DISCIPLINARY PROCESS

(CONTINUED)

SAICA's complaints resolution process is shown in the diagram below.

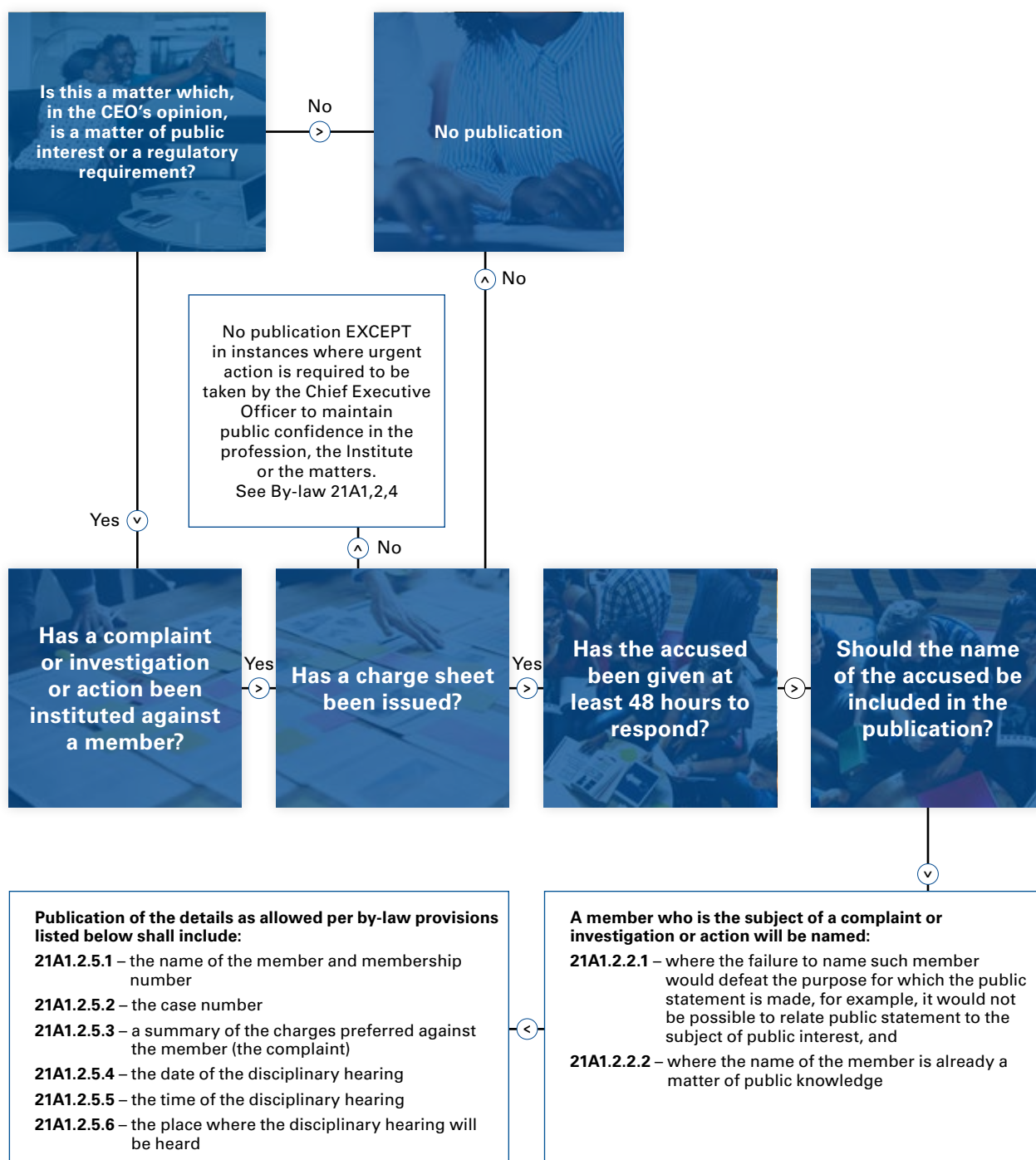



SECTION 21A PROCESS: PUBLICATION OF DISCIPLINARY COMPLAINTS, INVESTIGATIONS, ACTIONS, PROCEEDINGS AND FINDINGS

By-law 21A1.1 states:

The Chief Executive Officer may, at any time, make such public statements as he/she thinks fit concerning:

- Any matter relating to or connected with the Institute's performance of its regulatory obligations, and
- Any complaint or investigation or action instituted against a member, once a charge sheet or draft charge sheet has been issued to an accused member. By-law 21A1.2 states that this power is subject to certain requirements





GOVERNANCE

PART III

GOVERNANCE

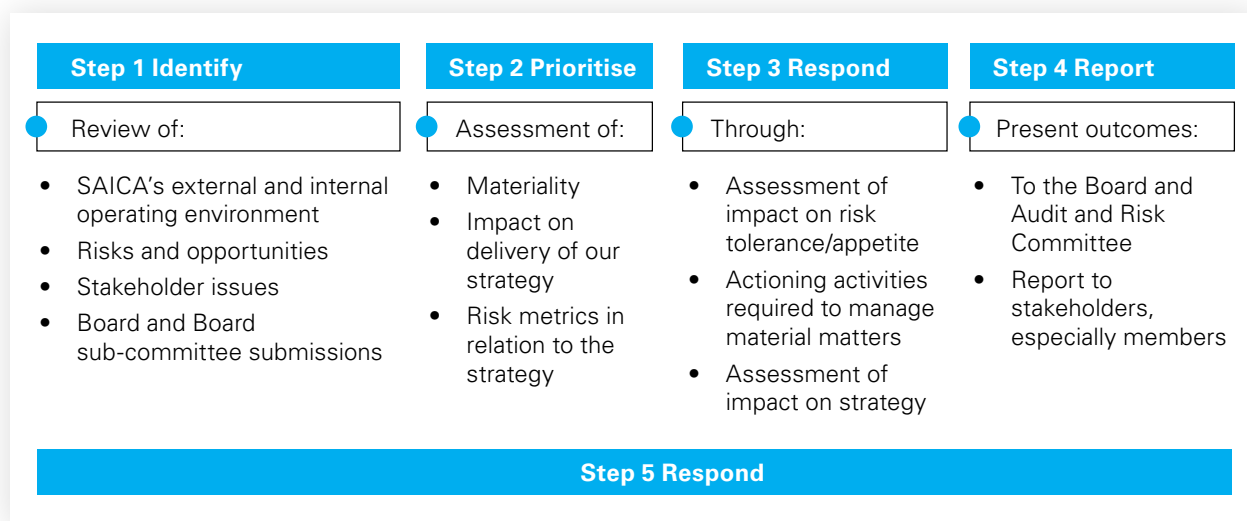
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SAICA'S MATERIAL MATTERS

SAICA's material matters are those that support or affect SAICA's strategy and that have the potential to affect our ability to create and sustain value for our stakeholders in the short, medium and long term.

Material matters that are derived through the process are shown below. The assessment includes a consideration of which issues are most critical for our stakeholders, especially members, which have an immediate impact on the business and reputation of SAICA, and the degree of control SAICA has over the issue. In 2019, the material matters were reviewed and retained as still relevant for the Institute.



The table below lists SAICA's most material matters and our responses indicate which of the strategic pillars the matter relates to, and provides a link to where further information on the material matter is available.

SAICA's material matters and our response	Reference
<p>1 Competent and ethical chartered accountancy professionals</p> <p>The technical competence of our members is one of the key ways in which they create value and the responsible leaders we aim to produce and develop are committed to ethical conduct. Where these attributes are found wanting, the value of the CA(SA) brand is diminished in the public perception.</p> <ul style="list-style-type: none"> SAICA has a rigorous approach to the education, examination and training of prospective members, which together with the Institute's emphasis on continuing professional development (CPD) supports the technical competence of our members. The Code of Professional Conduct sets out the fundamental principles of ethics for our members. SAICA's disciplinary process ensures that complaints against members are assessed in an ethical, fair and equitable manner, and in terms of the Institute's By-laws. <p>Related strategic pillars: 1 2 3 6</p>	Pages 41, 42 and 60
<p>2 Value proposition that SAICA offers members</p> <p>As a membership organisation, SAICA's primary stakeholder is its members. It is critical that we continue to create value for our members and to ensure that this value is clearly communicated to and understood by them.</p> <ul style="list-style-type: none"> Continuing to deliver member value is one of our strategic pillars. The main focus is ensuring that member competencies evolve to meet the needs of the future through the implementation of the CA2025 project, as well as delivering technical programmes and accreditation in the critical skills of the future. SAICA engages extensively with members on an ongoing basis to ensure that we understand their interests and needs, as well as to communicate the value-creating initiatives we implement on their behalf. <p>Related strategic pillars: 1 2 6</p>	Pages 41, 54 and 59

SAICA's material matters and our response	Reference
<p>3 Reputation of SAICA and its designations, especially the CA(SA) brand</p> <p>Protecting the reputation of SAICA and its designations is critical to protect the value of the CA(SA) brand for members and to grow the AGA(SA) and AT(SA) designations and associates to ensure that the profession continues to attract top candidates.</p> <ul style="list-style-type: none"> SAICA has a rigorous approach to ensuring the technical competence of our members at qualification and on an ongoing basis through the CPD programme. SAICA's Board and governance structures align with best-practice guidelines and support the organisation's commitment to ethical conduct and its long-term sustainability. SAICA's disciplinary process ensures that complaints against members are assessed in an ethical, fair and equitable manner, and in terms of the Institute's By-laws. A trust reconstruction campaign is being implemented on an ongoing basis including an integrated communication and marketing strategy to project the profession as #aprofessionofnationalvalue and #trustleadership. <p>Related strategic pillars: 1 2 3 4 6</p>	<p>Pages 26, 41, 53, 60 and 82</p>
<p>4 SAICA's advancement of ethics matters</p> <p>The accountancy profession is founded on ethics and standards and SAICA has a key role to play in advancing ethics matters internally, among its members and in broader society.</p> <ul style="list-style-type: none"> SAICA conducted a values and ethics workshop for staff during the year. Training for members on the SAICA Code of Professional Conduct took place in June 2019 throughout the regions and via webcast. <p>Related strategic pillars: 1</p>	<p>Pages 11 and 115</p>
<p>5 Transformation of the profession</p> <p>Transformation is a key focus of SAICA's activities and the transformation of the profession in line with population and gender demographics is a strategic imperative to ensure the sustainability of the profession.</p> <ul style="list-style-type: none"> SAICA's nation-building initiatives include a focus on supporting HDSA learners and students to achieve the necessary qualifications to become a CA(SA). <p>Related strategic pillars: 1 3 4 6</p>	<p>Pages 15 and 30</p>
<p>6 SAICA's governance processes</p> <p>The Institute's relevance and sustainability are strengthened by ensuring that its governance processes, both for SAICA and the accountancy profession, align with international best practice.</p> <ul style="list-style-type: none"> During 2019, SAICA started implementing the recommendations of the governance review task team, ensuring that the Institute has a best-practice and fit-for-purpose governance framework. <p>Related strategic pillars: 1 6</p>	<p>Pages 82 and 100</p>
<p>7 Enhancement of members' professional competencies</p> <p>The technical competence of our members is one of the key ways in which they create value and a critical aspect of the CA(SA) designation. The rapid pace of change in business and emergence of disruptive technologies mean that the skills and competencies required of accountants in the near future are likely to change significantly.</p> <ul style="list-style-type: none"> SAICA has a rigorous approach to the education, examination and training of prospective members which, together with the Institute's emphasis on continuing professional development (CPD), supports the technical competence of our members. A significant focus is on ensuring that member competencies evolve to meet the needs of the future through the CA2025 project, as well as delivering technical programmes and accreditation in the critical skills of the future. <p>Related strategic pillars: 1 2 4 6</p>	<p>Pages 24, 41 and 59</p>

SAICA'S MATERIAL MATTERS (CONTINUED)

SAICA's material matters and our response	Reference
<p>8 Education and training (competency standards upheld through the SAICA value chain / cradle to grave)</p> <p>The technical competence of our members is one of the key ways in which they create value and is a critical aspect of the CA(SA) designation. As the custodian of the designation, SAICA ensures that competency standards are maintained at an appropriate level across the member lifecycle.</p> <ul style="list-style-type: none"> SAICA has a rigorous approach to the education, examination and training of prospective members which, together with the Institute's emphasis on continuing professional development (CPD), supports the technical competence of our members. <p>Related strategic pillars: 1 2 3 6</p>	<p>Pages 24, 41, 42 and 59</p>
<p>9 Sustainability of the accountancy profession</p> <p>At their core, SAICA's purpose and strategic pillars aim to ensure the sustainability of the accountancy profession.</p> <p>Related strategic pillars: 1 2 3 4 5 6</p>	<p>Pages 17 and 24</p>
<p>10 International affiliates and other organisations of influence</p> <p>SAICA actively participates in international forums as part of its advocacy role to gather valuable input to our member engagement activities and inform global standard-setting.</p> <p>Related strategic pillars: 1 2 4 6</p>	<p>Pages 32 and 36</p>
<p>11 SAICA's relationships with key government agencies</p> <p>SAICA engages with various government departments, related agencies and regulators on an ongoing basis. Maintaining the quality of these relationships is critical for the sustainability of the organisation.</p> <p>Related strategic pillars: 1</p>	<p>Page 40 and 46</p>
<p>12 Brand clarity between the three designations – CA(SA), AGA(SA) and AT(SA)</p> <p>The three complementary accounting designations align with the country's financial market needs and SAICA's intent to be represented in the full professional accounting education and training landscape.</p> <ul style="list-style-type: none"> SAICA's marketing and communication initiatives emphasise the differentiation between and complementary nature of the three designations. <p>Related strategic pillars: 1 2 3 6</p>	<p>Pages 26</p>

RISK MANAGEMENT

The acceptance of risk within a defined risk tolerance is an essential aspect of value creation. SAICA’s strategic planning process includes the identification of matters or developments that have the potential to affect the delivery of our strategy and the Institute’s ability to create value.

SAICA’s systematic approach to risk management enables management to proactively deal with threats emanating from the external environment and business risks occurring across the divisions within the organisation.

The Board determines SAICA’s risk tolerance level and management is responsible for the implementation of the risk management process. This involves the identification, evaluation, prioritisation, mitigation and monitoring of risks throughout the organisation. Board sub-committees are responsible for the governance of risk and provide assurance to the Board as prescribed in their terms of reference (roles and responsibilities).

ENTERPRISE RISK MANAGEMENT GOVERNANCE

The Enterprise Risk Management (ERM) policy and framework adopted by the Board governs ERM in the organisation with the goal of embedding the risk culture throughout SAICA and its structures. The ERM policy and framework further defines, *inter alia*, the roles and responsibilities of the Board, Board sub-committees, and various lines of assurance. The SAICA Group ERM policy aims to create a risk culture with clearly defined roles and responsibilities that ensures accountability for risk management.

The ERM policy and framework integrates risk with performance management, aligning strategic objectives and performance goals with related processes, risks and controls. This further fosters the culture of managing risk on a day-to-day basis and reduces the likelihood of surprises. The ERM policy and framework was revised and approved by the Board during 2019 and ERM training was given to all staff during the year.

Performance outcomes are supported and evidenced by credible risk information including key risk indicators (KRIs) and individual performance contracts align key performance indicators (KPIs) to related processes, risks and controls.

SAICA’s risk practices assign the responsibility of risk management to an individual employee level. Risk and opportunity forms part of every discussion throughout the business, from one-on-one performance management/feedback sessions, divisional meetings, management and executive committee meetings to Board sub-committee meetings. Significant risks are reported to and approved at every Audit and Risk Committee meeting and reported at every Board meeting. To assist management and the Board in ensuring that the control environment improves and objectives are achieved, risk and compliance, internal audit and other appointed assurance providers are contracted to provide independent assurance.

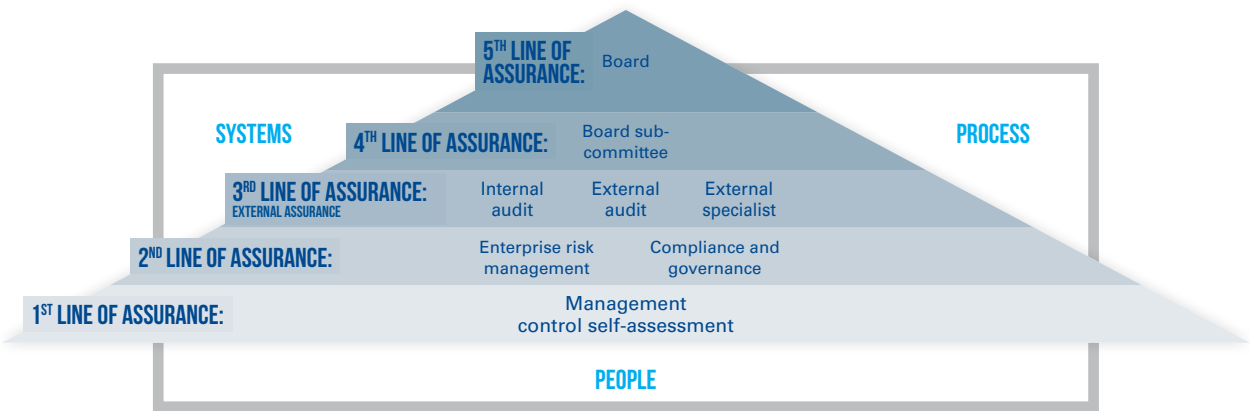
In the year ahead, we will focus on rolling out SAICA’s approved business continuity plan and developing the risk appetite matrix.

COMBINED ASSURANCE

SAICA’s combined assurance model ensures a holistic view and integrated approach to the assurance of key risks and actual performance of the Institute and its entities. The ERM policy and framework identifies five lines of assurance in the model to provide assurance of the effectiveness of internal controls.

The diagram below describes SAICA’s combined assurance model that informs the Board and Audit and Risk Committee’s assessment of internal controls.

The Audit and Risk Committee assesses the appropriateness of SAICA’s combined assurance model to ensure that significant risks facing SAICA are adequately addressed by the model.



RISK MANAGEMENT (CONTINUED)



EMERGING RISKS


At the time of finalisation of this report COVID-19 posed an extreme inherent risk and high residual risk to SAICA. SAICA is committed to doing everything to limit the spread of COVID-19 and has implemented proactive preventative measures to ensure the health and safety of our members, stakeholders, clients, guests and staff.



The Business Continuity Management (BCM) team drew up an incident plan to implement measures to deal with the COVID-19 outbreak. SAICA was placed on lockdown from 18 March 2020 and invoked its Business Continuity Plan which directed employees to work from home and cancelled all travel and face-to-face seminars.

The SAICA executive management and crisis management team is conducting ongoing risk assessments to evaluate the constantly evolving impact of COVID-19 on SAICA's operations, financial sustainability and value chain, which includes learners, students, trainees, members and stakeholders.

Further actions to address the direct and consequential risks of the pandemic include:

Perspective	COVID-19 implications	SAICA responses and mitigation
 Workforce protection (Health and Safety)		
<ul style="list-style-type: none"> Policy adequacy Effective communication Our people – personnel and service providers Our offices Government and other stakeholders 	<ul style="list-style-type: none"> Suspension of physical operations at SAICA offices The service providers' and our employees' well-being impacted Suspicion of COVID-19 amongst employees and service providers and the uncertainties of safety in the workplace Employees unable to remain productive due to technology failures and exposure to cyber risks Risk of key personnel being unavailable due to COVID-19 	<ul style="list-style-type: none"> Implemented the Business Continuity Management policy Instituted response and communication teams to keep all informed and to receive feedback Physical distancing by requiring that all teams work remotely Availed IT resources to support remote working and meetings Collaboration with service providers and stakeholders to identify and manage potential physical contact risks with visitors Benchmarking and following the guidelines of Government and the World Health Organisation
 Social responsibility		
<ul style="list-style-type: none"> Relevance to society 	<ul style="list-style-type: none"> In times of crisis, stakeholders look up to organisations to put people ahead of profits 	<ul style="list-style-type: none"> Some members have indicated that they are available to assist the government in creating structures and assisting in the process of securing the COVID-19 funds

 Financial capital	 Intellectual capital	 Human capital	<i>Please refer to page 20 for detailed information on the capitals</i>
 Manufactured capital	 Natural capital	 Social and relationship capital	

Perspective	COVID-19 implications	SAICA responses and mitigation
 Demand and stakeholders (members, students, donors, training offices, etc)		
<p>Member value and our relevance (core offerings)</p> <ul style="list-style-type: none"> Donors' commitments Members' and trainees' financial exposure Students and the pipeline 	<p>Members and businesses experience financial losses</p> <ul style="list-style-type: none"> Physical member engagement sessions impacted Spike in non-compliance with training regulations due to reduced visits Upcoming ITC assessment is doubtful (June 2020) Intake of trainees reduced due to constrained business for firms and training offices Student in support programmes impacted by lockdown at campuses Potential reduction in trainee registration fees due to poor pass rate Donors may experience difficulties to honour commitments due to reduced profits 	<p>Suspended face-to-face seminars and increase use of webinars</p> <ul style="list-style-type: none"> Reschedule examination sitting within this financial year Re-invent the monitoring process to involve online monitoring Further opportunities for online student assessments considered Engagement with the profession for areas of support to trainees and relief to firms, for example payment arrangements, government support Repurpose funding to support students with access to ICT services, especially bandwidth Online student support programmes to prepare for academic year Renegotiate agreements and partner with donors for solutions
 Cybersecurity		
<ul style="list-style-type: none"> Working remotely 	<ul style="list-style-type: none"> Online and digital platforms have become essential for all organisations to remain productive during the physical lockdown period, increasing SAICA's exposure to cyber attacks 	<ul style="list-style-type: none"> SAICA continues to enhance its cybersecurity by ensuring that there is additional protection, including the procurement of additional firewalls where they are lacking Identification of and procurement of remote monitoring services Consideration of solutions that enable proactive self-monitoring tools Continuous education of staff on latest methods used by cybercriminals and actions to be implemented to reduce this risk

RISK MANAGEMENT (CONTINUED)

Perspective	COVID-19 implications	SAICA responses and mitigation
 Financials stress testing		
<ul style="list-style-type: none"> Working capital management Foreign currency Capital allocation 	<ul style="list-style-type: none"> Negative impact on business liquidity, for example cash ratio Sub-investment downgrade exposing increasing foreign currency risk exposure Face-to-face seminars cancelled Outstanding subscriptions may not be recovered from members Travelling replaced by remote work and meetings Operating costs saving: venues, catering, travel, and others Delayed spend lead to additional interest income 	<ul style="list-style-type: none"> Implement our investment policy designed to mitigate risks with no exposure to equity Majority of income received in advance, reduced risk of lack of recoverability (88%) Close monitoring of cash position Create natural hedges by invoicing in foreign currency for services outside the country Recruitment of non-critical positions is deferred Suspended face-to-face seminars and increased use of webinars Partner with stakeholders to improve collection of debt Review and renegotiate the terms with creditors without incurring penalties charges, for example venues, travel, lease, electricity, water usage, consumables, stationery and others Capital expenditure plans review and re-prioritisation Capital re-allocation approval by ExCo The current 2020 business plan is being reviewed
<ul style="list-style-type: none"> Business plan Scenario analysis Business model 	<ul style="list-style-type: none"> The FY2020 business plan significantly impacted by COVID-19 The beginning of the new normal that SAICA must reimagine 	<ul style="list-style-type: none"> Financial plan stress tested for worst-case scenario <ul style="list-style-type: none"> Weaker ZAR due to downgrade Significant rise in poor recovery of member fees Poor intake by training offices Tough economy leading to less investment in CSI The available reserves (cash at 31 March 2020: R566,77 million), tight control of spend and work to re-invent SAICA will help deal with the COVID-19 challenges and position the Institute to quickly respond post the crisis
 Legal obligations		
<ul style="list-style-type: none"> Contracts and other legal responsibilities 	<ul style="list-style-type: none"> Potential legal obligations as a result of SAICA not being able to honour certain contractual obligations 	<ul style="list-style-type: none"> Common law dictates that SAICA is not liable for any losses as a result of contractual obligations due to cancellation of seminars and events and resultant venues A process has been instituted to review all contracts across SAICA whilst informing suppliers of the impact of COVID-19 on SAICA's business

WHILE OTHERS ARE SELF-SERVING HLENGIWE NDLELA CA(SA)

Auditing lecturer at the University of KwaZulu-Natal

Category: Power of professional thinking award

TOP 35-UNDER-35 AWARDS

SETS A GOOD EXAMPLE

Education plays a critical role in building a better and inclusive future for all. But to build this future, we need to educate young people to be strong ethical leaders with the determination to drive business as a force for good. After all, ethical leaders can positively impact organisations, grow economies and strengthen communities. Inspired by the great need to model ethical leadership, **Hlengiwe Ndlela CA(SA)**, Auditing lecturer at the University of KwaZulu Natal, leads by example and uses her strengths and capabilities as a chartered accountant to teach, mentor and develop the next generation of responsible leaders to tackle tomorrow's challenges with compassion and integrity.

Partner with a trusted leader and someone who makes it their business to look after the integrity of your business.

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RISK MANAGEMENT (CONTINUED)

KEY STRATEGIC RISK

2019 SAICA strategic pillar	Risk #	Risk description	Assessed inherent risk	Assessed residual risk	Residual risk	
Relevance and reputation Sustainability	2	Threat to SAICA's existence/relevance as a member body in future caused by the repeal of the CA Designation Act and changes in the regulatory environment (APA Act)	Extreme	<ul style="list-style-type: none"> Effective stakeholder engagement (government, IRBA etc) Compliance with the requirements of regulators and the CA Designation Act 	High >	
Member value	3	There is a risk of growing member displeasure with service levels caused by SAICA not understanding member requirements and not responding to their needs appropriately	High	<ul style="list-style-type: none"> Leverage existing technology to understand member needs (including biographic information and other information) per region. 'One size fits all' is no longer applicable in the new digital world Provision of relevant learning interventions, services and products to members to enhance their competencies in line with outcomes of CA2025 Implement Ushintsho Stage 1 to enhance member engagement with SAICA 	High >	
Member value	4	Part of being a professional includes subscription to the concept of lifelong learning. Members (CA(SA), AGA(SA) and AT(SA)) are losing relevance in the market place caused by non-compliance of members with this principle	High	<ul style="list-style-type: none"> Implementation of SAICA's recently approved CPD policy Continuous in-depth monitoring, tracking and timely intervention on members' (non) compliance trends Education of students, trainees and members of their responsibilities to ensure that they are professionally competent Career planning and management for members – this initiative will identify competency requirements for different roles (financial manager, tax specialist, etc.) to be used by members as part of their career planning 	Moderate V	
Relevance and reputation	5	Diminishing value of all SAICA designations caused by loss of public trust	Extreme	<ul style="list-style-type: none"> Continuous in-depth monitoring of the strength of SAICA designations through independent feedback and timely intervention on negative trends Continuous, effective and differentiating marketing, communication and public relations activities as part of the trust reconstruction campaign, locally and internationally Enhancing our disciplinary processes and publishing outcomes of disciplinary action 	High >	
Relevance and reputation Sustainability	7	There is a risk that SAICA's educational programmes will not produce students with the competencies required by training offices and the market (pre-qualification)	Extreme	<ul style="list-style-type: none"> Continuous review of SAICA's competency framework and the implementation of the CA2025 outcomes Review of SAICA's training regulations ensuring effective implementation thereof through training and monitoring of training offices 	High V	

Additional information	Management	Risk management	SAICA compliance	Internal audit	External audit	External specialists	Board sub-committees	Board
<ul style="list-style-type: none"> Ongoing regulatory compliance monitoring against stipulated requirements IRBA requested additional information during November 2019, which SAICA is required to submit in January 2020 in order to obtain confirmation of standards met by SAICA. Compiling additional information requested by IRBA to submit Continuous monitoring of additional requirements by IRBA A holding-out framework has been developed and is due to be submitted for review during Q2 2020 	Management responsible for risk mitigation at operational level	S2	S2	N	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<p>Multiple engagements undertaken to understand member needs included:</p> <ul style="list-style-type: none"> The billing run, which resulted in 2 300 members updating their details Hiring of 15 temporary staff for the call campaign to contact members who have not updated their details. The campaign to be completed by September 2020 Engagement with various stakeholders including employers, recruiters, industry bodies, etc is ongoing to, among other things, grow relationships with these stakeholders and identify areas of collaboration. To date we have engaged with 51 significant employers and recruiters The above engagements resulted in the following needs identified: <ul style="list-style-type: none"> Products and services to enhance technological competencies (including but not limited to coding, data analytics, etc.) Mentorship programmes Non-technical products and services Promotion and enhancement of the value of the profession In response to needs identified above, as well as the competencies required identified in CA2025, learning interventions have been developed and delivered, the majority of which has been well received. These include courses on strategy, integrated reporting, 4IR, etc. The new query management system is being used by members to log queries and has received a satisfaction rating of 79% from members since going live in October 2019 	Management responsible for risk mitigation at operational level	S2	N	Member competency and leadership development (satisfactory) ***	N	N	Assurance provided by the Audit and Risk Committee (AudCo). Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> Member Engagement together with Professional Development and Member Compliance are actively engaging with members and corporates on the new CPD policy through face-to-face and electronic media Compliance with the CPD policy has improved as a result of enhanced engagement with members explaining the CPD policy and the benefits of lifelong learning. This was achieved through, amongst other initiatives, a focused call campaign The increase in members who declared their compliance with the 2019 CPD requirements is as a result of the extensive communication including SMSes and a call campaign Members who are non-compliant are encouraged to comply through constant engagement and communication of the CPD requirements. Non-compliant members are audited in the subsequent year <p>The web application (4th Talent) for use by members relating to the new competencies is nearing finalisation and implementation</p>	Management responsible for risk mitigation at operational level SAICA CPD policy aligned to international best practice	S2	S2	Member compliance, disciplinary and engagement (satisfactory) ***	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<p>The Ask Afrika survey revealed the following results:</p> <ul style="list-style-type: none"> CA(SA) Trust Index at 81% in 2019, up from 75% in 2018 Brand Admiration at 68%, up from 66% in 2018 The #aprofessionofnationalvalue and #trustleadership initiatives were all successfully implemented The launch of Unite 4 Mzansi is scheduled for September 2020 once all the corruption case studies are complete A comprehensive and integrated SAICA reputation and brand marketing and communication strategy for 2020 has been developed and approved by the Board. An activity tracker has been set up to implement this strategy and plan The Communications team is collaborating with Legal to set up a dedicated disciplinary communications plan for 2020 and beyond to ensure consistent, transparent reporting on all disciplinary matters. This plan will cover all communication channels, ensuring that all stakeholders are kept informed regarding disciplinary matters. The plan is expected to be rolled out from April 2020 	Management responsible for risk mitigation at operational level	S1	N	N Member compliance, disciplinary and engagement (satisfactory) ***	N	Brand Survey 2019 Brand Survey Report	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> Workshops have been held with key stakeholders on the implementation of the CA2025 programme, including universities and training offices. Two project groups have been set up that will focus on practical implementation of the CA2025 programme at universities and training offices whose work is due for completion in June 2020 Task team put together to relook teaching and learning methodologies including collaboration with Canadian universities 	Management responsible for risk mitigation at operational level CA2025 is aligned to international best practice	S2	N	N	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees

RISK MANAGEMENT (CONTINUED)

2019 SAICA strategic pillar	Risk #	Risk description	Assessed inherent risk	Assessed residual risk	Residual risk
Relevance and reputation	8	Members (CA(SA), AGA(SA) and AT(SA)) losing relevance in the market place caused by a deficiency in competencies (skill set), for example lack of non-technical skills and competencies not geared for the future and non-compliance with lifelong learning policy (post-qualification)	Extreme	<ul style="list-style-type: none"> Ongoing collaboration with strategic partners Develop and deliver effective member education and training programmes particularly non-technical training courses Capacitate the Education Division to fill vacancies and create a non-technical department 	High V
	9	Negative rating of the impact of the profession caused by members not adhering to the defined Code of Professional Conduct	Extreme	<ul style="list-style-type: none"> Effective collaboration with relevant institutes in offering specific ethics-related learning interventions Effective and efficient SAICA disciplinary process through effecting changes to by-laws to speed up disciplinary processes. 	High >
Relevance and reputation Quantifiable social contribution	11	Negative rating of the impact of the profession caused by a fragmented approach to drive and measure the profession's contribution to the SA economy and society	Moderate	<ul style="list-style-type: none"> Facilitate proactive engagement of members and strategic partners to showcase the profession's contribution to the SA economy and society through continuous, effective, and differentiating marketing, communication and public relations activities 	Low V
Growth and transformation Sustainability	12	Decreasing number of eligible learners to attract into/retain in the pipeline, and throughput into the profession caused by the: <ul style="list-style-type: none"> Poor education system and the accountancy profession not perceived as attractive to future generations Strong presence of competing qualifications and designations offering future-oriented education and training 	Extreme	<ul style="list-style-type: none"> Continuous monitoring of throughput pass percentages and timely intervention on negative trends Alliances with strategic partners to deliver career awareness initiatives Mobilise members, trainees and stakeholders for increased participation in profession-wide career awareness Continuous in-depth monitoring of the effectiveness and impact of marketing, communication and public relations activities and timely intervention on negative trends TBF covers funding of those with household incomes from R0 to R350 000 with a strategic alliance partner, the National Student Financial Aid Scheme (NSFAS). Household incomes from R350 000 to R600 000 are covered through a strategic alliance partner, the Ikusasa Student Financial Aid Programme (ISFAP). These programmes include the Thuthuka wrap-around support model 	High >

Additional information	Management	Risk management	SAICA compliance	Internal audit	External audit	External specialists	Board sub-committees	Board
<p>Continuous:</p> <ul style="list-style-type: none"> The SAICA/UJ short online programmes of 40 hour duration on 4IR topics, including artificial intelligence, blockchain technology, machine learning and integrated reporting and integrated thinking. The first courses (on 4IR and integrated reporting) were launched in 2019. The blockchain course will be launched in Q2 2020. As expected, the initial uptake of these courses is low and responses from participants have all been positive. SAICA is working with UJ to increase our marketing efforts in order to improve enrolment numbers The process for appointing the Project Director Non-Technical in the Corporate Reporting Division is under way 	Management responsible for risk mitigation at operational level	S2	S2	<p>Member competency and leadership development (satisfactory) ***</p> <p>Member compliance, disciplinary and engagement (satisfactory) ***</p>	N	N	<p>Assurance provided by the Audit and Risk Committee (AudCo)</p> <p>Provide oversight and advice on the overall risk management programme</p>	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> In 2019, training for members on SAICA's and IRBA's codes of Professional Conduct took place throughout the regions and via webcast. The IRBA Code of Professional Conduct training was done in collaboration with IRBA SAICA has an MoU with the Ethics Institute, the first initiative of which is to engage on accountants' ethical competence The draft amendment to by-laws is scheduled to be tabled before the Board in April 2020, the aim of which is to build efficiencies into the disciplinary process 	Management responsible for risk mitigation at operational level	S1	S2	N	N	N	<p>Assurance provided by the Audit and Risk Committee (AudCo)</p> <p>Provide oversight and advice on the overall risk management programme</p>	Endorsement of assurances provided by Board sub-committees
<p>Engagement with various stakeholders including but not limited to:</p> <ul style="list-style-type: none"> Dti: SAICA was requested to complete a questionnaire looking into how South Africa can incorporate SDGs in the current reporting landscape. This was submitted to the dti at the beginning of 2020 LeaderEx: In October 2019 SAICA hosted a successful Nation Building summit in collaboration with LeaderEx. This summit was used to promote key members involved in SDGs and to focus on solutions for SDG matters Firms: The Nation Building team has also met with a number of firms encouraging them to submit their SDG activities for purposes of SAICA's SDG report The above engagements contributed in continuous tracking and reporting on SAICA's and the profession's contribution to SDGs. The second annual SDG Report was published in December 2019 	Management responsible for risk mitigation at operational level	S2	N	N	N	N	<p>Assurance provided by the Audit and Risk Committee (AudCo)</p> <p>Provide oversight and advice on the overall risk management programme</p>	Endorsement of assurances provided by Board sub-committees
<p>Throughput pass rates:</p> <ul style="list-style-type: none"> Thuthuka pass rates at university level continue to be above the general university pass rates. For the CTA students, Thuthuka achieved a 60% pass rate in 2019 compared to 54% in 2018 The 2019 ITC repeat programme achieved a 66% pass rate compared to the national average of 38% A number of initiatives were successfully implemented to support African APC candidates SAICA partners with a number of key stakeholders including the provincial Departments of Education. For the first time, SAICA was able to engage successfully with the various departments to award prizes to the top Grade 12 Learners in Accounting for their performance in the 2019 matric exams. SAICA continued serving on the National Consumer Financial Education Committee and the South African Mathematics Foundation Board Targets were achieved in the various activities undertaken to create awareness and provide support to learners and students across the country. The following initiatives achieved well above targets: <ul style="list-style-type: none"> SAICA quiz: 5 562 learners reached (3 600 target) SAICA Olympiad: 6 297 learners reached (5 350 target) Career awareness: 189 830 learners reached (88 000 target) Business games: 2 706 learners reached (1 850 target) Development camps: 6 390 learners reached (3 010 target) SAICA members and trainees are involved in all our career awareness initiatives. This includes a number of young CAs(SA) annually taking leave to attend the North West Development Camp. SAICA members are also invited as guest speakers at all our learner events Continuous review of the effectiveness of marketing and branding efforts and refining where necessary. Learner brochures have recently been updated and are distributed through career awareness events and university career exhibition days, as well as through partnerships with schools Funding remains a key challenge for Thuthuka. However, a funding surplus of approximately R12 million was achieved in 2019 	Management responsible for risk mitigation at operational level	S2	N	<p>Revenue (income/donations from PPP) (satisfactory) *</p>	N	N	<p>Assurance provided by the Audit and Risk Committee (AudCo)</p> <p>Provide oversight and advice on the overall risk management programme</p>	Endorsement of assurances provided by Board sub-committees

RISK MANAGEMENT (CONTINUED)

2019 SAICA strategic pillar	Risk #	Risk description	Assessed inherent risk	Assessed residual risk	Residual risk
Growth and transformation Sustainability	13	Loss of accessibility by learners across the country wanting to become CAs(SA), AGAs(SA) or ATs(SA) and not having access to accredited educational institutions	Extreme	CA(SA), AGA(SA)	High (new)
				<ul style="list-style-type: none"> Accreditation of all universities to provide SAICA-accredited programmes Lead and influence in the development of curriculum at universities Continuous development and rollout of the CA2025 project AT(SA) <ul style="list-style-type: none"> Accreditation of all TVET colleges (50) to offer the AT(SA) qualification 	

Key operational risks that have a strategic impact

Business risks which have a direct impact on the SAICA strategy are elevated to highlight their significance. Refer table below:

2019 SAICA strategic pillar	Risk #	Risk description	Assessed inherent risk	Assessed residual risk	Residual risk
Financial	16	Decline in income received from public-private partnerships caused by changes in donor funding models	High	<ul style="list-style-type: none"> Mobilise stakeholders for increased donor funding for nation-building initiatives Proactive engagement with existing stakeholders on the impact and benefits of public-private partnerships 	High >
Information technology	17	Information security risk including cyber crime caused by the evolving cyber threats and weak defence measures	Extreme	<ul style="list-style-type: none"> Regular upgrade and maintenance of SAICA's defence, recovery and business continuity systems Continuous monitoring and tracking of frequency, nature, source and motive of attempted security breaches Threat and vulnerability assessments 	High >
	18	Poor implementation of the IT strategic digital project plan caused by non-delivery by vendor(s)	High	<ul style="list-style-type: none"> Proactive engagement with all vendor leadership and Board on significance and impact of IT solutions Continuous monitoring and tracking of key project milestones and timely interventions on exceptions 	Moderate >
	19	The core back-end system that houses member data is currently not supported by relevant vendors	Extreme	<ul style="list-style-type: none"> Implement Ushintsho Project 	Extreme >

Additional information	Management	Risk management	SAICA compliance	Internal audit	External audit	External specialists	Board sub-committees	Board
<ul style="list-style-type: none"> All 26 public providers have now been accredited to offer the CA programme with the accreditation of UniVen as the last HDI university in 2020 AGA(SA) – process of accrediting education providers to deliver the AGA(SA) degree, including CUT and Pearson institute, is under way Ongoing consultation with university through various SAICA-led forums including heads of department, vice-chancellors, etc. Development and roll-out of CA2025 is on schedule As at 31 December 2019, 17 TVET colleges have been accredited. Work continues to establish relationships with the balance of the colleges with a view to accrediting additional colleges in 2020 A new membership model was designed at the end of 2019 for implementation in 2020. This new model allows for awarding of the Accounting Technician designation through successful completion of the AT qualifications and Recognition of Prior Learning (RPL) as an alternative route Implementation of the Fasset N6 Financial Management Diploma Graduate project under way with 54 students placed in employment and enrolled in a work readiness programme. The expected outcome of this project is AT(SA) membership with a project completion in March 2021 Commencement of the National Skills Fund (NSF) project with four contracted TVET colleges. Recruitment of 80 student beneficiaries under way 	Management responsible for risk mitigation at operational level	S2	N	N	N	Fulfilment of the IFAC Member Compliance Programme	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees

Additional information	Management	Risk management	SAICA compliance	Internal audit	External audit	External specialists	Board sub-committees	Board
<ul style="list-style-type: none"> An income of R120 million was received for government projects against a budgeted income of R41 million Stakeholder engagement is continuing with all donors and funders 	Management responsible for risk mitigation at operational level	S2	N	Revenue (income/ donations from PPP) (satisfactory)*	S2	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> Software updates are done monthly Ongoing threat and vulnerability assessment tests are carried out and all known issues are addressed Refer to cyber security risk per COVID-19 risk response (page 70) 	Management responsible for risk mitigation at operational level	S2	N	Information Technology General Control (ITGC) (some improvement needed)***	S2	Vulnerability testing (Ongoing)	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> The engagement of the vendor leadership is done through various structures including the Digital Transformation Governance Committee (DTGC). DTGC provides feedback to the Board on a regular basis Regular meetings are also held between SAICA Programme Management Office and service provider to track programme progress Stage 1 of Ushintsho went live in October 2019 with work starting on Stage 2 early in 2020 	Management responsible for risk mitigation at operational level	S2	S2	Ushintsho Project Assurance (some improvement needed) ***	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> The core back-end system remains unsupported. This footprint is getting bigger with more software becoming unsupported. Stage 2 of the Ushintsho Programme is envisaged to mitigate this risk Business impact analysis is conducted to identify critical events scheduled to take place within a two-month cycle. Manual processes have been identified for critical processes and related applications impacted in the event of iMIS collapsing Manual workarounds have been documented as intermediary business continuity measures to restore operations 	Management responsible for risk mitigation at operational level	S2	S2	Ushintsho Project Assurance (some improvement needed) ***	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees

RISK MANAGEMENT (CONTINUED)

2019 SAICA strategic pillar	Risk #	Risk description	Assessed inherent risk	Assessed residual risk	Residual risk
Human capital	21	There is a risk of organisational underperformance caused by: <ul style="list-style-type: none"> • Loss of key personnel at senior/leadership level • A lack of talent management (recruit, develop and retain) and succession management strategies • Ineffective HR processes and systems including poor performance management practices 	High	<ul style="list-style-type: none"> • Develop and implement leadership framework and methodology • Create user-friendly platforms for people management whether they are manual or technology based • Roll out people management process that is simple and easy to implement • Effective performance management process (tracking and monitoring of performance trends) 	Moderate >
	23	Ineffective Board and Board sub-structures caused by the complex or ineffective governance model	High	<ul style="list-style-type: none"> • Formulation and implementation of revised governance model and framework 	Moderate V
Governance, risk and compliance	24	Failure to comply with legislation, regulation and Acts relevant to the business of SAICA, caused by lack of effective compliance risk policy and framework	High	<ul style="list-style-type: none"> • Constant monitoring of areas of non-compliance, documenting and implementing action plans • Reporting to the relevant regulatory institutions as required by related legislation 	High >
	26	Inability to continue business caused by an emergency or disaster	Extreme	<ul style="list-style-type: none"> • Implement Business Continuity Management policy and framework, Business Continuity Plan and Disaster Recovery Plan 	High V

Additional information	Management	Risk management	SAICA compliance	Internal audit	External audit	External specialists	Board sub-committees	Board
<ul style="list-style-type: none"> Leadership framework has been approved. The implementation of the talent and succession exercise will inform SAICA's critical roles and critical skills and non-critical skills, up to salary Grade 4 and above. Talent review and skills audit will be prioritised in 2020. CFO role was filled as at December 2019. Recruitment process for ED: Member and Global Alliances and CIO is under way Learning and Development plan approved by ExCo Ongoing monitoring and tracking of performance management practices and interventions on negative trends 	Management responsible for risk mitigation at operational level	S2	N	Follow-up review* (some improvement needed) ***	S1	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> The recommended governance model and framework was approved by the SAICA members at the SAICA's Annual General Meeting in June 2019 and is currently being implemented in a phased approach The new Board was formally appointed with adherence to the guidelines as set out in the approved constitution and by-laws at the Special General Meeting that took place on 23 October 2019. Further to this, the Board Charter has been revised and approved 	Management responsible for risk mitigation at operational level	S1	N	N	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board Sub-committees The AGM approved the constitution and the by-laws
<ul style="list-style-type: none"> Ongoing implementation of legislation tracking process (new and existing compliance obligations) through Compliance Risk Management Plans (CRMPs) and report on areas of non-compliance Continuous review of SAICA's existing Compliance Universe and Compliance Risk Contract Management Policy developed, reviewed and implemented Data Sharing Project ongoing SAICA Values updated. Employee Code of Ethics reviewed and approved and being implemented Monitor the outcome of annual submission of Annual Report to regulators and institute corrective action if required 	Management responsible for risk mitigation at operational level	S2	S2	N	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees
<ul style="list-style-type: none"> BCM strategy has been completed and all related documents, have been approved Business Continuity Mangement, which includes regular testing of the Business Continuity Plan, is being finalised Internal Audit is scheduled to review the effectiveness of the Business Continuity Management implementation plan later in the year 	Management responsible for risk mitigation at operational level	S2	N	N	N	N	Assurance provided by the Audit and Risk Committee (AudCo) Provide oversight and advice on the overall risk management programme	Endorsement of assurances provided by Board sub-committees

Indicator keys

N No assurance currently being provided

S1 Some assurance provided through the assessment of controls and reasonableness of management presentations at strategic level

S2 Some assurance provided through the assessment of controls and reasonableness of management presentations at strategic and operational level

Some improvement needed A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met

Satisfactory Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met

SAICA'S GOVERNANCE FRAMEWORK

GOVERNANCE REVIEW 2019

2019 has been a year of governance review at SAICA.

SAICA and the accountancy profession have been exposed to considerable criticism, notwithstanding the fact that the vast majority of its members provide valuable and professional services in a competent and ethical manner. Much of the criticism has arisen from allegations of inappropriate work carried out by firms, corporate scandals involving chartered accountants and allegations of corruption. In response, the Board of SAICA implemented various initiatives to address the concerns of the public, which included the review of the governance framework.

In 1980 when SAICA was established, its chief governance vehicle was a council comprising councillors appointed by each of the provincial societies providing geographic representation. A small executive committee was chosen from council members to direct the Institute.

In the 1990s, due to changing circumstances, the Council felt that it should function as a Board of directors, combining the roles of the council and the Executive Committee.

As time passed, there were growing concerns that geographic representation did not result in a Board that represented all key constituencies of the membership in a balanced manner. This led to further changes to incorporate representation from various member constituencies, such as Small and Medium Practices, Members in Business, Members Outside of South Africa and ABASA. At a later stage an advisory council was also established.

As a result, the composition of the Board has evolved through many years of debate and discussion. However, on review it became clear that a Board based on regional and constituency member representation was too large and could lack the independence and balance to effectively direct the Institute into the future.

The timeline for the governance review included the following:

- At the AGM held on 26 June 2018, the Chairman of SAICA announced that the Board would set up a process to review the governance structure of SAICA and would involve members in the process.
- The Governance Review Task Team (GRTT) was convened in terms of a SAICA Board resolution and convened its first meeting on 27 August 2018. The GRTT subsequently met numerous times to reach a final proposal on a new governance structure for approval.

- In a letter to members sent out on 31 August 2018, the Chairman of SAICA announced that a GRTT had been formed to assess the appropriateness of the current SAICA governance structures and to make recommendations for improvements.
- The GRTT recommendations were tabled at the AGM of members on 26 June 2019 and were approved by members.
- Following the adoption of the GRTT proposals at the AGM, the new Board members and a fee proposal were approved at an SGM on 23 October 2019.
- The newly constituted Board met for its first meeting on 24 October 2019.

The revised governance structure is discussed in the sections that follow and the general view is that the revised governance structure provides SAICA with a simplified and fit-for-purpose governance model. SAICA has successfully introduced a balanced Board which encompasses greater diversity and inclusion of stakeholders from outside the membership base of SAICA by including independent representatives who have the necessary skills and experience to provide strategic guidance to executive management. The number of Board members has been reduced by about 50% resulting in a much smaller but professional Board comprising 12 members. The new structure also aligns with the best-practice guidance of King IV.

We would like to thank the members of the GRTT and their contribution to the profession:

- Roy Andersen CA(SA) – GRTT chairman
- Tumeka Matshoba-Ramuedzisi CA(SA)
- Gloria Serobe BCom (Unitra) MBA (Rutgers US)
- Graham Terry CA(SA)
- Suresh Kana CA(SA)
- Gil Gorgulho CA(SA)

STRUCTURAL CHANGES TO THE BOARD

At the AGM on 26 June 2019, the members considered the full report of the GRTT and approved the revised SAICA constitution. At the time, the revised by-laws with Board and Council charters were also appended for the information of members. The following changes to the governance structure was given effect with the change of the SAICA constitution:

BOARD MEMBERSHIP

Board membership under the previous constitution

- Two members by the Council of the Central Region
- Two members by the Council of the Eastern Region
- Two members by the Council of the Northern Region
- Two members by the Council of the Southern Region
- Two members by the Board of the Association for the Advancement of Black Accountants of Southern Africa (ABASA)
- One member by the Members in Business interest group
- One member by the Large Practices interest group
- One member by the Small and Medium Practices interest group
- One member as a representative of International members
- A maximum of five members could be co-opted
- The CEO as an *ex officio* member
- One other member of management recommended by the CEO

Board membership under the new constitution

- A maximum of three members must be non-chartered accountants
- A maximum of six members must be chartered accountants
- The president of the SAICA Council shall be an *ex officio* member
- The CEO is an *ex officio* member
- One other member of management may be recommended by the CEO

SAICA'S GOVERNANCE FRAMEWORK

(CONTINUED)

BOARD RESPONSIBILITIES

Board responsibilities under the previous constitution

- To receive donations, to purchase or otherwise acquire, to raise or borrow money to invest the funds of the Institute and open and operate banking accounts
- Use the funds and income of the Institute to promote the objects of the Institute
- To institute and defend legal proceedings
- To appoint the CEO of the Institute
- To interpret any clause of the constitution or by-laws if any dispute arises
- Generally, to do whatever the Board deems necessary to enable it to carry out the objectives of the Institute

Board responsibilities under the new constitution

- Ensure that strategic objectives are set and achieved in line with the purpose and objectives of the Institute
- Establish a policy framework and funding model within which the organisation must operate
- Act as the custodian of corporate governance in the Institute
- Ensure the Board sub-committees discharge their functions appropriately in relation to meeting strategic plans and budgets
- Monitor the activities of trusts, non-profit organisations and social responsibility projects established by the Institute, as determined in the Institute's delegation of authority
- Appoint, set performance criteria and evaluate the performance of the CEO
- Ensure that the Institute maintains a robust process for identifying, prioritising, managing, mitigating, monitoring and reporting critical risks through the Audit and Risk Committee
- Ensure that the Institute and its members, associates and trainee accountants adhere to the highest standards of ethics and competence, that the relevant designations are protected and that the profession is trusted
- Oversee the disciplinary process with regard to members, associates and trainee accountants
- Promote and monitor transformation in the profession
- Review and approve appropriate by-laws
- Engage with stakeholders and members

As is clear from the table above, the responsibilities of the Board have been extended to include very specific areas of focus. The responsibilities to ensure that the profession is trusted and to promote transformation are good examples of responses to a changing environment.

CHANGES TO THE BOARD COMMITTEE STRUCTURE

The number of committees have been substantially reduced in line with the reduction of the number of Board members.

Historical committee structure

- Board Executive Committee
- Audit and Risk Committee
- Finance Committee
- Human Resources Committee
- Remuneration Committee
- Nomination Committee
- Governance Committee
- Digital Transformation Committee

New committee structure

- Audit and Risk Committee
- Human Resources and Remuneration Committee
- Nomination and Governance Committee
- Social, Ethics and Transformation Committee
- Digital Transformation Governance Committee

KING IV REPORT

SAICA’s governance framework and activities align with the principles of the King Code on Corporate Governance™ as set out in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) to the extent applicable.

The principles of King IV were a key consideration during the governance review concluded in 2019 that informs SAICA’s governance structures and practices. King IV defines corporate governance as the exercise of ethical and effective leadership by the governing body towards the achievement of four governance outcomes:

Ethical culture	Good performance	Effective control	Legitimacy
Creating an ethical culture, both within the Institute and in the accountancy profession, is a priority for SAICA. The responsible leaders we develop subscribe to a defined Code of Professional Conduct	SAICA performed well against our strategic priorities as discussed on page 112	SAICA’s combined assurance model informs the Board and Audit and Risk Committee’s assessment of internal controls. Based on the various levels of assurance provided, SAICA has sound control systems in place. Ensuring continued adherence to these systems is an ongoing operational and governance priority	The actions of a few members have damaged the reputation of SAICA and the accountancy profession. Rebuilding the trust of business, Government and the public are key to SAICA’s legitimacy and license to operate. A trust reconstruction campaign is being implemented

The table that follows summarises the King IV principles and the progress SAICA has made towards achieving the practices and governance outcomes. Where further implementation is required, these will be applied over time to ensure continuous improvement in our governance structure and practices.

GOVERNANCE OUTCOME: LEADERSHIP ETHICAL	
Leadership, ethics and corporate citizenship	
Principle 1	Leadership
The Board should lead ethically and effectively	<p>SAICA’s Board of Directors (the Board) acts as the custodian of corporate governance in the Institute and is responsible for ensuring that strategic objectives are set and achieved in line with the Purpose and Objects of the Institute</p> <p>Members of the Board are expected to adhere to the highest standard of professional and business ethics. In this regard, Board members are responsible for the ethical obligations of SAICA and must take the necessary steps to ensure compliance with the Code of Ethics and the Code of Professional Conduct for Chartered Accountants</p> <p>Members of the Board are also considered to be independent as they have no material interest in SAICA, the SAICA group entities, or any of SAICA’s significant suppliers or customers. To ensure that members of the Board continuously take into consideration their independence while serving as Board members, the Board has made extensive efforts to highlight the importance of ensuring that incidents which give rise to conflict of interest are effectively managed and monitored at all levels of the organisation at all times</p> <p>All employees of SAICA are also expected to adhere to the SAICA Code of Ethics</p>
Principle 2	Organisational ethics
The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>The Board is responsible for ensuring that the Institute and its members, associates and trainee accountants adhere to the highest standards of ethics and competence, that the relevant designations are protected and that the profession is trusted. We recognise that the creation of an ethical culture within our profession in service of the public interest is key to achieving our strategy</p> <p>During 2019, an internal values and ethics workshop was conducted, and SAICA launched the revised Code of Professional Conduct and provided training on the code for members. A workshop for academics was held on integrating ethics into curricula</p>

KING IV REPORT (CONTINUED)

GOVERNANCE OUTCOME: LEADERSHIP ETHICAL	
Leadership, ethics and corporate citizenship	
Principle 3	Responsible corporate citizenship
The Board should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Social and Ethics Committee assists the Board to discharge its oversight responsibilities with regard to safety, security, health, environmental, social, ethics, transformation and sustainable development matters and stakeholder relationships, to ensure the Institute upholds the principles of good corporate citizenship and conducts its business in an ethical and sustainable manner</p> <p>Social contribution has always been at the core of SAICA's activities and the new strategy includes a focus on making a quantifiable social contribution through nation building initiatives, thereby contributing to the global Sustainable Development Goals</p>
GOVERNANCE OUTCOME: GOOD PERFORMANCE	
Strategy, performance and reporting	
Principle 4	Strategy and performance
The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	<p>The Board as a whole, and assisted by the Board sub-committees, approves the strategy and ensures that strategic objectives are set and achieved in line with the Purpose and Objects of the Institute. It reviews key risks and opportunities, and evaluates performance in the context of the economic, environmental and social issues relevant to the organisation</p> <p>Further information about the Institute's performance against its strategic objectives can be found on page 112</p>
Principle 5	Reporting
The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects	<p>The integrated report provides stakeholders with an overview of the Institute's sustainability, including the organisation's financial, economic and social performance. The Board is responsible to ensure the integrity of the report and has applied its collective mind to the preparation and presentation of the report and the information it contains</p> <p>The integrated report is prepared in accordance with the International Integrated Reporting <IR> Framework and considers the principles of King IV to support comparability and relevance to stakeholders</p> <p>The Audit and Risk Committee oversees the financial and integrated reporting processes</p> <p>The integrated report and other information is available to stakeholders on the SAICA website, https://www.saica.co.za/About/SAICAAnnualReport/tabid/1219/language/en-ZA/Default.aspx</p>

GOVERNING STRUCTURES AND DELEGATION

Principle 6

Primary role and responsibilities of the Board

The Board should serve as the focal point and custodian of corporate governance in the organisation

The Board acts as the custodian of corporate governance in the Institute. The revised governance structure developed by the Governance Review Task Team and implemented during 2019 provides SAICA with a simplified and fit-for-purpose governance model. The new Board is balanced, diverse and includes stakeholders from outside the membership base with the necessary skills and experience to provide strategic guidance to executive management

The Board Charter and SAICA constitution set out the Board’s governance responsibilities. The Board and its sub-committees have the power to engage independent counsel and other professional advisors as required

The Nomination and Governance Committee assists the SAICA Board in fulfilling its responsibility to the members of the Institute and the stakeholders by monitoring and making recommendations to the Board on corporate governance principles to apply to the Institute and reviewing the performance and membership of the Board and other governing bodies

Principle 7

Composition of the Board

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The new Board is balanced, diverse and includes non-chartered accountants. It comprises executive and non-executive Board members, with a majority being independent and members have the necessary skills and experience to provide strategic guidance to executive management. The independence of each director is categorised as defined in King IV

The Nominations and Governance Committee assists the Board with the process of identifying suitable candidates to be discussed with the Council and proposed to the Board, taking into account the balance of race, gender, skills, knowledge and experience on the Board. The SAICA Council provides input to the Board for the appointment of members to the Board

The Board Charter specifies that the composition of the Board must be diverse and must have an appropriate mix of race, gender and diversity

A Board induction session was held in November 2019 to ensure that all Board members are informed of the manner in which the Board and SAICA operate. The Board induction and ongoing Board member development aims to promote high levels of committee effectiveness

The SAICA constitution prescribes that the Chairperson must be an independent non-executive member of the Board with no executive or management responsibilities, and may not be a member of the SAICA Council. The Chairperson provides leadership at Board level, represents the Board to the members and is responsible for ensuring the integrity and effectiveness of the Board and its committees

The SAICA constitution requires that the Board appoint a Lead Independent Board Member to assist the Chairperson in the execution of their duties and such other functions as the Board may wish to delegate to the Lead Independent Board Member in the Board Charter. Like the Chairperson, the Lead Independent Board Member is annually elected by the Board following the AGM. The Lead Independent Board Member holds the role of Chairperson where the Chairperson is absent or unable to perform their duties or where the independence of the Chairperson is questionable or impaired

KING IV REPORT (CONTINUED)

GOVERNING STRUCTURES AND DELEGATION CONTINUED	
Principle 8	Committees of the Board
The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	<p>In terms of the SAICA constitution, there are five Board sub-committees that assist the SAICA Board in discharging its duties and responsibilities. These are: the Audit and Risk Committee, the Human Resources and Remuneration Committee, the Nomination and Governance Committee, the Social, Ethics and Transformation Committee, and the Digital Transformation Governance Committee</p> <p>The Board may appoint such of its members and such persons who are not members of the Board or the Institute as it may deem fit to be members of these committees.</p> <p>The committees have the power to engage independent counsel and other professional advisers and to invite them to attend meetings</p>
Principle 9	Evaluations of the performance of the Board
The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	<p>The Board's performance is evaluated annually in a process led by the Chairperson through the Nomination and Governance Committee and assisted by the Board Secretary. Since the new Board was elected in the last quarter of 2019, a Board evaluation report was not conducted in the current year. The next Board evaluation will be performed in 2020</p> <p>The Board sub-committees conduct annual self-assessments of their activities and report their conclusions and recommendations to the Board</p>
Principle 10	Appointment and delegation to management
The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p><i>The Chief Executive Officer</i></p> <p>The CEO is delegated with authority from, and accountable to, the Board for the development and successful implementation of the Group strategy and the overall management and performance of the Institute to achieve its purpose and goals</p> <p>The CEO is supported by the senior management committees as agreed with the Board. The CEO's role is formalised and their performance is evaluated by the Chairperson with the support of the Nominations and Governance Committee against specific performance criteria</p> <p><i>The Board Secretary</i></p> <p>The Board Secretary provides dedicated support to the Board and is a central source of guidance and support to the Board and within the Institute on matters of good governance and changes in legislation. The Secretary must consult regularly with Board members to ensure that they receive all necessary information. The Board considers and satisfies itself, on an annual basis, of the competence, qualifications and experience of the Secretary</p>

GOVERNANCE FUNCTIONAL AREAS

Principle 11

Risk governance

The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The Board determines SAICA's risk tolerance level and management is responsible for the implementation of the risk management process. The Audit and Risk Committee supports the Board to ensure that the Institute maintains a robust process for identifying, evaluating, prioritising, managing, mitigating, monitoring and reporting risks throughout the organisation

Principle 12

Technology and information governance

The Board should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives

The Digital Transformation Governance Committee assists the Board in overseeing SAICA's strategic direction and investment in digital transformation and technology, ensuring that the planning, development, implementation, monitoring and maintenance of the overall technical aspects of the digital transformation strategy facilitate the achievement of SAICA's strategic objectives. The SAICA Digital Transformation Governance Committee work in line with the overall SAICA Governance Policy and is guided by the Ethics Policy

Principle 13

Compliance governance

The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

The Audit and Risk Committee, supported by all sub-committees, support the Board by providing oversight over the Institute's compliance with the relevant laws and regulations that apply to its activities

Principle 14

Remuneration governance

The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

The Human Resources and Remuneration Committee supports the Board to ensure that SAICA's remuneration policy and philosophy align with the Institute's long-term business strategy, its business objectives, its risk appetite and values, and that Board members and senior management are remunerated fairly and responsibly

Principle 15

Assurance

The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports

The Board has delegated to the Audit and Risk Committee oversight of the effectiveness of the organisation's combined assurance model, including external audit, internal audit and the finance function as well as the integrity of the integrated annual report and the annual financial statements

The Audit and Risk Committee is also responsible for assessing the performance of the Chief Financial Officer and the finance function

The integrated report provides stakeholders with an overview of the Institute's sustainability, including the organisation's financial, economic and social performance. The Board is responsible to ensure the integrity of the report and has applied its collective mind to the preparation and presentation of the report and the information it contains

KING IV REPORT (CONTINUED)

STAKEHOLDER RELATIONSHIPS	
Principle 16	Stakeholders
In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	<p>SAICA recognises the benefits of ensuring good long-term relationships with its stakeholders. Ensuring that we engage with a broad range of stakeholders to understand their needs and interests enables the Institute to respond appropriately and make a meaningful contribution to transform and uplift communities and contribute to sustainable societies</p> <p>Key stakeholders are identified based on a consideration of SAICA's most material matters, as well as factors such as continued local and international relevance, technical competence, reputation management, financial sustainability and service of the public interest</p>

THE BOARD

The governance review at SAICA was a direct response to the changing environment. As the business environment becomes more complex and challenging, SAICA needs professional leadership in the form of a Board of directors that has vision and foresight, and that can anticipate trends and prepare it to meet its challenges. On a global basis, many institutes have established a professional Board to direct their affairs. Key drivers in the Board’s structural changes are therefore the change in environment and the need for professional leadership.

MEMBERSHIP

In terms of the Board Charter, the Board may determine the number of Board members at any time, subject to the proviso that:

- The maximum number of Board members is 12
- The composition of the Board must be diverse and must have an appropriate mix of race, gender and diversity

In terms of the new constitution, the Board must comprise a balance of executive and non-executive Board members with a majority of the Board members being independent. This is subject to the requirement that:

- The majority of Board members shall be chartered accountants (CA(SA))
- A maximum of three and not fewer than two of the non-executive Board members must be non-chartered accountants and shall be independent

On 23 October 2019, the members elected a new professional Board consisting of 12 members. The first meeting of the Board was held on 24 October for the purposes of constituting the new Board and electing the members of the vacant functions and positions on the Board sub-committees. The experience and qualifications are shown on pages 106 to 109.

BOARD DIVERSITY

Race, gender, disability and diversity, as well as relevant skills and expertise and knowledge of the core skills of the profession, enhance the composition of a truly diverse Board. It also assists in achieving a sustainable competitive advantage for the profession.

It is the stated policy of the Board that all facets of diversity will be considered in determining the optimal composition of the Board which, where possible, will be balanced appropriately.

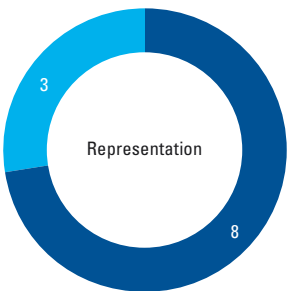
All appointments to the Board are made on merit, having due regard for the benefits of diversity, including gender, race and disability, which the Board as a whole requires to be effective.

In line with the policy statement above, the new Nomination and Governance Committee may determine measurable objectives for achieving diversity on the Board that are appropriate for the Institute and may recommend them to the Board for adoption.

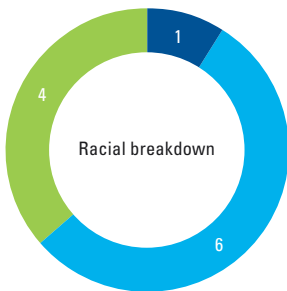
BOARD INDUCTION

An induction session was convened for Board members during December 2019 to ensure that all Board members are informed of the manner in which the Board and SAICA operate – in particular, in light of the drive by SAICA to ensure greater mass impact of the various SAICA pilot projects, which are targeted at advancing and realising various benefits for the public interest.

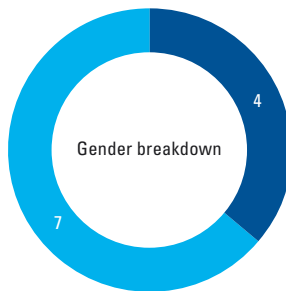
Board induction and ongoing Board member development is tailor-made to contribute to high levels of committee effectiveness as well as, in the long term, afford the Board with an avenue of identifying the specific skills and competencies required at Board level and advise the various constituencies of such skills set prior to the nomination and appointment of constituency representatives to the Board.



■ CA(SA) ■ Non-CA(SA)



■ Coloured ■ African ■ White



■ Male ■ Female

THE BOARD (CONTINUED)

The Board Secretary provides Board members with guidance on matters of good governance and developments in relevant legislation, and Board members can access professional corporate governance services if required. The Board believes these arrangements are effective to provide Board members with the necessary guidance to discharge their fiduciary duties.

PERFORMANCE REVIEW

Owing to the recent election of the Board, this report does not include a Board evaluation report. The next evaluation will be performed in 2020.

DELEGATION OF AUTHORITY

The Board delegates responsibility for the day-to-day management of SAICA to the Chief Executive Officer (CEO), who is responsible for implementing SAICA's strategies and policies. The powers and duties of the CEO arising out of the constitution and by-laws may be delegated to an appropriate person in the secretariat. The CEO's powers include the power to appoint and remove officers and employees of SAICA as deemed fit. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

Board members who served during 2019

Members	Portfolio	Term started	Term ending	Total
LL Bam	Chairman	1 July 2014 Elected Joint Vice-chairman: 1 July 2015 Elected Chairman: July 2017	23 October 2019	4/4
MA Khan	Joint Vice-chairman (incoming)	1 July 2014 Elected Joint Vice-chairman: 1 July 2016	23 October 2019	3/4
BD van Dyk	Joint Vice-chairman (outgoing)	1 July 2015 Elected Joint Vice-chairman: 1 July 2017	23 October 2019	4/4
CR de Wee	Non-executive Board member	1 July 2017	23 October 2019	3/4
C du Toit	Non-executive Board member	1 July 2017	18 June 2019	1/2
NA Essop	Non-executive Board member	1 July 2015	23 October 2019	2/4
Z Khanyile	Non-executive Board member	13 April 2018	23 October 2019	2/4
AT Knott-Craig	Non-executive Board member	1 January 2018	23 October 2019	3/4
FL Lamola	SAICA Executive member	1 July 2014	–	5/6
V Maharaj	Non-executive Board member	September 2017	23 October 2019	1/4
TH Mbatha	Non-executive Board member	14 February 2018	23 October 2019	3/4
HI McClintock	Non-executive Board member	1 July 2017	23 October 2019	3/4
SF Nomvalo	SAICA CEO	1 February 2019	–	6/6
SK Osner	Non-executive Board member	1 July 2015	23 October 2019	3/4
S Nduna	Non-executive Board member	15 April 2019	23 October 2020	3/3
AAB Pheiffer	Non-executive Board member	1 May 2018	23 October 2019	3/4
S Phillip	Non-executive Board member	1 July 2016	23 October 2019	4/4
TD Shango	Non-executive Board member	1 July 2017	23 October 2019	3/4
K Singh	Non-executive Board member	1 July 2016	23 October 2019	2/4
J Swanepoel	Non-executive Board member	Appointed National Council President: 1 July 2016 Board member: 4 December 2019		4/4
TP Zondi	Non-executive Board member	1 July 2014	23 October 2019	1/4
F Suleman	Non-executive Board member	26 September 2019	23 October 2019	1/1

Board members who served during 2019

Members	Portfolio	Term started	Term ending	Total
New Board members				
T Maluleke	Chairman (incoming)	23 October 2019		2/2
Y Forbes	Lead independent member	23 October 2019		2/2
B Bekwa	Non-executive Board member	23 October 2019		2/2
B Ramokhele	Non-executive Board member	23 October 2019		2/2
R Matenche	Non-executive Board member	23 October 2019		2/2
J du Toit	Non-executive Board member	23 October 2019		2/2
M Singer	Non-executive Board member	23 October 2019		1/2
I Lubbe	Non-executive Board member	23 October 2019		2/2
P Stock	Non-executive Board member	23 October 2019		2/2

KEY GOVERNANCE POSITIONS

CHAIRMAN

The current Chairman of SAICA is Ms Tsakani Maluleke who was appointed following the retirement of Mr Lwazi Bam at the SGM on 23 October 2019.

The Chairman of the SAICA Board is annually elected by the Board following the AGM. The SAICA constitution prescribes that the Chairman must be an independent non-executive member of the Board with no executive or management responsibilities. He or she may also not be a member of the Council.

The Chairman plays a key role in the SAICA governance framework as they provide leadership at Board level, represent the Board to the members and is responsible for ensuring the integrity and effectiveness of the Board and its sub-committees. The Chairman also must act as the chairperson of the general meetings of members.

The specific duties of the Chairman are the following:

- Leadership of the Board
- Overseeing the Board in the effective discharge of its supervisory role
- Facilitating the effective contribution of all Board members
- Promoting constructive and respectful relations between Board members and between the Board, the Council and management
- Committing the time necessary to discharge effectively his or her role as chairperson
- Approving the agenda for Board meetings
- Scheduling regular and effective evaluations of the Board's performance through the Nomination and Governance Committee
- Ensuring effective communication and reporting between the Board and Council
- Speaking on behalf of the Institute and/or the Board as required
- Conducting an annual evaluation of the CEO through the Human Resources and Remuneration Committee

The Chairman must be accessible to the CEO and to support the CEO. The Chairman must assist the CEO in the development of strategy and to provide counsel and advice in respect of all material matters affecting the Institute and to consult with the other Board members promptly when appropriate.

The Chairman also plays an active part in working with the Secretary of the Board to develop an annual work plan for the Board and the setting of the agenda for Board meetings, ensuring that material matters in respect of the business and governance of the Institute are tabled at Board meetings.

LEAD INDEPENDENT BOARD MEMBER

It is prescribed by the constitution that the Board must appoint a Lead Independent Board Member to assist the Chairman in the execution of their duties and such other functions as the Board may wish to delegate to the Lead Independent Board Member in the Board Charter. On 4 December 2019, the Board elected Ms Yasmin Forbes to this position. Like the Chairman, the Lead Independent Board Member is annually elected by the Board following the AGM.

Where the Chairman is absent or unable to perform his or her duties or where the independence of the Chairman is questionable or impaired, the Lead Independent Board Member must serve in this capacity for as long as the circumstances that caused the Chairman's absence, inability or conflict exist. The role of the Lead Independent Board Member comprises the following:

- Preside at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent Board members
- Assist the Board in dealing with the management of any actual or perceived conflicts of interest that may arise on the part of the Chairman
- Call additional meetings of the non-executive Board members, if required
- Facilitate open discussions during Board meetings, any executive sessions and outside Board meetings.
- Perform all such functions that cannot be performed by the Chairman due to his or her absence or the existence of a conflict of interest
- Perform any duties as delegated by the Board from time to time
- Serve as the principal liaison between the non-executive Board members and the Chairman without inhibiting direct communication between them
- Communicate to the Chairman and management, where necessary, (i) any decisions reached or (ii) suggestions, views or concerns expressed by the non-executive Board members in executive sessions or outside Board meetings.
- If appropriate, and in coordination with the Chairman and management, be available for consultation and direct communication with members

THE CHIEF EXECUTIVE OFFICER (CEO)

The Current CEO is Mr Freeman Nomvalo, who was appointed in February 2019. He is delegated with authority from and accountable to the Board for the development and successful implementation of the Group strategy and the overall management and performance of the Institute to achieve its purpose and goals.

The CEO is supported by the senior management committees as agreed with the Board but:

- Must provide executive leadership
- Must inform the Board of any material matter which may have a significant impact on the financial results or substantially impact the reputation of the Institute
- May sub-delegate any of the powers delegated to him or her
- May exercise power and authority on, or sub-delegate, any matter necessary for the effective management and performance of the Institute that is not specifically reserved for the Board or the members

The CEO's role is formalised and his or her performance is evaluated by the Chairman with the support of the Nominations and Governance Committee against specific performance criteria.

THE BOARD SECRETARY

The Board Secretary is Mr Jaco Snyman, who was appointed in March 2019 and plays the role of gatekeeper of good governance. It is required of him to maintain an arm's length relationship with the Board and its members as far as is reasonably possible.

The Secretary must provide dedicated support to the Board and is a central source of guidance and support to the Board and within the Institute on matters of good governance and changes in legislation. The Secretary must consult regularly with Board members to ensure that they receive all necessary information.

The Secretary is accountable to the Board and must:

- Ensure that Board procedures are followed and reviewed regularly
- Ensure that the applicable rules and regulations for the conduct of the affairs of the Board as directed by the provisions of the constitution and the Board Charter are complied with

- Maintain statutory records in accordance with the applicable laws
- Provide the Board as a whole, as well as individual Board members, with guidance as to how their responsibilities should be properly discharged in the best interest of the Institute and good governance. The Secretary is authorised to obtain external expert advice, at the Institute's expense, should they deem it necessary in order to effectively fulfil this responsibility
- Keep abreast of and inform the Board of current corporate governance thinking and practice
- Assist with the appointment of Board members
- Advise the Board on all legal and regulatory matters, including legal frameworks and processes
- Provide advice with respect to all regulatory filing and public disclosure relating to the Institute's governance processes
- Assist with Board member induction and training programmes
- Ensure that the Board charter and the charters of Board sub-committees are reviewed annually or more regularly if required and are kept up to date
- Prepare and circulate Board and Board sub-committee papers, and ensure the preparation and circulation of minutes of Board and Board sub-committee meetings
- Elicit responses, input, feedback for Board and Board sub-committee meetings
- Assist with drafting annual Board and Board sub-committee work plans
- Assist with the evaluation of the Board, its Board sub-committees and individual Board members
- Ensure compliance with the constitution, the by-laws and applicable laws

The Board reviews the competence, qualifications and experience of the Board Secretary on an annual basis. The Board is satisfied that Mr Jaco Snyman has the necessary competence, expertise and independence to effectively perform his role.

BOARD COMMITTEES

In terms of the constitution, the Board is empowered to constitute Board and other committees and to delegate powers to such committees. The Board may appoint such of its members and such persons who are not members of the Board or the Institute as it may deem fit, to be members of any such a committee. The following paragraphs provide a brief overview of the current Board sub-committees under the new structure.

AUDIT AND RISK COMMITTEE

Purpose

The primary responsibility of the committee is to provide oversight of the financial reporting process, the audit process, SAICA's system of internal controls, and compliance with laws and regulations. Through this committee, the Board also ensures that the Institute maintains a robust process for identifying, prioritising, managing, mitigating, monitoring and reporting critical risks.

Constitution

- The chair of the committee will be a Board member and will be appointed by the Board.
- The committee must comprise at least three members of the Board with relevant experience.
- The committee shall include at least two members who are not members of the Board or employed by the Institute. The appointment of co-opted members shall be made by the Board on recommendation of the chair of the committee.
- Neither the Chairman of the Board, nor the CEO, nor any employee of SAICA or its entities shall be members of the committee.
- Members of the committee shall be appointed by the members of SAICA on the recommendation of the Nominations Committee and the Board.

Meetings

- The committee meets at least three times a year and otherwise as required.

Reporting to the Board

- The chair of the committee reports to the Board on matters within its duties and responsibilities.
- The chair of the committee must ensure that the Board is aware of matters that may significantly impact SAICA.

Reporting to members

- The committee annually compiles a report on the work of the committee in discharging its responsibilities for inclusion in the integrated report.

Performance

The committee must conduct an annual self-assessment of its activities and report any conclusions and recommendations to the Board. As the new Board was elected late in the year, this report does not include a Board evaluation report. The next evaluation will be performed in 2020.

Independent counsel

The committee has the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

Specific duties include

Fiduciary responsibilities, for example:

- Recommend to the Board the appointment of a registered external auditor
- Determine the nature and extent of any non-audit services by the external auditor
- Make submissions to the Board on SAICA's accounting policies, financial control, records and reporting

Delegated responsibilities, for example:

- Overseeing the annual external audit
- Overseeing the annual internal audit
- Financial reporting
- Integrated reporting
- Combined assurance
- Risk oversight
- Internal audit
- Compliance
- The performance of the finance function and CFO

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Purpose

The primary responsibility of the committee is to recommend to the Board for approval a developed strategy and supportive policies for the acquisition, management, retention and fair and responsible remuneration of SAICA's human capital.

Constitution

- The chair of the committee will be a Board member and will be appointed by the Board.
- The committee will comprise at least three members of the Board with relevant experience and an external remuneration specialist.
- The committee shall include at least two members who are not members of the Board or employed by the Institute. The appointment of co-opted members shall be made by the Board on recommendation of the chair of the committee.
- The Chairman of the Board may be a member but not the chairperson of the committee and the CEO may not be a member of the committee.
- Members of the committee shall be appointed by the Board on the recommendation of the Nominations Committee of the Board.

Meetings

The committee shall meet at least twice a year and otherwise as required.

Reporting to the Board

- The chair of the committee reports to the Board on matters within its duties and responsibilities.
- The chair of the committee must ensure that the Board is aware of matters that may significantly impact SAICA.

Reporting to members

The committee annually compiles a report on the work of the committee in discharging its responsibilities for inclusion in the integrated report.

Performance

The committee must conduct an annual self-assessment of its activities and report any conclusions and recommendations to the Board.

Independent counsel

The committee has the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

Specific duties include

- To ensure that SAICA has a remuneration policy and philosophy that is aligned with its long-term business strategy, its business objectives and risk appetite and values
- To ensure that SAICA remunerates Board members and members of senior management fairly and responsibly
- To ensure that the mix of fixed and variable pay in cash, long-term incentive schemes and other elements meet the Institute's needs and strategic objectives
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justifiably and correctly valued
- Shall approve talent management, development and executive succession planning strategies and policies
- Is responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee

NOMINATION AND GOVERNANCE COMMITTEE

Purpose

The primary responsibility of the committee is to provide assistance to the SAICA Board in fulfilling its responsibility to the members of the Institute and the stakeholders by monitoring and recommending to the Board corporate governance principles to apply to the Institute and reviewing the performance and membership of the Board and other governing bodies.

Constitution

- The Chairman of the committee is the Board Chairman.
- The committee must comprise at least three members of the Board with relevant experience and the CEO may not be a member of the committee.
- Members of the committee shall be appointed on the recommendation of the committee by the Board.

Meetings

- The committee shall meet at least twice a year and otherwise as required.

Reporting to the Board

- The chairman of the committee reports to the Board on matters within its duties and responsibilities.
- The chairman of the committee must ensure that the Board is aware of matters that may significantly impact SAICA.

BOARD COMMITTEES (CONTINUED)

Reporting to members

- The committee annually compiles a report on the work of the committee in discharging its responsibilities for inclusion in the integrated report.

Performance

- The committee must conduct an annual self-assessment of its activities and report any conclusions and recommendations to the Board.

Independent counsel

- The committee has the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

Specific duties include

- Oversee and approve the drafting of an appropriate governance framework for SAICA to be recommended for approval to the Board.
- Monitor adherence to the agreed governance framework within the SAICA structures and landscape and review SAICA's policies and practices on corporate governance.
- Conduct an annual evaluation of the CEO.
- Monitor the performance of persons serving on SAICA committee structures.
- Evaluate the actual balance of race, gender, skills, knowledge and experience on the Board.
- Give full consideration to succession planning for members of the Board.
- Assist with the process of identifying suitable candidates to be discussed with the Council and proposed to the Board.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Purpose

The primary responsibility of the committee is to assist the Board in ensuring that the Board discharges its oversight responsibilities with regard to safety, security, health, environmental, social, ethics, transformation and sustainable development matters and stakeholder relationships, in order to ensure the Institute upholds the principles of good corporate citizenship and conducts its business in an ethical and sustainable manner.

Constitution

- The chair of the committee is a Board member and is appointed by the Board.
- The committee must comprise at least three members of the Board with relevant experience.
- Members of the committee shall be appointed on the recommendation of the committee by the Board.

Meetings

- The committee shall meet at least twice a year and otherwise as required.

Reporting to the Board

- The chairman of the committee reports to the Board on matters within its duties and responsibilities.
- The chairman of the committee must ensure that the Board is aware of matters that may significantly impact SAICA.

Reporting to members

- The committee annually compiles a report on the work of the committee in discharging its responsibilities for inclusion in the integrated report.

Performance

- The committee must conduct an annual self-assessment of its activities and report any conclusions and recommendations to the Board.

Independent counsel

- The committee has the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

Specific duties include

- Social and economic development as well as transformation, including SAICA's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles.
- SAICA's standing with regard to the Organisation for Economic Cooperation and Development (OECD) recommendations regarding corruption.
- Compliance with the Employment Equity Act and the Broad-Based Black Economic Empowerment Act and their goals.
- Good corporate citizenship.
- Ensuring that SAICA's ethics is managed effectively (as recommended in principle 1.3 of the King Report on Governance for South Africa, 2009).

DIGITAL TRANSFORMATION GOVERNANCE COMMITTEE

Purpose

The primary responsibility of the committee is to assist the Board in overseeing SAICA's strategic direction and investment in digital transformation and technology. The members must ensure the planning, development, implementation, monitoring and maintenance of the overall technical aspects of the digital transformation strategy.

Constitution

- The chairman of the committee is a Board member and is appointed by the Board.
- The committee must comprise at least three members of the Board with relevant experience and an independent external IT specialist.
- The CEO may not be a member of the committee but may attend meetings by invitation.
- Members of the committee shall be appointed on the recommendation of the committee by the Board.

Meetings

- The committee shall meet at least three times a year and otherwise as required.

Reporting to the Board

- The chairman of the committee reports to the Board on matters within its duties and responsibilities.
- The chairman of the committee must ensure that the Board is aware of matters that may significantly impact SAICA.

Reporting to members

- The committee annually compiles a report on the work of the committee in discharging its responsibilities for inclusion in the integrated report.

Performance

- The committee must conduct an annual self-assessment of its activities and report any conclusions and recommendations to the Board.

Independent counsel

- The committee has the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

Specific duties include

- Assisting the Board in its tasks of evaluation and monitoring of the Digital Governance function.
- Considering IT compliance as it relates to business goals.
- Taking a holistic view of the organisation and its IT architecture (that is, both the application and infrastructure architecture), including external service providers.
- Developing an understanding of the underlying dynamics that govern changes in technology and how such changes have the potential to alter SAICA's economic outlook and balancing the organisation's short-term business needs with long-term technological investments.
- Review and comment on the execution of SAICA's Digital Transformation roadmap, ensuring that it is integrated within SAICA's strategic and business processes.
- Review, monitor and provide oversight to Digital Transformation Strategy within the parameters of the overall SAICA Strategy and SAICA budget as interrogated by the Audit and Risk Committee and as approved by the SAICA Board.
- Review and approve the IT Security Strategy as and when required.

BOARD COMMITTEES (CONTINUED)

THE GOVERNANCE REVIEW IN 2020

The Governance Review Task Team (GRTT) in Phase I was mandated to provide guidance and direction to the Board on urgent items that needed to be addressed to restore trust in the profession. The result was the changes in the governance framework as set out above.

At the time, the Board specifically asked the GRTT not to look at the disciplinary structures and process as this was to be part of the focus of Phase II of the Governance Review Process and would be conducted by the new Board.

During its consultation with members to develop its Governance Review proposal, the GRTT also identified additional matters which they suggested should be addressed in Phase II.

At its first meeting on 4 December 2019, the Board has reviewed the proposals of the GRTT for the purposes of planning its approach to Phase II of the Governance Review Process. In summary, the following approach was adopted:

- Management was tasked to develop a work plan for Phase II. This plan should be identifying all the key actions required, and it should allocate actions to responsible managers as well as provide timelines.
- The Social Ethics and Transformation Committee will review the work plan on behalf of the Board and ensure that the prioritisation of the proposals of the GRTT is appropriate.
- Progress reports on the execution of the Phase II actions will be monitored at each Board meeting.
- The Board will regularly inform members of the progress made on the Phase II objectives.

The following is a high level summary of the matters which will be attended to in Phase II:

1 DISCIPLINARY MATTERS

- Optimise procedures for speed and cost
- Consider sanctions and cost orders
- Formalise communication release process
- Any other consideration that may enhance this area

2 CONSTITUTION AND BY-LAWS

- Consider subsequent comments for general amendments
- Review the 'membership' definition and status of Accounting Technicians
- Consider if the Remuneration Policy must be a binding vote
- Alignment of the constitutions and by-laws of the regional associations

3 MEMBERSHIP STRATEGIES

- Membership value enhancement review
- Member engagement review

4 STRATEGIC PUBLIC POSITIONING

- Analysis of the future impact of digitisation and artificial intelligence
- Potential areas of SAICA leadership in the country
- SAICA's formal stance on key public issues
- SAICA's stakeholder management

It is understood that the current approach with regard to discipline does not meet the expectations of the members. The procedure for disciplinary action against members is a formal process and is found in the SAICA by-laws. Fortunately, these by-laws can be amended by the Board. The optimisation of the process and any changes to the sanctions and cost orders would therefore imply changes to the by-laws.

Changes to the by-laws would require both the development of new practices and changes to the by-laws and the formal governance processes prescribed for these. It should also be understood that numerous legal principles also come into play which work against the objectives of creating a faster and cheaper process. A total re-draft of the process is envisioned and members will be kept informed on progress with this especially important aspect of Phase II.

THE NEW SAICA COUNCIL

SAICA is a member organisation and therefore members must have a say in the governance of their Institute. As such the Council has been constituted to represent SAICA members' interests facilitated through input from the Regional Councils. The new council held its first meeting on 19 November 2019. At this meeting Mr Kobus Swanepoel was elected as the first President of the Council.

In 1980, when SAICA was established, its chief governance vehicle was a council comprising councillors appointed by each of the provincial societies (geographic representation).

In terms of the new constitution, a council elected by regional and constituency bodies represents the full spectrum of SAICA members (regional, firms, members in business, associates, interest groups etc) and serve as an advisory forum to the Board. The specific responsibilities of the council are the following:

- Serve as a consultative forum and consider, apply their minds and, at the request of the Board, provide advice to the SAICA Board on matters relating to the strategy of SAICA and the CA(SA) profession and associated designations, and where appropriate, management
- Represent SAICA members' interests facilitated through input from the regional councils and other relevant sources to the Board and management
- Provide input to the Board for the appointment of members to the Board
- Consider and award lifelong and honorary life membership to members
- Recommend changes to the professional Code of Ethics for approval by the Board

The Council meets at least twice a year.

The current composition of the Council is shown in the table below:

Composition	Names	Comments
The Council composition shall be representative of constituencies and shall consist of not more than 40 individuals, appointed as follows:		
Two members shall be appointed from time to time by the Council of the Central Region	CR de Wee J Swanepoel	
Two members shall be appointed from time to time by the Council of the Eastern Region	Akash Singh Harish Ramsumer	Elected on 8 October 2019 Elected on 8 October 2019
Two members shall be appointed from time to time by the Council of the Northern Region	TH Mbatha HI McClintock	Next election on 28 November 2019 Next election on 28 November 2019
Two members shall be appointed from time to time by the Council of the Southern Region	AAB Pheiffer S Phillip	
Two members shall be appointed from time to time by the Association for the Advancement of Black Accountants of Southern Africa (ABASA)	S Nduna TP Zondi	Not available. ABASA to nominate a candidate
One member shall be appointed from time to time by the African Woman Chartered Accountants (AWCA)	Z Khanyile	
Two members shall be appointed from time to time by the Members in Business interest group	SK Osner New	MIB to nominate a candidate (assuming there is a committee)
Two members shall be appointed from time to time by the CFO forum who are CAs(SA)	New New	To request forum to nominate To request forum to nominate
Two members shall be appointed from time to time by the Large Practices interest group	TD Shango New	Confirm availability Request SPF to nominate a candidate

THE NEW SAICA COUNCIL (CONTINUED)

Composition	Names	Comments
Two members shall be appointed from time to time by the Small and Medium Practices interest group	Faizal Suleman New	To request NSMP to nominate a candidate
One member shall be appointed by the International Members Executive Committee from time to time as a representative of international members	Resigned (position vacant since 2017)	To be filled by the new Council/Board
One member shall be appointed by an appropriate academic forum from time to time as a representative of academics	Rotated off (co-opted academia vacant since 2018)	To be filled by the new Council/Board
One member shall be appointed from time to time by the Public Sector Committee as a representative of the public sector	NA Essop	Not available. To be filled by the new Council/Board
Two members shall be appointed by associate colleges from time to time representing associates, and consisting of at least one AGA(SA)		To be filled by the new Council/Board To be filled by the new Council/Board
A maximum of five members may be co-opted to the Council	AT Knott-Craig New New New New	Not available. To be filled by the new Council/Board To be filled by the new Council/Board To be filled by the new Council/Board To be filled by the new Council/Board To be filled by the new Council/Board
The CEO shall be an <i>ex officio</i> member	SF Nomvalo	
One other member of management appointed by the Board on the recommendation of the CEO shall be an <i>ex officio</i> member of the Council	FL Lamola	

LOCAL REGIONAL COUNCILS

Central Region

The Central Region consists of the Free State, North West and Northern Cape provinces.

- President: Kobus Swanepoel
- Vice President: Conrad de Wee

The region is composed of a stand-alone Regional Council and the following representative member structures:

- Small and Medium Practices Forum
- Transformation & Growth Forum
- Tax Committee
- District Associations:
 - Bloemfontein District Association
 - Northern Free State District Association
 - North Eastern Free State District Association
 - Klerksdorp/Potchefstroom District Association
 - Magalies District Association
 - Molopo District Association
 - Kimberley District Association
 - Upington District Association
 - De Aar District Association

Eastern Region

The Eastern Region primarily consists of KwaZulu-Natal.

- President: Akash Singh
- Vice President: Zakheni Dlamini

The region is composed of a stand-alone Regional Council and the following representative member structures:

- Small and Medium Practices Forum
- Tax Committee
- Public Sector Committee
- Members-in-Business Committee
- Accountancy Profession, Transformation & Education Committee
- District Associations:
 - Durban District Practice Forum
 - Midlands District Association
 - Northern District Association
 - Southern District Association
 - Zululand District Association

Northern Region

The Northern Region consists of the Gauteng, Limpopo, Mpumalanga provinces.

- President: Nelis Van Niekerk
- Vice-President: John Stamp

The region is composed of a stand-alone Regional Council and the following representative member structures:

- Small and Medium Practices Forum
- Tax Committee
- YCAN Committee
- District Association Committees
 - Johannesburg District Association
 - West Rand District Association
 - East Rand District Association
 - Vaal District Association
 - Limpopo District Association
 - Pretoria District Association
 - Highveld District Association
 - Lowveld District Association

Southern Region

The Southern Region consists of the Western Cape and Eastern Cape.

- President: Suraya Gierdien
- Vice-President: Anine Pfeifer

The region is composed of a stand-alone Regional Council and the following representative member structures:

- Small and Medium Practices Forum
- Tax Committee
- Public Sector Committee
- Member-in-Business Forum
- District Associations:
 - Port Elizabeth District Association
 - Border-Kei District Association
 - Garden Route District Association

THE NEW SAICA COUNCIL (CONTINUED)

SAICA ENTITIES

The following table indicates the current representation on SAICA's associated entities. Given the election of the new Board in October 2019, the governance relationships with these entities are currently under review:

Board entity	Memorandum of incorporation
Thuthuka Education Upliftment Fund (TEUF)	The TEUF Board shall comprise no more than ten directors
The Hope Factory (THF)	The SAICA Board shall be entitled to nominate two members to serve on THF
SAICA Enterprise Development	The SAICA Board shall be entitled to nominate two members to serve on the SAICA Enterprise Development Board
The Wiseman Nkuhlu Trust	

CURRENT BOARD REPRESENTATION ON COMMITTEES AND COUNCILS

The following table indicates the current representation:

Committee/council	Terms of reference
SAICA Education Fund Committee (SEFCO)	One representative from the SAICA Board
CA Charter Council	

ENTITY GOVERNANCE

Certain aspects of SAICA's core activities are delivered through various entities that operate independently from the SAICA Board. These entities have their own governance structures including their own Boards of directors or trustees that have management agreements with SAICA for the use of SAICA staff and infrastructure. These agreements define governance and reporting arrangements. The members of these Boards and trustees participate on a voluntary basis as part of their commitment to transformation, employment and growth.

These independent governance structures provide effective leadership by adopting and applying good corporate governance practices in line with the principle that strong corporate governance is essential to ensure the sustainability of the projects run by each entity.

Responsibilities of these governance structures include:

- Giving secretarial mandate for major funding initiatives related to the entity's work
- Establishing and maintaining organisational structures that will ensure the carrying out of the Boards' duties
- Reviewing internal control structures, including financial controls, accounting systems and reporting
- Monitoring entity compliance with legal requirements
- Monitoring the outputs of projects in terms of stated objectives, as well as the strategic plan
- Liaising with external stakeholders and donors, should the need present
- Reviewing quarterly budgets compared to actual figures and obtaining reasons for variances as it relates to donor-funded projects

SAICA DEPARTMENTS

The Accounting Technicians South Africa (AT(SA)) project and the Professional Development Unit (PDU) are departments of SAICA with a mandate to develop, empower and deliver better skilled and qualified accounting technicians and CAs(SA) respectively into the South African economy. The AT(SA) project is governed by the Nation Building Division and the PDU by the SAICA Board and the Professional Development SAICA Committee.

THUTHUKA INITIATIVES

The **Thuthuka Education Upliftment Fund (TEUF)** is a registered public benefit organisation with a mandate to ensure a consistent flow into the economy of adequately and suitably qualified professionals representative of the country's demographics. The **Thuthuka Bursary Fund** provides financial support to historically disadvantaged students to pursue studies towards a career in chartered accountancy.

The TEUF Board is chaired by Ajen Sita and ISFAP is governed by the TEUF Board and the Ministerial Task Team on Fees (chaired by Sizwe Nxasana).

The **Ikusasa Student Financial Aid Programme (ISFAP)** aims to fast track South Africa's skills production for the 21st century by funding the higher education costs of students that come from poor and missing middle household income groups studying towards a career in scarce skills that have been identified as critical to South Africa's economic development.

ENTERPRISE DEVELOPMENT INITIATIVES

SAICA Enterprise Development was established to enhance the value of the CA(SA) profession by mobilising its contribution to SMME development through instilling financial excellence in SMMEs. SAICA Enterprise Development is 100% owned by **The Hope Factory**, a registered non-profit company and public benefit organisation. Both the SAICA Enterprise Development Board and The Hope Factory Board are chaired by EJ Carelse.

THE WISEMAN NKUHLU TRUST

The Wiseman Nkuhlu Trust has a mandate to increase the number of black professional academics and promote courageous conversations on matters of national importance that the profession can influence. The trust is chaired by Wiseman Nkuhlu.

BOARD OF DIRECTORS



TSAKANI MALULEKE
NON-EXECUTIVE CHAIRMAN

CA(SA), Registered Auditor, Postgraduate Diploma in Development and Public Management, Postgraduate Diploma in Accountancy BComm (Accounting)

Tsakani has more than 20 years' experience in the private and public sectors, spanning diverse areas including auditing, consulting, corporate advisory, development finance, investment management and skills development. She is a respected business leader with a wealth of governance experience gained through participation on numerous corporate Boards and strategic committees. She is a passionate advocate and active contributor to the growth and transformation of the accountancy profession through her work with various organisations including Business Unity South Africa, the Presidential Advisory Council on BEE, African Women Chartered Accountants, the Association for the Advancement of Black Accountants of Southern Africa (where she is a past president), as well as the CA Charter Council (where she has served as chairperson for nine years).

Tsakani currently serves as the Deputy Auditor-General and accounting officer of the Office of the Auditor-General of South Africa.

JOHAN DU TOIT SC
NON-EXECUTIVE DIRECTOR



BProc, LLB (UFS); LLM (Corporate Law) (cum laude) (UJ)

Johan is a Senior Advocate of the Johannesburg Bar and a Barrister of the Middle Temple, London. He worked as an attorney from 1979 to 1984, has been an advocate since 1984, and was awarded silk in 2006. He has served as an acting judge on occasion. Johan is a member of the Institute of Directors (SA and UK); a non-executive director of Imisebe Yethemba, an NPO serving the Alexandra community; and a non-executive director of Seraphim Financial Services (derivative traders).



BABALWA BEKWA
NON-EXECUTIVE DIRECTOR

BCom Hons (Information Systems, UCT), MBA (GIBS)

Babalwa has over 15 years' Information and Communication Technologies experience having started her career in Management Consulting and managing projects in large public sector entities and parastatals (SITA, Eskom, Transnet, Coega Development Corporation, etc). Her career further spans across banking, telecoms and the insurance industry. She is a leading light and her experience is rooted in technology strategy with her skills being innovation, digital strategy and business transformation management, digitisation including web and mobile application design, product innovation and digital marketing strategy. She is passionate about the democratisation and inclusion opportunities that technology can harness in South Africa (especially in education and training) and shares her knowledge and experience generously. This also includes an additional Board where she serves as a non-executive director in the financial services industry. Babalwa currently serves as the Head of Projects at Discovery Health.



YASMIN FORBES
NON-EXECUTIVE DIRECTOR

*MBA, Chartered Director (SA)
Lead Independent Board member*

Experienced Board director, IT industry executive with over 35 years of extensive professional expertise and significant executive leadership track record that spans across both Corporate and Civil Society. Yasmin specialises in the areas of Governance and Compliance with a focus on Information Technology. She is a Chartered Director (SA) from the Institute of Directors SA and holds a master's degree in Business Administration from Bond University, GoldCoast Australia. Before starting her own business, Yasmin worked with Technology multinationals such as WordPerfect Corp, Novell, Hewlett-Packard, Microsoft and Oracle predominately in Sales, Technical, Business Development, and Strategy. Yasmin's expertise focuses on the organisation's controls and the suitability of how those are designed to achieve the objectives in supporting and applying best business practices and compliance for optimising IT governance structures. Yasmin is the current chairperson of the Council of the University of the Western Cape.



ILSE LUBBE
NON-EXECUTIVE DIRECTOR

CA(SA)

Ilse is an Associate Professor in the College of Accounting at the University of Cape Town. She is currently a member of the Accounting Standards Board, its Technical Committee and the SAICA Public Sector Committee. She has been a member of the South African Accounting Academy (SAAA) Exco since 2013 and is the associate editor of *Accounting Education*, an international journal, and the *South African Journal of Accounting Research* (SAJAR). Ilse was responsible for the planning, registration and development of the curriculum for the new Postgraduate Diploma in Public Sector Accounting at UCT and is the programme convener since its launch in 2015. She holds the Heltasa TAU Fellowship (Teaching Advancement at University) and is the lead author of the textbook *Financial Accounting, IFRS Principles*.

BONOLO RAMOKHELE
NON-EXECUTIVE DIRECTOR



CA(SA)

Bonolo is an entrepreneur and the founder and executive chairperson of the Differentia group of companies. He is partner in charge at Differentia Chartered Accountants, a partner of Huruma Inc and part-owner of a healthcare start-up focusing on cervical cancer (Heal IT). His Board experience includes chairman of the audit committees at CJC TVET College and Matthew Goniwe School of Leadership and chairman of the finance committees at Gauteng CET College. He is a trustee of the South African National Aids Council Trust and the Treasurer General of the Black Business Council. His awards include the World Economic Forum Global Shapers Alumni and SAICA Top 35-under-35 in SA (2014).



MONICA SINGER
NON-EXECUTIVE DIRECTOR

CA(SA)

Monica was the first CEO of South Africa's Central Securities Depository (CSD), Strate, and has served on numerous Boards and in advisory positions including as the vice-president of the African Middle East Regional Association of CSDs (AMEDA), as a member of the World Forum of CSDs (WFC), Strate Charity Shares, and chaired Africa Tikkun Investment Trust for ten years. She is currently South Africa Lead for Consensys, the biggest blockchain company in the world. Monica is also a Board member of the Global Legal Entity Identifier Foundation (GLEIF) and Professor of Practice in the School of Accounting in the University of Johannesburg. Monica represents Consensys on the Accounting Blockchain Coalition (ABC) Board. ABC is defining market practices in accounting, auditing and tax for digital assets and distributed ledger technologies, including blockchain. Monica was the technical director of SAICA from 1988 to 1995. Monica has been recognised over the last 20 years with many awards, the most notable being as the first winner of the Conscious Company award in 2017.

BOARD OF DIRECTORS (CONTINUED)

PATRICIA STOCK
NON-EXECUTIVE DIRECTOR



CA(SA), Registered Auditor

Patricia has diverse governance experience gained from her non-executive and executive directorship roles. She served on the Boards of entities such as Finance and Accounting Services Sector Education and Training Authority and, Ripple Reading and she is currently a Board observer-member of the Mining Investment Company. Additionally, she served on various audit committees both as a member and as chairman (currently a chairman of the Council for the Built Environment's Audit Committee). Patricia has more than 15 years' experience in the accounting and auditing profession and is currently the CEO of AfricaRAS group. Prior to that she was an audit partner and head of transformation for BDO South Africa. She discharged various audit and audit quality assurance roles as a senior manager at the Auditor-General of South Africa and served some years at the IRBA Committee for Auditing Standards' Public Sector Standing Committee. She is passionate about people development and has the relevant SETA training related accreditations. In addition, she is a transformation specialist with an MDP: B-BBEE qualification.



REFILWE MATENCHE
NON-EXECUTIVE DIRECTOR

CA(SA)

Refilwe has extensive governance experience as the chairperson of the Health and Welfare SETA under the Department of Higher Education and Training and as a Board member of the Free State Development Corporation. She is currently a lecturer at the University of South Africa (Unisa) in the Department of Auditing and was recognised for her outstanding performance at the University of Witwatersrand, becoming a member of the Golden Key International Honour Society. Refilwe's passion for gender equality led her to found the African Women's Movement, a non-profit organisation for women professionals, and she was a finalist in SAICA's Top 35-under-35 2018 competition for her outstanding contribution towards women-empowering initiatives.

JACOBUS SWANEPOEL
EX-OFFICIO DIRECTOR



CA(SA)

Jacobus is the president of the SAICA National Council and a member of the Initial Professional Development Committee. He served as a director of the Thuthuka Education Upliftment Fund and is actively involved in professional development at different levels. He has more than 25 years' experience in the profession and has served for more than ten years on various committees of SAICA. He was appointed to the SAICA Board in July 2016.

EXECUTIVE COMMITTEE



SITHEMBISO FREEMAN NOMVALO
CHIEF EXECUTIVE OFFICER
(APPOINTED 1 FEBRUARY 2019)


Freeman is a non-executive director of various companies. He was the CEO of the State Information Technology Agency. With over 25 years’ work experience, 17 of which were at a senior level both in the public and private sectors, he was the first African and longest-serving Accountant-General of a democratic South Africa. During this time, he served on multiple public sector Boards. He led the team that drafted and presented the Audit Profession Act, 2005. He worked with 18 Caribbean Countries on the request of the Commonwealth Secretariat to develop their country governance framework. He assisted Judge Christopher R Nicholson in the committee on the ministerial probe into the financial affairs of Cricket South Africa. He recently served on the Ntsebeza Inquiry into certain SAICA members employed by KPMG South Africa during various engagements with public and/or private entities.

FANISA LAMOLA CA(SA)
EXECUTIVE DIRECTOR: CORPORATE SERVICES (2018 ACTING CEO)



Fanisa’s professional career started in 1995 at Anglo American, after which she joined JP Morgan Securities as a management accountant. She progressed to join KPMG, Polokwane Office, in the position of manager municipal finance. She later joined the Limpopo Provincial Treasury, where she worked as the provincial accountant-general. Prior to joining SAICA in May 2012, Lamola was the city manager for the City of Polokwane, a move that bolstered the city’s good governance standing and socio-political profile as she was the first female municipal manager to be appointed by the city. She served on various committees and councils, including being the chairperson of the Limpopo University Advisory Council for the School of Accounting.

CHANTYL MULDER CA(SA)
EXECUTIVE DIRECTOR: NATION BUILDING



Chantyl Mulder joined SAICA in 1999 as head of the Education and Training Division. A year later, she was tasked with crafting programmes that would assist in transforming and growing the profession in a manner reflective of the country’s race and gender realities. Through this, the Thuthuka Education Upliftment Fund was established in 2002 and its first flagship programme launched in the Eastern Cape. Also under the guidance of Chantyl, the Thuthuka Bursary Fund was established in 2005, followed by The Hope Factory in 2006 and the AT(SA) in 2010. Since inception, these initiatives have raised nearly R3 billion in independent funding. Chantyl is a former Central University of Technology council member and is currently a Walter Sisulu University council member and chair of the Finance Committee. She also sits on the HRDC’s Technical Working Group chaired by the Deputy President. The President of South Africa has also elected Chantyl to serve for another term on the Presidential Broad-Based Black Economic Empowerment Council. Through SAICA, Chantyl is currently running a R200 million project with the Department of Higher Education and Training to assist TVET colleges in the area of financial capacity-building. Chantyl was instrumental in drafting the CA Charter and leading the administrative duties associated with the Charter Council. She also served on the International Accounting Education Standards Board (IAESB) as a technical advisor when the first education and training standards were determined.



JACO SNYMAN
EXECUTIVE DIRECTOR: LEGAL AND GOVERNANCE (APPOINTED MARCH 2019)

Jaco is a recognised and experienced specialist in various areas relating to corporate governance. These include risk management, compliance, company secretariat and administration and corporate legal advisory. He obtained BA (Law) and LLB degrees from North-West University (as it is now known) by 1992. He then qualified as an attorney of the High Court of South Africa in 1995. He subsequently obtained two master’s degrees (an MBA and LLM) as part of his formal qualifications.

Prior to joining SAICA, Jaco was with Pretoria Portland Cement Company as Executive: Secretariat, Legal, Risk and Compliance. He has also worked with Absa Bank in its Corporate Finance Division and as Head of Legal.



DEVELOPING RESPONSIBLE LEADERS

PART IV

PERFORMANCE

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DEVELOPING

RESPONSIBLE

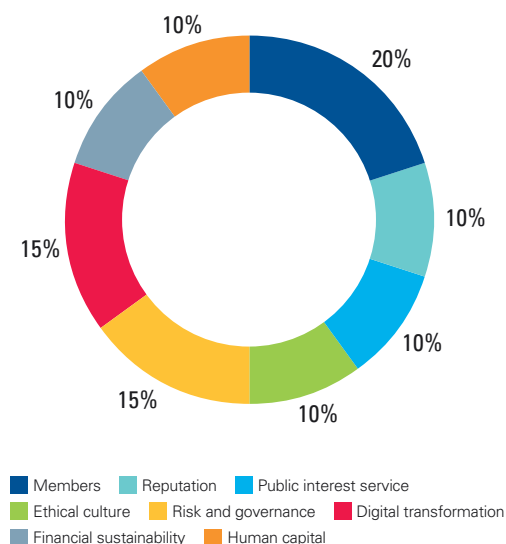
LEADERS

2019 PERFORMANCE AGAINST STRATEGY

SAICA'S ACTIVITIES EACH YEAR ARE GUIDED BY THE BOARD-APPROVED TARGETS AND INITIATIVES ESTABLISHED IN THE ANNUAL SCORECARD. THESE ACTIVITIES AIM TO ACHIEVE PERFORMANCE OBJECTIVES SET AT THE START OF THE YEAR THAT SUPPORT DELIVERY ON THE STRATEGIC PILLARS, EITHER DIRECTLY OR BY ENHANCING THE INSTITUTE'S OPERATIONAL EFFICIENCY. AT THE END OF THE YEAR, SAICA'S ANNUAL PERFORMANCE IS MEASURED AGAINST THE TARGETS SET IN THE SCORECARD. EXECUTIVE MANAGEMENT COLLATES THE PERFORMANCE SCORES AND THE FINAL SCORES ARE ASSURED BY THE EXTERNAL AUDITORS AND REVIEWED BY THE REMUNERATION COMMITTEE AND APPROVED BY THE BOARD

The scorecard comprised eight categories weighted as shown in the graphic.

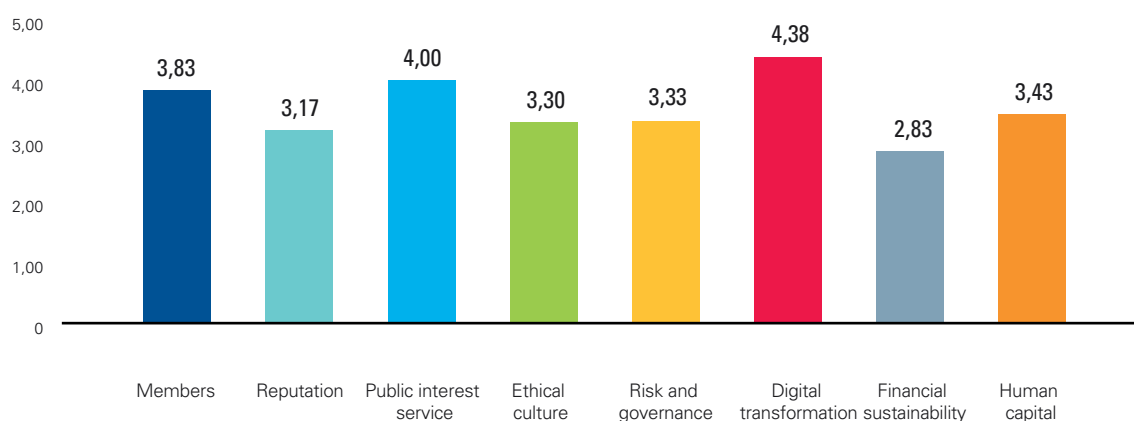
2019 scorecard



Each scorecard category is given a score from 1 (far below expectations) to 5 (far exceeds expectations) and these scores are weighted according to the category weights to yield an overall score for the year. In 2019, SAICA achieved a performance rating of 3,60 out of 5, compared to 3,67 in 2018.

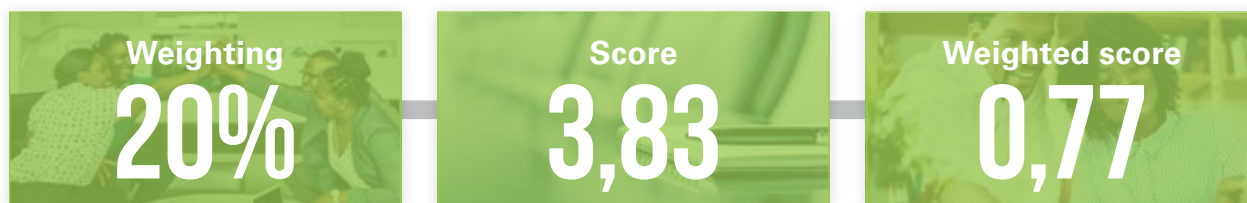
Performance out of 5 for each of the scorecard categories is shown in the graph below.

Performance per scorecard category 2019



MEMBERS

Key achievements in 2019



The CA(SA) competency framework and SAICA's revised Continuing Professional Development (CPD) Policy were both delivered and approved ahead of schedule. Both the framework and policy were benchmarked to the IFAC's international education standards. Approval of these critical documents is the result of extensive international and local consultation by SAICA with experts in the field of education. These documents serve as the springBoard to ensure that current and future CAs(SA) remain relevant and take leadership in the ever-changing markets they serve.

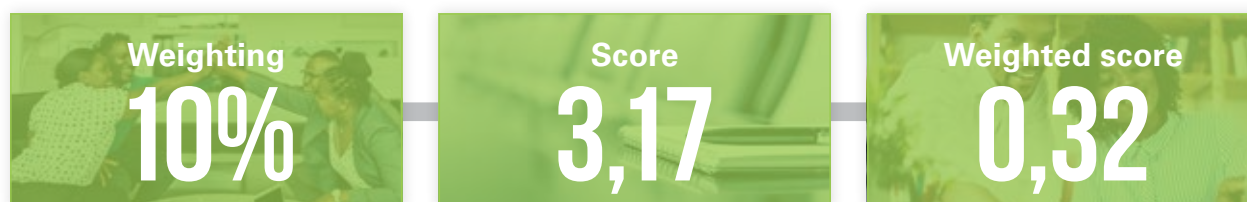
While effective implementation will take time, the early approval of these crucial documents enabled SAICA to make significant progress in implementation across the membership base. The main focus was on re-educating members regarding their continuing professional development obligations under the new CPD policy through various engagement and communication activities. These activities aimed to engender an appreciation for the importance of lifelong learning in support of the fundamental principles of professional competence and due care enshrined in SAICA's Code of Professional Conduct.

SAICA continues to increase its presence in the national accounting education landscape and within the public and private sectors. In 2019, an additional 14 universities of technology achieved SAICA accreditation to offer the AGA(SA) qualification and 57 public sector institutions (including 26 Technical and Vocational Education and Training (TVET) Colleges) were accredited to offer the AT(SA) qualification. The University of Venda also achieved SAICA accreditation for its undergraduate programme and all six historically disadvantaged universities are now accredited to provide the SAICA-accredited Bachelor of Commerce (BCom).

2019 PERFORMANCE AGAINST STRATEGY (CONTINUED)

REPUTATION

Key achievements in 2019



In 2018, the SAICA Board commissioned an external reputation management company to develop a detailed reputation management plan to restore the reputation, credibility and trust of the CA(SA) profession and SAICA. The initiatives in the plan formed the basis of a Board-approved crisis communication strategy, the success of which was dependent on, amongst other things, effective stakeholder engagement informed by the principles set out in the reputation and stakeholder engagement strategy.

SAICA's CEO engaged in a range of stakeholder interactions to promote the reputations of SAICA and the profession, including multiple media sessions, engagements with regulators and other industry stakeholders. He also participated in the Daily Maverick's Business Against Corruption event, the Nation Building Summit at LeaderEx, the Finance Leaders Forum and the CFO Forum.

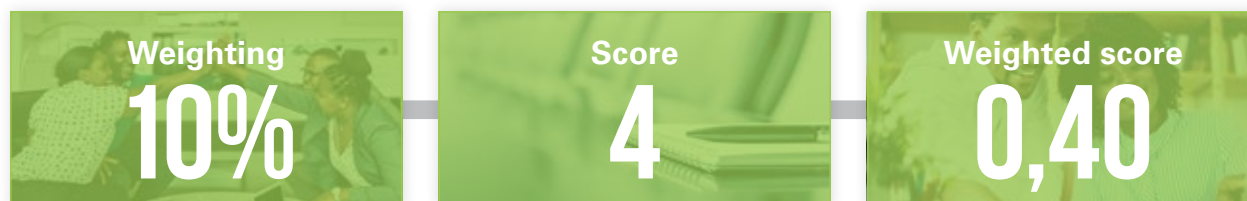
Other key stakeholder engagement activities included extensive consultation with members and other constituencies on the governance reforms proposed by the Governance Review Task Team (GRTT). These engagements enabled the approval of the GRTT's recommendations, the appointment of the new SAICA Board and the review of the constitution and by-laws in relation to the review of SAICA's disciplinary process.

Engagements with members at events and roadshows across the country continued, with a focus on addressing member dissatisfaction regarding their interactions with SAICA and to position and obtain support for the proposed changes to the SAICA constitution.

While good progress was made during the year, we acknowledge that further stakeholder engagement is required to ensure that stakeholders have a positive view of the public interest profile of the accountancy profession.

PUBLIC INTEREST SERVICE

Key achievements in 2019

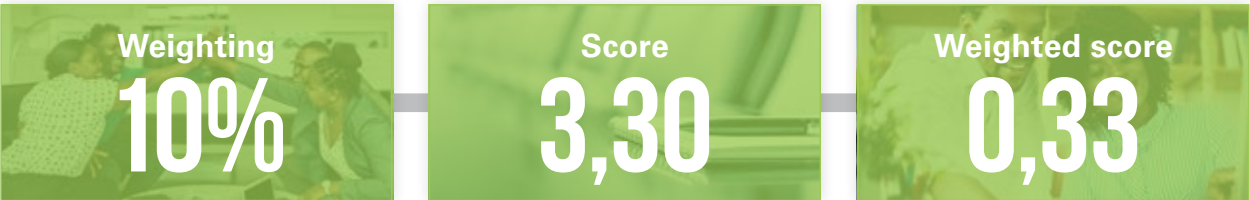


The accountancy profession in South Africa recognises its critical role in creating value and has always contributed time and other resources to projects that contribute to solving the challenges facing South Africa and the world. SAICA's stated purpose of developing responsible leaders acts as a continuous challenge for the Institute, practitioners and firms to acknowledge that our work has an impact that extends beyond business and into society as a whole. SAICA's inaugural SDG report was published in November 2018 and the second report in December 2019.

The stories in these reports show how the accountancy profession lives its purpose every day through projects implemented by SAICA, corporate firms and individual members, and showcase the contribution the profession makes to achieving the SDGs. The second report was recognised by IFAC as a Thought Leader in this area.

ETHICAL CULTURE

Key achievements in 2019



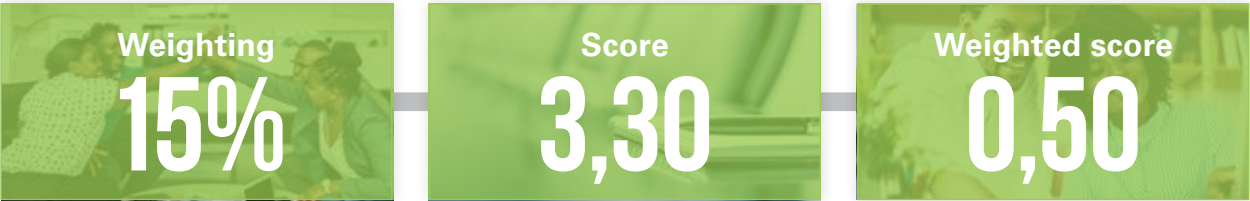
SAICA's initiatives to ensure an ethical culture within the profession include educating members regarding their professional obligations in terms of the Code of Professional Conduct (the Code) and other regulations, as well as monitoring member compliance in this regard.

Workshops were held during 2019 to educate members on the revisions to the Code, including a joint workshop with the Independent Regulatory Board for Auditors (IRBA) in all provinces. Various articles were published in *Accountancy SA* and SAICA continued engagement with members regarding their professional obligations. SAICA collaborates with the Ethics Institute to reinforce the importance of ethical behaviour among members.

A centralised compliance monitoring unit within SAICA was established towards the end of 2018 and the unit ensured that 41 300 members declared compliance to the 2018 CPD obligations.

RISK AND GOVERNANCE

Key achievements in 2019



The recommendations of the GRTT arising from SAICA's governance review were approved by the SAICA Board and by a 75% majority of members at our AGM in June. Members also approved the transitional arrangements. Constitutional changes automatically triggered a by-law change which was unanimously approved at the first meeting of the Board following the AGM. The new Board was appointed at the SGM on 23 October 2019 and a Board remuneration fee structure was adopted. The Board sub-committees and SAICA Council were constituted by the end of 2019, ahead of the original deadline of 31 March 2020.

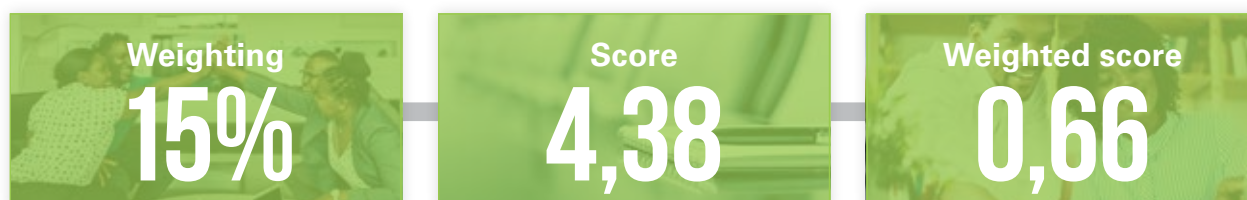
In line with the recommendation of the GRTT, the new Board will be responsible for approving the by-laws relating to the disciplinary processes, which has been deferred to 2020.

SAICA's revised Enterprise Risk Management policy and framework were approved by the Board in September 2019 and staff were trained by the end of 2019.

2019 PERFORMANCE AGAINST STRATEGY (CONTINUED)

DIGITAL TRANSFORMATION

Key achievements in 2019



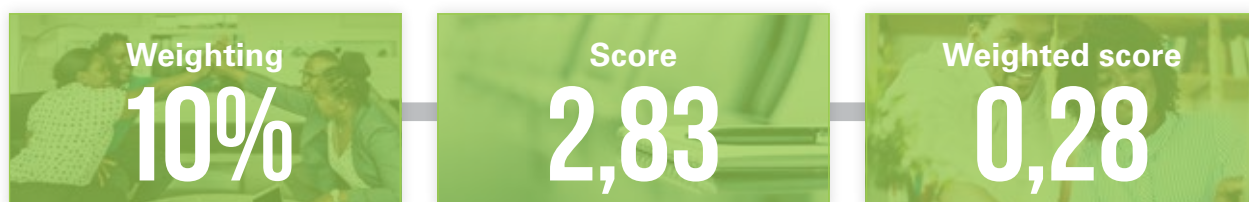
Work continued on the development and implementation of the Ushintsho programme, a critical enabler of SAICA's Digital Transformation, and all Stage 1 project targets were met. Stage 1 focused on:

- Case management functionality (query management)
- Member data management functionality
- Development and delivery of a web-based member portal to support this functionality, and
- Data migration and system integration of the new CRM to iMIS

Deployment of the member portal to SAICA members (a critical milestone to enable greater member satisfaction) took place in October 2019. Stage 1.5, used as a discovery phase for Stage 2, commenced in October 2019. Effective implementation of Stage 1.5 will ensure the successful initiation and delivery of Stage 2.

FINANCIAL SUSTAINABILITY

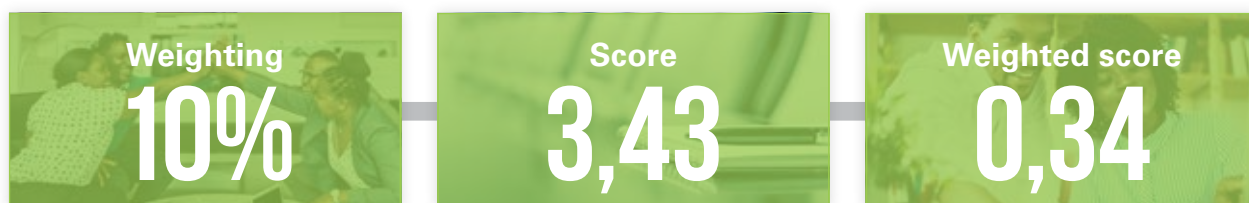
Key achievements in 2019



SAICA exceeded its reserves policy target of R129 million, ending 2019 with a cash reserve of R266 million. The Institute continued to convert prospective members into members through targeted engagement initiatives to promote the value of membership.

HUMAN CAPITAL

Key achievements in 2019



SAICA leadership talent and succession bench strength was established during 2019. In addition, an employee engagement benchmark was set at 67%. The skills development operating model and employment equity forum was established.

We will continue to focus on building a leadership brand that attracts the best calibre candidates and enhancing the performance culture while linking it to reward and recognition to enable an environment where people are engaged to serve and grow as individuals.

2020 SCORECARD

The rapidly changing strategic landscape further required a revision of the original 2019 strategy and the Board chose to rather select areas of priority than to change the strategy completely.










The initial SAICA strategy 2019–2023 was first developed in early 2019. This strategy initially featured six strategic pillars.

The 2019–2023 strategy was reviewed in 2020 due to rapidly changing environmental circumstances and were streamlined to four strategic pillars:

- Member value
- Relevance and reputation
- Growth and transformation
- Internal efficiencies

Thought leadership is now included in member value and quantifiable social contribution is now included in relevance and reputation. Sustainability issues are under both member value and internal efficiencies (which now forms the fourth pillar).

2019 strategic pillars

- 1 Continued **relevance of the accountancy profession**** 
- 2 Delivering better **member value** and offerings that will see our members remain relevant and in high demand in the marketplace**  
- 3 **Growth and transformation** of the accountancy profession, in terms of race and gender, and in line with the overarching national agenda** 
- 4 Growing the Institute's **thought leadership** standing, both locally and internationally, through technical excellence and a more robust stakeholder engagement focus**   
- 5 Making a **quantifiable social contribution** through nation-building initiatives, thereby contributing to the global Sustainable Development Goals (SDGs)** 
- 6 **Sustainability** of the profession through the attraction and retention of new members** 

2020 strategic pillars

Member value

Delivering better member value and offerings that will see our members in high demand in the market place

Relevance and reputation

Continued Relevance of the accountancy profession and the creation of an ethical culture within the accountancy profession

Growth and transformation

Growth and transformation of the accountancy profession in terms of race and gender and in line with the overarching national agenda

Internal efficiencies

The enhancement of internal efficiencies and effectiveness so that the Institute can better serve its stakeholders

Strategic pillar	SAICA strategic objectives	Performance objectives	Weight
MEMBER VALUE Delivering better member value and offerings that will see our members in high demand in the market place	Ensure financial sustainability	<ul style="list-style-type: none"> Achieving budgeted surplus (SAICA) Healthy solvency and liquidity ratios 	30%
	Ensure the premier status and value of the profession for the members	<ul style="list-style-type: none"> The profession is accessible Employability – Our members convincingly demonstrate employability attributes Our members occupy leadership roles in business and in society Our members are seen as inspirational Strong brand <ul style="list-style-type: none"> The profession has business value (trust is restored) The profession is admired SAICA is a reputable organisation that drives well-respected brands (CA, AGA, AT). These brands must be visible and differentiated in the market place both locally and internationally. All members understand and buy in to the need and relevance of belonging to a professional body A membership body which has developed a shared set of professional competencies. Professional competence is knowledge, skills, attitudes and values. These competencies include: <ul style="list-style-type: none"> Professional skills and values (ethics, lifelong learning, citizenship) Enabling competencies (decision-making, business acumen, digital acumen, relational acumen), and Technical competencies Member satisfaction <ul style="list-style-type: none"> Members satisfied with member experience and service Improved member reach Members are satisfied with the member value proposition 	
RELEVANCE AND REPUTATION Continued Relevance of the accountancy profession and the creation of an ethical culture within the accountancy profession	Enhance trust and credibility of the profession in the economy and society	<ul style="list-style-type: none"> Members are living the principles of the Code of Professional Conduct, and where they are not, appropriate action is taken (integrity) There is integrity among members and they are employable Members are socially conscious (focus is broader than on just deriving profit from an entity) 	25%
	Promote common interest of members and associates nationally and internationally	<ul style="list-style-type: none"> Strong and effective advocacy initiatives among a wide range of stakeholders which enable SAICA to influence key policies and decisions in the public interest (Advocacy – member views are taken into account in policy changes affecting the profession) A membership body who has developed competencies that are relevant and in line with the changing world, for example the CA of the future 	

SAICA SCORECARD (CONTINUED)

Strategic pillar	SAICA strategic objectives	Performance objectives	Weight
GROWTH AND TRANSFORMATION Growth and transformation of the accountancy profession in terms of race and gender and in line with the overarching national agenda	Grow and transform the profession	<ul style="list-style-type: none"> The profession has presence in all schools that offer mathematics to drive improved mathematics results to increase pipeline Increased number of accredited training and higher education providers for all SAICA designations SAICA is seen as owning the education and training landscape Candidates who are already in the pipeline are successfully exiting the processes (reducing drop-outs at every level) SAICA is responsive to all matters relating to transformation inside and outside the profession and timeously addresses these matters as they arise. The Institute also influences transformation agendas in other professions 	25%
INTERNAL EFFICIENCIES The enhancement of internal efficiencies and effectiveness so that the Institute can better service its stakeholders	Work quicker, qualitatively better and more efficiently Empower, engage human capital to create an engaged and transformed organisation	<ul style="list-style-type: none"> Governance: compliance with King IV principles, where applicable, and the SAICA constitution and by-laws (all constitutional documents) Risk management: ERM maturity level 4 Efficient and effective procurement policy No significant internal or external audit deficiencies ('clean reports') Efficient and effective implementation of digital environment Employee development and retention of critical talent through focused development programmes; All vacancies, especially at a leadership level, filled Improved performance management practices across all levels thus informing fair and valid rewards as per Remuneration Policy Transparent reward programme that focuses on SAICA values and improved culture Appropriate employee value proposition Engaged employees SAICA is B-BBEE Level 4 	20%

2019 REMUNERATION REPORT

SAICA remuneration strategy

SAICA’s remuneration philosophy is to attract and retain the requisite talent by offering market-related remuneration in order to execute SAICA’s strategy effectively. A large portion of our remuneration structure is made up of a competitive, fixed-total guaranteed package. This is due to the nature of the industry we operate in, the image and reputation we have to uphold as a professional body, and the core professional skills we have to employ to execute our strategy. This is complemented by variable short-term incentives (STIs) that drive performance and ensure alignment between business strategy and employee contributions. Our endeavours to attract and retain the appropriate skills go beyond offering competitive remuneration and include other non-financial benefits such as a staff wellness programme to support our philosophy of having a holistic approach to the attraction, retention and engagement of our staff.

Policy principles

Various key principles shape SAICA’s remuneration policy, including the following:

Rewarding for performance outputs

This forms the basis for guaranteed pay differentiation, salary adjustments and short-term incentive pay-outs. The weighted average score, which takes into account organisational, divisional and individual performance, is used to apply the performance-based remuneration principle. ManCo, at its meeting held on 6 July 2018, resolved to revise the weighted average per job grade and to submit the proposed changes to RemCo for consideration. RemCo at its meeting held on 26 September 2018 resolved to recommend for approval by the SAICA Board the proposed changes to the Rewards and Remuneration Policy which *inter alia* included the changes to the weighted average per job grade. The Board at its meeting held on 26 September 2019 resolved to approve the amendments to the Rewards and Remuneration Policy. The table below indicates the revised weightings applied for the various employee groups for company, division and individual performance in order to calculate the overall weighted score:

Designation and job grade	SAICA score %	Divisional score %	Individual score %
CEO	100	0	0
Executive Directors (Grade 3)	80	20	0
Senior Executives (Grade 4)	50	50	0
Project Directors (Grade 5–6)	20	40	40
Project Managers (Grades 7)	10	35	55
General Staff (Grades 8–16)	5	30	65

The above table demonstrates the principle that the organisational weighting score increases at higher levels in the organisation, commensurate with the level of responsibility.

Minimum performance score requirement

A minimum of 3,50 (out of 5,00) organisational performance is a requisite for any pay-outs under the short-term incentive programme. A minimum overall weighted average score of 3,00 is required for an employee to qualify for any incentive pay-out.

The Human Resource and Remuneration Committee (RemCo) annually reviews the policy to ensure that its outcomes and practices motivate the requisite employee performance towards the achievement of organisational objectives.

2019 REMUNERATION REPORT

(CONTINUED)

Role of benchmarking

Benchmarking and position in the market

In order to ensure that we remunerate employees fairly and responsibly, SAICA reviews its salary scales annually to enable sound remuneration decisions during its salary review process. This takes place in April each year taking into account salary movements in the national market. We make use of the services of an independent credible remuneration consultancy firm to provide benchmark data of the national market (where our skills are recruited from and where we potentially lose our skills to) against which SAICA benchmarks itself. This data is used to adjust the developed pay scales annually.

For positions between project manager level (junior management) and unskilled, the salary scales are anchored at market median.

The salary scales for executive director level (top management) to project director level (middle management) are anchored at median plus 20% in order to attract and retain employees of a high calibre to lead the organisation and implement the long-term strategy of SAICA. Retention at this level is critical for the organisation for sustainable performance and these roles have a direct line of sight and responsibility in terms of performance against organisational goals. The remuneration mix discussed in the next section is also an important consideration in setting fixed and variable remuneration.

The quanta of the performance bonuses paid are also benchmarked against the identified market to inform our short-term incentive scheme programme.

Elements of remuneration

The on-target bonus percentages that individuals could qualify for, modified by the overall weighted score, are reflected in the table below. Different percentages are set for different levels of employees in line with the principle of 'line of sight'. Those with a more direct influence and responsibility for company performance will have a higher on-target percentage than those with a limited line of sight.

CEO	Executive director	Senior executive	Project director	Project manager	Coordinators and administrators	Clerical staff
Max 28%	Max 28%	Max 23%	Max 18%	Max 11%	Max 10%	Max 8%
Min 25%	Min 25%	Min 20%	Min 15%	Min 8%	Min 7%	Min 5%

Link between STI scheme and company performance

As explained above, STIs are only paid when the annual organisational score is above 3.5 (out of 5). This organisational score is a measure of company performance against Board-approved annual strategic objectives and outcomes. The outcomes are balanced between financial and strategic metrics (such as leading-edge technology, showcasing the value of the profession and encouraging people competencies). By rewarding employees using a weighted average score from the balanced scorecard, SAICA strongly links delivery on its strategic objectives not only to STIs, but also to annual salary increases.

IMPLEMENTATION OF REMUNERATION POLICY

Before deciding on the salary increases and short-term incentives for the 2019 financial year, the Board considered the following:

- Overall organisational performance in 2019 (the organisational score for 2019, as evaluated by SAICA's external auditors and approved by the Board, was 3,60)
- A SAICA-defined inflationary adjustment
- Potential impact of COVID-19
- Downgrade of South Africa's sovereign credit rating
- Potential macro-economic impact
- Potential impact of the above on members

Short-term incentives in 2020

The Board decided not to pay short-term incentives after considering the above.

Salary increases in 2020

The Human Resources and Remuneration Committee considered the above factors and resolved to recommend for Board approval an overall increase in the salary of 4,6% for employees of Level 7 and junior.

Executive remuneration disclosure

In line with King IV, below is a disclosure of SAICA executives' salaries. The table below shows the executives' salaries (in R'000) using the single figure view.

Category	Names	Base salary R'000	Benefits (pension) R'000	STI R'000	LTI	Other R'000	Total R'000
CEO	Freeman Nomvalo – 11 months	4 218	–	–	N/A in FY 2019	–	4 218
Executive directors	Fanisa Lamola	2 343	210	–	N/A in FY 2019	96	2 649
	Chantyl Mulder	2 530	285	–	N/A in FY 2019	–	2 815
	Jaco Snyman – 10 months	2 043	156	–	N/A in FY 2019	–	2 199

COMMITTEE REPORTS

The following reports relate to the previous Board sub-committees which were replaced by the new committees following the appointment of the new Board at the Special General Meeting of members which was held on 23 October 2019.

REPORT OF THE AUDIT AND RISK COMMITTEE

Audit and Risk Committee responsibility

The Audit and Risk Committee (ARC) has complied with its responsibilities arising from SAICA's constitution and by-laws. The ARC has also reviewed its terms of reference in 2019 with several amendments made and has regulated its affairs and discharged its responsibilities as contained therein. The ARC sufficiently covered the scope of the agreed work plan in discharging its responsibilities. The ARC is accountable to the Board and has an oversight function for matters reported below.

Other Board sub-committees, which supported the ARC in matters relating to risk and governance oversight, include the Digital Transformation Governance Committee (DTGC), Finance Committee (FinCo), Human Resources and Remuneration Committees (HR/RemCo) and Governance Committee (GovCo).

The ARC has not received any complaints relating to the external audit of SAICA, the content or auditing of its annual financial statements, and integrated report.

Forensic report

In October 2017, allegations were made regarding irregularities committed by some employees of SAICA. PwC was appointed to investigate these allegations and to report back to the ARC. The forensic report was finalised during 2018. SAICA's internal auditors have performed a follow-up on the implementation of the recommendations made by PwC. There has been full implementation by management of agreed actions and some are in progress of implementation. Management is in the process of initiating disciplinary, legal or criminal proceedings against the individuals concerned where required.

The external auditors were provided a copy of the final follow-up report for consideration with their scope of work. Management of SAICA is continuously implementing controls to avoid any future recurrence.

External audit

The ARC is satisfied with the independence and objectivity of the external auditors. The ARC reviewed the annual audit plan and considered the scope and fees to be paid to the auditors. The ARC reviewed and pre-approved all non-audit services in line with the SAICA policy for non-audit services to ensure that independence of auditors is upheld.

Internal audit

The ARC considered the internal audit plans and reports and made recommendations as appropriate. In addition, the ARC monitored progress with the internal audit coverage plans as well as management's follow-up on matters requiring attention. The performance of the outsourced internal audit function was evaluated by ARC and found that the internal auditors operated objectively and independently. The ARC is directly responsible for the appointment (subject to Board ratification), compensation, retention and oversight of the outsourced internal audit function. The ARC was satisfied with the internal quality review of the internal audit function. The ARC considered and recommended the reviewed Internal Audit Charter for approval by the Board. The following internal audit engagements were completed during the year under review:

- Revenue Management
- Expenditure Management
- Procurement Management
- Human Resources Follow-up Audit
- Project Assurance: Project Ushintsho
- General Controls Review
- Member Competence & Leadership Development
- Member Compliance, Disciplinary & Engagement
- Follow-up Review: Forensic Investigation
- Enhancing Combined Assurance Processes within SAICA

The ARC also considered the IT governance as part of the risk governance oversight function of which feedback from Digital Transformation and Governance Committee was presented at the quarterly meetings. In addition, the outcome and management's follow-up actions on the internal audit Project Assurance: Project Ushintsho and the General Controls Review were reviewed and followed up on.

Combined assurance and risk management

The ARC was satisfied with the progress in the implementation of the approved Enterprise Risk Management (ERM) Policy and Framework to effectively drive the risk culture and improve the control environment. ARC reviewed the consolidated strategic risk reports and detailed operational risk reports where appropriate. These risk registers were updated by management with the emerging risks that affect SAICA. The review was to assess the robustness and resilience of SAICA's internal processes for identifying, evaluating, mitigating, monitoring and responding to threats inhibiting the successful attainment of strategic goals and realising stakeholder value.

The effectiveness of internal controls was assured through the combined assurance model which identified various levels of assurance provided by management, SAICA's risk and compliance division, internal specialists, internal auditors, external auditors and external advisers. In addition, the ARC received assurance from entity Boards and Board sub committees on the effectiveness of the risk management processes relevant to their portfolios. The ARC monitored the mitigation of control weaknesses and levels of non-compliance. The ARC reviewed the outcome of all assurances including that of internal audit presented before it and noted that some deficiencies in the system of internal control, including deviations from it, were reported by the internal auditors and external auditors. As such the ARC found that the system of internal control was partially adequate and partially effective, however with the noted improvement for the year under review.

COVID-19 presents risks unprecedented to the organisation. Management has performed an assessment on the impact of COVID-19 in achieving fair presentation on the financial statements. The development and spread of this virus happened in 2020 and does not provide evidence of a condition that existed at 31 December 2019 and therefore is considered a non-adjusting event.

Legal and regulatory requirements

The ARC reviewed the procedures for identifying and mitigating legal and regulatory risks that could have a material impact on the business of SAICA and was satisfied with the assurances provided by management and other assurance providers regarding compliance with the legal and regulatory requirements.

The ARC noted a compliance report at every quarterly meeting. The compliance monitoring system has been strengthened to ensure that there is frequent review against the compliance universe and the compliance reports indicated that there is an acceptable level of compliance by SAICA with statutory and regulatory requirements.

The ARC was satisfied with all assurances presented before it regarding fraud and ethics and the reports obtained from the whistleblowing hotline in relation to concerns about possible improprieties in matters of financial and sustainability reporting, or non-compliance with laws and regulations.

Finance function

The ARC is satisfied with the leadership expertise and skills of the previous Acting Senior Executive: Finance (CFO) and the newly appointed CFO, in the discharge of their duties and responsibilities of ensuring that assets of SAICA are safeguarded and sustainability goals are achieved. Further, the ARC is satisfied with the staffing and resource allocation of the finance function in ensuring that accounting practices are effective. The new CFO was appointed on 01 December 2019.

Annual financial statements

We concur that the adoption of the going concern premise in the preparation of the financial statements is appropriate. The committee reviewed and has recommended the 2019 Annual Financial Statements be included in the Group Annual Financial Report for approval to the Board. The Board has approved the financial statements on 16 April 2020, which will be open for discussion at the Annual General Meeting.

Integrated report

The committee reviewed the content of the integrated report ensuring it is presented in accordance with the International <IR> Framework and has recommended it for approval to the Board. The Board has approved the SAICA Annual Integrated Report on 16 April 2020, which will be open for discussion at the Annual General Meeting.

COMMITTEE REPORTS (CONTINUED)

External Auditor's Report

ARC concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the external auditors.

Members and attendance

The ARC held three meetings during the 2019 financial year. A new SAICA Board was appointed at a Special General Meeting on 23 October 2019 and as a result the previous ARC members, excluding independent non-Board members, resigned with immediate effect. The ARC is satisfied with the composition, required knowledge and skill of the members and that all members are independent non-executive members. Since there was a change in the composition of the ARC as a result of the appointment of the new Board, the ARC did not conduct self-assessment for the period under review. The table below outlines the current and previous ARC members' meeting attendance:

Members	Portfolio	Term started	Term ended	Total
P Stock	Chairman	23/10/19	–	1/1
B Bekwa	Non-executive Board member	Appointed to serve on ARC at the Board meeting of 4 December 2019	–	–
R Matenche	Non-executive Board member	23/10/19	–	1/1
BD van Dyk	Previous chairman	1/07/17	23/10/19	3/3
C du Toit	Independent Board member	13/07/17	18/06/19	1/1
V Motholo	Independent non-Board member	3/07/18	–	3/3
MSA Paruk	Independent non-Board member	1/04/ 2010	31/03/19	Not applicable as resignation was before the first ARC meeting of 2019
V Ngobese	Independent non-Board member	3/07/18	–	1/3
A Pheiffer	Independent Board member	3/07/18	23/10/19	1/2
DT Shango	Independent Board member	13/07/17	23/10/19	1/2
K Singh	Independent Board member	4/08/16	23/10/19	1/2

Ms Patricia Stock CA(SA)

Chairperson of the Audit and Risk Committee
SAICA

DIGITAL TRANSFORMATION AND GOVERNANCE COMMITTEE (DTGC) (RETAINED IN THE NEW GOVERNANCE STRUCTURE)

About the committee

Since its formation, the DTGC has been pivotal in driving SAICA's digital transformation objective, which focuses on ensuring that SAICA has enhanced integrated thinking capabilities, supported by credible data and systems, as an enabler to achieve its business mission. This is especially important regarding the experience of members when interacting with SAICA.

Key value-creating activities for 2019

As previously reported, the Ushintsho Programme is SAICA's digital transformation initiative that aims to improve member experience, provide a comprehensive view of the SAICA value chain and drive business process efficiency by:

- Implementing a state-of-the-art customer relationship management (CRM) system
- Replacing legacy applications with the new CRM system
- Integrating current applications, and
- Migrating data from legacy systems to the new CRM system

Besides improving internal efficiencies, one of Ushintsho's main aims is to ensure that members benefit by providing them with a seamless and faster service experience with SAICA regarding:

- Queries
- Membership applications and updates
- Access to member accounts online payments
- Member profile updates, and
- Allowing members to have a bird's eye view of the status on all personal queries and notes to SAICA

Digital Transformation Governance Committee (DTGC) attendance at meetings held during 2019

Members	Portfolio	Term started	Term ended	Total
Y Forbes	Chairman	23 October 2019 But only appointed lead independent member at the Board meeting of 4 December 2019	–	1/1
B Bekwa	Non-executive Board member	23 October 2019 But only appointed DTGC Chairman at the Board meeting of 4 December 2019	–	1/1
B Ramokhele	Non-executive Board member	23 October 2019	–	1/1
P Tsibolane	Independent Board member	15 December 2017	–	4/4
S Osner	Outgoing chairman	1 July 2015 as Board member, 1 July 2017 as DTGC Chairperson	23 October 2019	3/3
CR De Wee	Non-executive Board member	1 July 2017	23 October 2019	1/3
A Knott-Craig	Non-executive Board member	1 Jan 2018	23 October 2019	3/3
S Phillip	Non-executive Board member	1 July 2016	23 October 2019	3/3
B vav Dyk	Non-executive Board member	1 July 2014	23 October 2019	1/3
J Swanepoel	Non-executive Board member	1 July 2016	23 October 2019	1/3
SF Nomvalo	Executive Board member	–	–	3/4
F L Lamola	Executive Board member	–	–	3/4

COMMITTEE REPORTS (CONTINUED)

FINANCE COMMITTEE (NOT INCLUDED IN THE NEW GOVERNANCE STRUCTURE. ITS RESPONSIBILITIES ARE NOW A FUNCTION OF THE EXECUTIVE COMMITTEE)

About the committee

The purpose of the Finance Committee (FinCo) was to provide assistance to the Board in discharging its financial oversight responsibilities over SAICA, the Thuthuka Education Upliftment Fund, SAICA Enterprise Development and any other entity under the control or management of the SAICA secretariat.

Strategic value

The Finance Committee played an important part in advancing SAICA's financial sustainability objective, by providing oversight and strategic advice. A key aspect of its responsibilities was to ensure that the budgets approved were in line with the SAICA strategy and could therefore put SAICA in the best position possible to achieve its priorities.

Financial delegations of authority

In 2018 the FinCo reported on the project to close gaps in the internal control processes. It was further stated that the project may result in the revision of the delegation of authority. The Board consequently approved a new Board delegation of authority in 2019.

Finance Committee (FinCo) attendance at meetings held during 2019

Members	Portfolio	Term started	Term ended	Total
MA Khan	Chairman	1 July 2015	23 October 2019	3/3
CR d e Wee	Non-executive Board member	1 July 2017	23 October 2019	2/3
FL Lamola	Non-executive Board member	1 July 2014	23 October 2019	3/3
V Maharaj	Non-executive Board member	15 December 2017	23 October 2019	1/3
L Mjaji-Mbatha	Non-executive Board member	September 2017	23 October 2019	1/3
SF Nomvalo	Non-executive Board member	14 February 2018	23 October 2019	3/3
S Onsner	Non-executive Board member	1 July 2015	23 October 2019	3/3
DT Shango	Non-executive Board member	1 July 2017	23 October 2019	2/3

GOVERNANCE COMMITTEE (IN THE NEW STRUCTURE THIS COMMITTEE HAS BEEN COMBINED WITH THE NOMINATIONS COMMITTEE OF THE BOARD)

About the committee

The Governance Committee (GovCo) provided assistance to the Board in fulfilling their responsibility to the members of SAICA and other stakeholders by monitoring and recommending to the Board corporate governance principles to apply to the Institute and reviewing ongoing developments and best practices affecting SAICA.

The key value-creating activity for 2019

The committee provided input into the governance review process which resulted in the adoption of the new constitution on 26 June 2019. This new constitution effectively replaced the previous governance framework.

Governance Committee (GovCo) attendance at meetings held during 2019

Members	Portfolio	Term started	Term ended	Total
NE Essop	Chairman	1 July 2015	23 October 2019	2/2
V Maharaj	Non-executive Board member	7 September 2017	23 October 2019	2/2
S Nduna	Non-executive Board member	15 April 2019	23 October 2019	1/2
Z Khanyile	Non-executive Board member	13 April 2018	23 October 2019	2/2
TP Zondi	Non-executive Board member	1 July 2014	23 October 2019	1/2

HUMAN RESOURCES AND REMUNERATION COMMITTEES (THIS COMMITTEE HAS BEEN COMBINED IN THE NEW STRUCTURE)

About the committees

The Human Resources and Remuneration committees (HR and RemCo) oversee the overall governance of human capital management at SAICA and provide the Board with assurances in this regard. Also key among the committees' functions are recommending to the Board a developed human resource and remuneration strategy and supportive policies for the acquisition, management and retention of human capital in accordance with statutory regulations, governance requirements and best practice. The committees are also responsible for recommending a remuneration policy based on best practice to ensure that SAICA remunerates all employees fairly and responsibly to the Board.

Strategic value

The committees ensure that through enhanced collaborative leadership, human capital development and the attraction and retention of highly qualified and high-performing employees, SAICA remains able to deliver on its objectives.

Human Resources Committee (HRC and RemCo) attendance at meetings held during 2019

Members	Portfolio	Term started	Term ended	Total
NA Essop	HRC Chairman and RemCo member	Appointed as member of HR Committee and member of Remuneration Committee on August 2016 and as the Chairman of HRC/RemCo on 3 July 2018	23 October 2019	2/3
HI McClintock	HRC/RemCo member	13 July 2017	23 October 2019	3/3
TH Mbatha	HRC and RemCo member	13 February 2018	23 October 2019	2/3
P Kruger	Independent HR/RemCo specialist	Appointed as a Remuneration specialist on 20 November 2014 and appointed on 25 November 2015 as HR Specialist	20 August 2019	1/1
TP Zondi	RemCo member	1 July 2015	23 October 2019	2/3
MA Khan	RemCo member	3 April 2014	23 October 2019	2/3
AAB Pheiffer	HRC member	3 July 2018	23 October 2019	1/3
K Singh	RemCo member	4 August 2016	23 October 2019	1/3
P Seokane	Independent HRC member	1 June 2016		1/3

NomCo

Members	Portfolio	Term started	Term ended	Total
LL Bam	Chairman	4 August 2016	23 October 2019	1/2
MA Khan	Member	4 August 2016	23 October 2019	2/2
HI McClintock	Member	13 July 2017	23 October 2019	2/2
SF Nomvalo	Member	1 February 2019		1/2
ZP Khanyile	Member	13 April 2018	23 October 2019	2/2
J Swanepoel (Kobus)	Member	19 October 2017	23 October 2019	2/2
T Maluleke	Chairman (new)	23 October 2019		–
J du Toit	Member	23 October 2019		–
M Singer	Member	23 October 2019		–

COMMITTEE REPORTS

SetCo Committee

Members	Portfolio	Term started	Term ended	Total
J Du Toit	Chairman	23 October 2019		–
Y Forbes	Member	23 October 2019		–
K Swanepoel	Member	23 October 2019		–
R Matenche	Member	23 October 2019		–
I Lubbe	Member	23 October 2019		–

* SetCo had no meetings in 2019

ACCOUNTING PRACTICES COMMITTEE

Introduction

The purpose of the APC is to be the leading African financial reporting technical body for stakeholders in the areas that affect financial reporting, with a view to improving financial reporting in South Africa, Africa and globally. In order to fulfil its purpose, the APC aims to play a leadership and influential role by staying informed of developing trends, developing guidance where necessary, making proactive and reactive submissions on all relevant pronouncements and legislation that affect financial reporting, communicating to and educating SAICA members and business leaders, and working with relevant stakeholders to address financial reporting issues in South Africa, Africa and globally.

This report on the activities of the APC for the calendar year 2019 is prepared and presented in accordance with the terms of reference of the committee.

Membership and meetings

In accordance with the APC terms of reference, membership of the APC comprises 15 voting members and a chairperson. The APC is chaired by Professor Ahmed Mohammadali Haji and the deputy chairperson is Blaise Colyvas. Two appointments were made to the APC during 2019 and with those appointments, the APC was fully capacitated.

The APC met four times. In addition to the four meetings, the APC hosts sub-committee meetings during the year to discuss proposed pronouncements. To this end, six sub-committee meetings were hosted during the year.

An extractive activities interest group was established during the year and the working group members met once during 2019. This working group will be providing input to the extractive activities project.

Ethics in financial reporting

In fulfilling its purpose, the APC agreed during 2018 to consider and discuss any ethical issues faced by members operating within financial reporting environments that would support SAICA in implementing its ethics strategy. These discussions are ongoing.

Commenting on proposed pronouncements

A key role of the APC is commenting on the proposed pronouncements issued by the International Accounting Standards Board (IASB) and other relevant local and international standard-setting bodies. To this end, the APC commented on the following proposed pronouncements during 2019:

- ED 392 – Onerous Contracts: Cost of Fulfilling a Contract: Proposed Amendments to IAS 37
- ED 394 – Proposed Amendments to the IFRS Foundation Due Process Handbook
- ED 395 – Annual Improvements to IFRS® Standards 2018–2020
- ED 396 – Reference to the Conceptual Framework: Proposed Amendments to IFRS 3
- ED 397 – Amendments to IFRS 17. The APC worked jointly with SAICA IFRS 17 working group in formulating this submission
- ED 398 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction: Proposed Amendments to IAS 12
- ED 399 – Disclosure of Accounting Policies: Proposed Amendments to IAS 1 and IFRS Practice Statement 2

- ED 400 – DRAFT SMEIG Q&A 35.1 – IFRS for SMES® Standard: Section 35 – Transition to the IFRS for SMES, ISSUE 1 – Application of the Undue Cost or Effort Exemption for Investment Property on Transition to the IFRS for SMEs Standard

Publication of guidance

Circular

- The APC updated Circular 4/2018 – Headline Earnings for IFRS 16 – Leases

Frequently Asked Question (FAQ)

- The purpose of this FAQ was to address various accounting questions relating to the consolidated financial statements of South African reporting entities with interests in Zimbabwean reporting entities. To track the economic developments and the accounting implications thereto in Zimbabwe, two versions of the FAQ were published during the year, with the first version issued during May 2019 and subsequently updated during September 2019. The APC continues to monitor developments to determine whether a need exists to further revise the FAQ.

SAICA seminars and events

APC members continue to play a key role in the delivery of SAICA seminars and events. APC members participated in over 80% of the SAICA financial reporting seminars hosted during 2019.

MEMBERS IN BUSINESS (MIB) TECHNICAL COMMITTEE

Introduction

MiB Technical has established the following member structures: the Banking Project Group, Insurance Project Group, Investment Management Project Group, Medical Schemes Project Group, Retirement Funds Project Group and the National MIB Forum. This enables us to service our members in business and to play a leadership and influential role by keeping members informed of developing trends, developing guidance where necessary and making proactive and reactive submissions on all relevant pronouncements and legislation that affect financial and regulatory reporting and working with relevant stakeholders to address financial and regulatory reporting issues in South Africa, Africa and globally within the said industries.

Membership and meetings

The interest groups are made up of the relevant industry preparers, regulators and auditors. They meet three times a year and on an *ad hoc* and need basis and sub-committees are formed. Currently there are two sub-committees, being the SAICA Basel Task Group, which meets on a monthly basis and the IFRS 17 Working Group, which meets three times a year.

Technical resources

Resources developed to assist members to provide guidance for members during 2019 include:

General

- Research: Current and future relevance of the profession
- Comment letter: COFI Bill

Banking Industry

- Illustrative Revised Macro-Prudential Foreign Exposure Return
- Illustrative BA 501 Reports
- Illustrative Mutual Banks Act Reports (Parts A–F)
- Foreign Operations (BA 610 returns) – Revised Illustrative Regulatory Reports A–H

Insurance Industry

- Engaged the PA on the industry concerns around Joint Audit Engagements for Insurers
- Submission of a comment letter: Amendments to IFRS 17 and Industry Letter to the IASB on Tax related to the fulfilment of insurance contract services

COMMITTEE REPORTS (CONTINUED)

Medical Schemes Industry

- 2019 Medical Schemes Accounting Guide
- Submission of a comment letter: Circular No 6 of 2019: Classification of and reporting on Administration Services – Core vs Supplementary Services

Retirement Funds

- Regulation 28 Retirement Fund Reports
- Schedule D Retirement Funds Audit Reports

LEGAL COMPLIANCE COMMITTEE

Introduction

The purpose of the Legal Compliance Committee (LCC) is to act in the public interest, with integrity, objectivity, professional competence, due care, confidentiality, and in compliance with all relevant laws. The objectives of the LCC are achieved in a collaborative effort through constructive stakeholder engagement. The committee provides leadership and guidance on effective and proposed codes, legislation and regulations (laws) to SAICA and its members.

The 2019 year in review

Meetings

The committee met four times during 2019 and meetings were well attended.

Pro-active screening of the regulatory landscape

The LCC monitored progress on a number of laws that may potentially affect members. This process requires members to continuously screen a variety of sources to ascertain if and where there are new developments on the regulatory front. Where appropriate, the committee provided comment on the following:

- Companies Amendment Bill
- Amendments to the JSE Listings Requirements
- Conduct of Financial Institutions Bill

Guidance

The committee discussed and updated the guides set out below to ensure that the content aligns with regulatory developments:

- Retention of Records Guide
- Regulatory Reporting Duties Guide
- Duties of Commissioner of Oaths Guide

Membership

The LCC had eleven members during 2019, comprising representatives from small, medium and large audit firms, academia, business and the legal profession, as well as subject matter experts. The LCC has a diverse balance of members with respect to gender, ethnicity, culture and geographic spread. The chairperson rotated and three vacancies arose during the year. A new chairperson was elected and the process to fill the vacancies commenced.

Stakeholder engagement

Representatives from the LCC attended a workshop at the Department of Trade and Industry on the Companies Amendment Bill and participated in the comment process. The Companies and Intellectual Property Commission (CIPC) was engaged in a roundtable and other fora to discuss topical matters pertaining to the Companies Act, 2008 such as the calculation of the Public Interest Score and the Compliance Checklist issued by the CIPC. Research was also conducted to obtain an international perspective on some of the topics in conjunction with a member survey. The expectation is to implement the findings in the form of proposals to the CIPC to enhance the legislation in the public interest.

The LCC had the invaluable opportunity to engage with a representative from the Competition Commission on interpretation and practical application of the Competition Act. The committee issued an information piece to members on the amendments that became operative during 2019.

2020 outlook

We expect the release of the Companies Act Amendment Bill during 2020 as well as amendments to the Schedules of the Financial Intelligence Centre Act 2001 affecting members who are accountable institutions. Amendments to the Auditing Profession Act 2005 were introduced to cabinet on 13 December 2019 and progress will be monitored. The LCC will continue to guide its members and engage with key stakeholders to achieve its purpose.

The LCC is looking forward to communicating with members throughout the year in the form of webcasts and articles on topical matters. Promulgation of pending legislation permitting, the LCC will be working proactively to issue guidance and update existing guides where change is needed.

Conclusion

I would like to thank all the committee members and the SAICA secretariat. SAICA's Juanita Steenekamp provided liaison and oversight in 2019, aided by Nonceba Xinti and Viola Sigauke, and continued to work with enthusiasm and professionalism. Their contributions are invaluable and I look forward to working with them in the evolving regulatory eco-system in 2020.

All attendees are busy professionals with multiple competing demands. I thank the attendees for having given generously and uncomplainingly of their time. I appreciate and recognise their contribution and effort.

Wishing the Board and staff at SAICA, all our members and stakeholders a prosperous 2020.

Carla Budricks

Chair, Legal Compliance Committee

COMMITTEE REPORTS (CONTINUED)

ETHICS COMMITTEE

Introduction

The purpose of the Ethics Committee is to provide leadership and guidance on ethics-related matters to SAICA and its members. The committee has three main areas of responsibility, being:

- Maintenance of the Code of Professional Conduct for Chartered Accountants
- Monitoring, considering and addressing emerging ethical issues relevant to the public interest or in the interest of SAICA members, and
- Provision of leadership on behalf of SAICA in ethics-related communication, education and guidance

The committee congratulates all the newly elected Board members and our new chairman, Tsakani Maluleke. On behalf of the Ethics Committee members we warmly welcome the fresh perspectives and energy the new Board will bring and wish the entire Board every success in their role, guiding and contributing to the success of SAICA and we look forward to their support and valued contributions.

This report on the activities of the Ethics Committee for calendar year 2019 is prepared and presented in accordance with the terms of reference of the committee.

The 2019 year in review

2018 was a difficult year for SAICA with a number of corporate scandals and enquiries having taken place. The old Code of Professional Conduct (the Code) was restructured and updated with an emphasis on improving user-friendliness and it will assist those responsible for disciplinary actions by setting out the professional requirements more clearly. In the wake of corporate scandals involving Eskom, KPMG and others, SAICA established a new compliance unit and a more independent Board with new leadership. 2019 was a year of looking back and being brutally honest about the work required to address the concerns of members, many of whom felt that the Institute had taken too long to act and had not done enough. The storms calmed and there was much reflection and engagement with the public and membership, and we began a year of rebuilding and reinforcing the strong CA(SA) brand and SAICA reputation.

The committee set itself the following goals for 2019:

- Continue to offer and promote relevant ethics training and awareness relating to the new Code, sessions that were to be more practical and relevant to the membership
- Contribute to the SAICA brand by being an enabler of high quality comments to exposure drafts and other related requests to contribute meaningfully to standards on the local and international stage
- Evaluate the performance of the committee and its members, and measure the successes, contributions and dedication to achieving its objectives
- Conduct further outreach with our stakeholders where relevant for greater influence through communication, education and collaboration in serving our members, our brand and the public interest
- Monitor any local needs in terms of improving ethical practice and identify the need to create and implement local standards accordingly and proactively when appropriate

Membership

We are currently well represented with 13 members on our committee. Five members are Public Accountants in Business (PAIBs), two members are technical experts, four members are from large, medium and small firms, one is from academia, and one represents the public sector.

The Ethics Committee has a diverse balance of members with respect to gender, ethnicity, culture and geographic spread.

Three members from firms were re-elected to serve a second term on the Ethics Committee.

The current chairperson is serving his final year, having served for four terms. His term will end on 21 March 2021 and a new chairperson will need to be nominated and selected for the 2021 year.

Exposure draft and other commentaries

The committee continued its important work reviewing and, where required, compiling response letters to exposure drafts issued by the International Ethics Standards Board for Accountants (IESBA). The committee reviewed and provided commentary on the following exposure drafts during 2019:

- Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised), comments issued June 2019
- Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants, comments issued October 2019
- Amendments to the IRBA Code dealing with second opinions – reviewing and noting changes
- Proposed Amendments to the IRBA Code of Professional Conduct (Revised November 2018): Registered Candidate Auditors – reviewing and noting changes

Assisting the secretariat

On request, the committee provided advice dealing with various ethical dilemmas raised by SAICA membership.

Outreach advocacy and networking

Juanita Steenekamp attended the International Ethics Standards Board for Accountants meetings in New York from 18 to 20 September, networking with the IESBA staff, Board members, technical advisors and their chairman, Stravos Thomadakis. The exposure gained at these meetings and attendance should be encouraged as it ensures the committee remains at the forefront of changes to the standards.

Training activities

- The Code of Professional Conduct for Auditors was a joint SAICA and IRBA event – a very high-quality training session, attendance was good, and the training was also made available on webcast. This was hosted at SAICA in April 2019.
- The chairman was invited to GIBS Business School in July as part of a panel discussion on the future of ethics in the profession. The audience addressed were young, up-and-coming CAs(SA), including Chief Financial Officers and young leaders.
- The Code of Professional Conduct training for SAICA members ran from 3 June to 28 June 2019 and took place in Cape Town, Port Elizabeth, Johannesburg, Pretoria and Polokwane.
- The release of an Ethics training webcast by Professor Jimmy Winfield proved very engaging and successful.
- Another very successful training event with excellent evaluation scores was the Protection of Personal Information Act (POPIA) training, which ran from 5 August to 3 September 2019 and covered Cape Town, Durban, Johannesburg and Bloemfontein as well as being placed on webcast. This was an important event to inform our members of how to prepare and implement processes to ensure compliance with the requirement to protect personal information that is collected in accounting or audit practices as well as for businesses collecting information for operational and trading purposes. Feedback indicated the training was practical and enjoyable.

Articles published by committee members in *Accountancy SA* magazine include:

- The importance of changes to the Code of Professional Conduct (Michael Dorfman) – April 2019
- Long association changes (Hannes Myburgh) – April 2019
- Holding out and why it is a problem (Henriette Scholtz) – August 2019
- Fundamental principles – the importance thereof and the conceptual framework (Daniela Coetzee) – August 2019
- Referral fees – what needs to be considered (Les Montja) – September 2019
- What changes are there to safeguards? (Uli Schackermann) – November 2019

COMMITTEE REPORTS (CONTINUED)

Successes

- A number of articles published in *Accountancy SA* and other awareness initiatives received very positive evaluations.
- The standard of training material and feedback was extremely good.
- Committee evaluations received were positive.
- Printing, releasing and distributing thousands of desk copies of the newly released Code of Professional Conduct handbooks for members to drive awareness.
- The Technical Advisor to the Vice Chairman of IESBA was a regular and contributing attendee at our committee meetings and we thank Saadiya Adam for her valued input.
- The technical director of IESBA, Ken Siong, thanked the chairman for writing about the newly released Code and for raising awareness about it in South Africa.

The year ahead

The Ethics Committee has a lot of work ahead in 2020, with the pending release of the following further exposure drafts and standards that will require updates to the local code by IESBA and SAICA:

- Revisions to part 4B of the Code to reflect terms and concepts used in ISAE 3000 revised
- Fees Exposure Draft – fee dependency and level of audit fees
- Provision of non-assurance services to an audit client

Conclusion and appreciation

I would like to thank all the committee members and the SAICA secretariat for a productive 2019.

SAICA's Juanita Steenekamp serving as the secretariat ably assisted the committee, aided by Nonceba Xiniti and Viola Sigauke, all of whom continued to provide us with enthusiastic and professional assistance. We look forward to your further assistance, your energy and your efforts are also appreciated.

We also thank those that attended our meetings from IRBA by invitation: Imran Vanker and Saadiya Adam, your contributions to the meetings were insightful and are valued.

Alicia Daniels for her time as she kept the committee informed on disciplinary trends.

All attendees are busy professionals with multiple competing demands on their time. I thank them for giving generously and uncomplainingly of their time, their contribution and effort is recognised and appreciated.

Michael Dorfan

Chairman, Ethics Committee

ASSURANCE GUIDANCE COMMITTEE

Introduction

The SAICA Board, in terms of its Delegation of Authority Framework, has delegated its powers and authority on assurance matters to the Assurance Guidance Committee (AGC) as the official technical body of the Board. Assurance in this context refers to audit and review of financial statements and other assurance and related services engagements. The AGC operates to support SAICA's vision, mission and overall objectives. The activities of the AGC are guided by its terms of reference.

Purpose of the committee

The AGC was established to create a forum to focus on the assurance practitioner constituency of SAICA's membership, in the context of issues that concern members within the assurance profession and in the assurance standard-setting processes. The objectives of the AGC are to:

- Create value for the assurance practitioner constituency of SAICA's membership by identifying challenges they are facing and proposing solutions to these challenges
- Be involved with, and influence and contribute to, the development of pronouncements relating to assurance and related services issued by local and international standard-setting bodies
- Facilitate communication with the Independent Regulatory Board for Auditors (IRBA) and other regulators on assurance and related services matters when required, and
- Enhance the quality of all assurance-related guidance issued by SAICA. This excludes guidance on subject matters and topics in respect of which pronouncements are ordinarily issued by the IRBA for registered auditors.

Committee composition and meeting attendance

We are currently well represented with 14 members on our committee. Six members represent the small and medium practices constituency. Both the chairman and vice-chairman are part of this constituency. One member is a consultant in the audit and assurance space, four members are from the large firms and two members are from academia. One member is a representative from the Auditor-General South Africa.

Both the current chairman and vice-chairman are serving their final year having served for three terms as members of the committee. A new chairman and vice-chairman will be nominated and appointed for the 2021 year.

During 2019, the AGC met four times: 19 February; 15 May; 13 August; and 14 November. The average attendance for the year was 87%.

Successes

The purpose of the AGC is outlined in the terms of reference, which were strategically drafted in aligning the objectives, as described above, with the objectives of the SAICA Board. This directed the AGC in making the following key contributions:

Solutions for challenges facing assurance members

In 2019, the AGC continued to engage with the IRBA's Inspections Department on matters relating to the inspections process and inspection findings. Matters of common concern for SAICA's assurance members and the IRBA's Inspections Department are discussed in a constructive manner with the aim of improving audit quality for the profession at large.

Contributions to the development of local and international assurance and related pronouncements

The International Auditing and Assurance Standards Board (IAASB) commenced with their project to revise the quality control standards in 2017. This quality control project was a focus area of the AGC in 2019 because of the pervasive effect that the new and revised requirements will have on all practices using the IAASB's standards. Practitioners were encouraged to closely monitor the progress made and be proactive in providing feedback to SAICA on any comments that they may have, even before the exposure drafts were officially issued for comment. The AGC formed a Reference Group in this regard.

COMMITTEE REPORTS (CONTINUED)

The IAASB issued the Exposure Drafts for Quality Management at the Firm and Engagement Level, Including Engagement Quality Reviews (Quality Management Exposure Drafts) in 2019. These were the flagship comment letters for the year, with the AGC reaching out as widely as possible to interested stakeholders in formulating a response due to the broad implications of the proposed changes. SAICA submitted the comment letter on the Quality Management Exposure Drafts on 1 July 2019.

In addition, AGC Project Groups were co-ordinated and comment letters submitted for the following:

- Consultation Paper on Extended External Reporting Assurance (submitted on 20 June 2019)
- The IAASB's Proposed Strategy for 2020–2023 and Work Plan for 2020–2021 (submitted on 4 June 2019)
- Proposed International Standard on Related Services 4400 (Revised), Agreed-Upon Procedures Engagements (submitted on 15 March 2019)

The AGC participated in the IRBA Task Groups for the Revised Guide for Registered Auditors: Engagements on Legal Practitioners' Trust Accounts; the Guide for Registered Auditors: Joint Audit Engagements; the IRBA Staff Audit Practice Alert 3: The Audit Implications of International Financial Reporting Standard 15, Revenue from Contracts with Customers, as well as the Task Group for the Alignment of CFAS Pronouncements to the Revised Code (November 2018).

In addition, AGC Project Groups were co-ordinated and comment letters submitted for:

- The Proposed SAAPS 4 (Revised 2019): Letters of Specific Inquiry to the Entity's External Legal Practitioner regarding Litigations and Claims involving the Entity (submitted on 14 June 2019)
- The Proposed Guide for Registered Auditors: Assurance Engagements on Fresh Produce Agents' Trust Accounts (submitted on 28 February 2019)
- The Proposed SAAPS 3 (Revised 2019): Illustrative Reports (submitted on 28 February 2019)
- The Proposed Revised Guide for Registered Auditors: Assurance Engagements on Financial Service Providers' Separate Accounts (S19(3)) and Reporting Requirements (S19(4)) of the FAIS Act (submitted on 27 February 2019)

In response to the public consultation on the proposed amendments to the JSE Listings Requirements, the AGC submitted comments to SAICA to inform the comment letter submitted to the JSE Limited relating to Item 14 of the JSE Consultation Paper. This relates to the Chief Executive Officer's and the Financial Director's responsibility statement wherein they are required to state that the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements. This comment letter was submitted on 30 August 2019.

Collaboration with other SAICA committees

The auditing profession is affected by developments and advances in other fields, including financial reporting frameworks, ethics, legislation and taxation. The AGC collaborated with other SAICA committees in providing input to form an appropriate response on assurance related matters that emerged.

Improvement of the quality of assurance and related guidance material issued by SAICA

The improved professional and co-operative relationships with both the IRBA Standards and Inspections Departments continued to strengthen and contributed immensely to the successes achieved. The AGC continued to monitor matters arising from monitoring findings and other in-practice challenges to inform this part of the AGC's work plan. In addition to the nine frequently asked questions (FAQs) that were issued in 2017 and 2018, the AGC commenced drafting an FAQ on dealing with testing the completeness assertion from an appropriate source. This FAQ was issued in February 2020. The FAQs address topical issues related to common inspections findings.

The AGC continued facilitating the contribution of technical articles to *Accountancy SA* to raise awareness and transfer knowledge relating to assurance and related changes experienced in the profession.

Challenges

A significant challenge faced by the AGC related to devising a plan to appropriately respond to calls to restore confidence in the auditing and assurance profession. Another task that remains relates to proactively engaging with relevant government departments to clarify the framework and parameters in which professional accountants and specifically assurance providers are able to engage.

Focus areas for 2020

The impact of the Quality Management project of the IAASB will result in significant changes to several standards, which are expected to be issued in 2020. In addition, ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, a foundational standard to auditing as it contains the requirements relating to the process for identifying and assessing the risks of material misstatement, was approved and issued by the IAASB in December 2019. The AGC recognises the need to continue to assist SAICA and IRBA to communicate the impact of the changes arising from the new and revised requirements to assurance providers and facilitate the imparting of the technical knowledge to implement the changes when they become effective.

Another key objective for the year ahead is to continue to engage with the IRBA Inspections Department to continue working towards a common understanding of the requirements of the auditing standards, with the joint aim of further improving audit quality.

Conclusion

I wish to express my appreciation to the members of the AGC, the various project groups, the IRBA Standards and Inspections Departments and the SAICA Secretariat; namely the SAICA Standards: Audit and Assurance team, for their commitment and support in achieving the objectives of the AGC. I look forward to another successful year of tackling the developments in the profession and addressing challenges that arise, thereby achieving the objectives of the committee.

Juané Schreuder

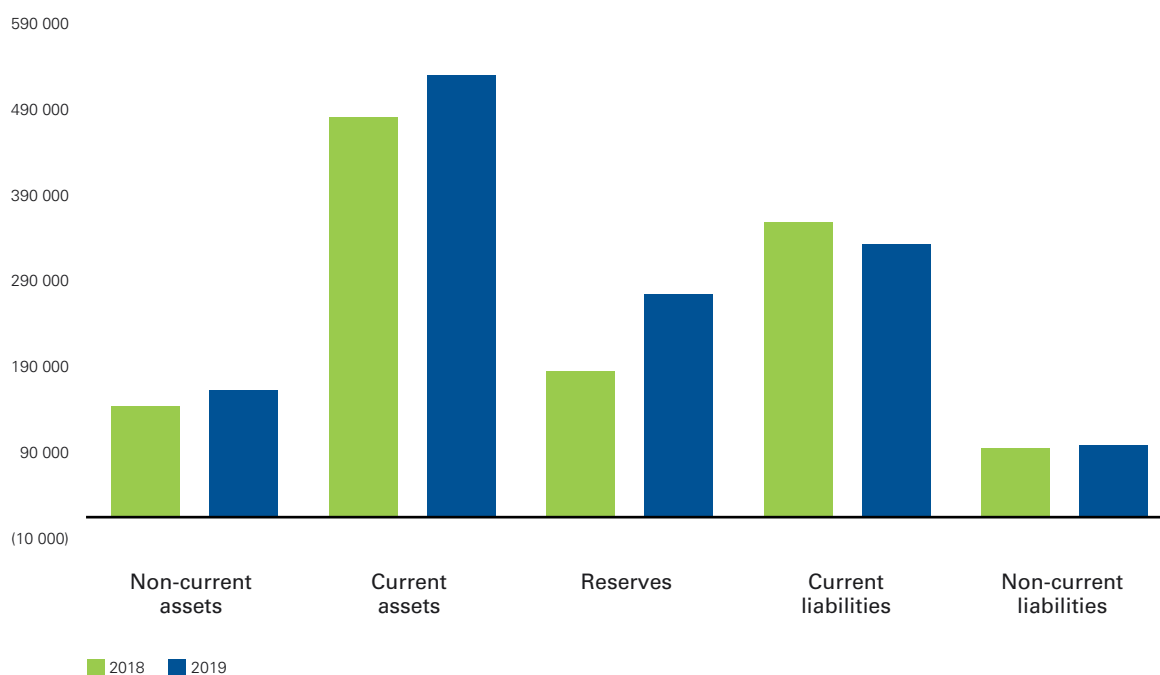
Chair, Assurance Guidance Committee

2019 SUMMARY FINANCIAL INFORMATION

Financial position

SUMMARISED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

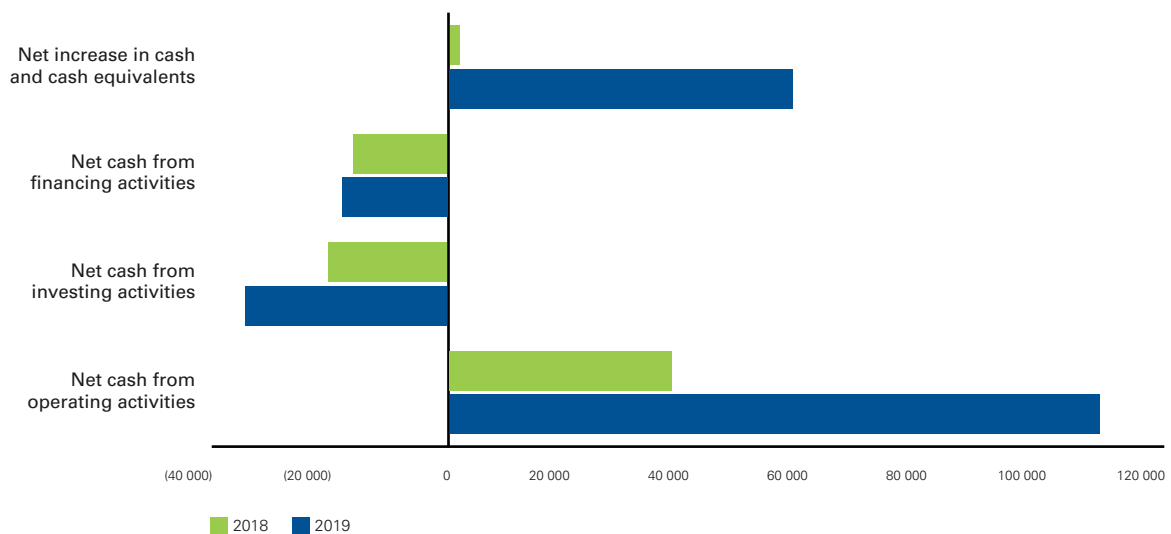
	GROUP 2019 R'000	GROUP 2018 R'000	CHANGE %
Assets			
Non-current assets	147 263	128 660	14
Current assets	514 491	465 339	11
Total assets	661 754	593 999	11
Reserves and liabilities			
Reserves	260 151	170 436	53
Non-current liabilities	83 585	80 220	4
Current liabilities	318 018	343 343	(7)
Total reserves and liabilities	661 754	593 999	11



Cash flows

SUMMARISED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	GROUP 2019 R'000	GROUP 2018 R'000	CHANGE %
Cash flows from operating activities before working capital changes	89 715	(6 015)	1 592
Working capital changes	(7 132)	22 061	132
Cash generated by operating activities	82 583	16 046	(415)
Net finance income	26 474	21 275	(24)
Net cash from operating activities	109 057	37 321	(192)
Net cash from investing activities	(33 895)	(19 983)	(70)
Net cash from financing activities	(17 649)	(15 776)	(12)
Net increase in cash and cash equivalents	57 513	1 562	(3 582)
Cash and cash equivalents at beginning of the year	336 757	335 195	–
Cash and cash equivalents at the end of the year	394 270	336 757	(17)



2019 SUMMARY FINANCIAL INFORMATION (CONTINUED)

Income statement

SUMMARISED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	GROUP 2019 R'000	GROUP 2018 R'000	CHANGE %
Revenue	441 078	380 373	(16)
Other income	551 501	534 439	(3)
Expenses	(918 239)	(929 715)	1
Operating surplus/(losses)	74 340	(14 903)	599
Net finance income	15 239	9 496	(60)
Other gains/(losses)	136	(608)	122
Surplus for the year	89 715	(6 015)	1 592
Other comprehensive income for the year	–	–	–
Total comprehensive (losses)/income for the year	89 715	(6 015)	1 592

