



SAICA AGM

Questions received from
members during the AGM on
31 May 2024



SAICA

DIFFERENCE
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Dear member,

The questions below were received from members during the AGM on 31 May 2024. These questions could not be answered during the meeting, due to time constraints.

The questions have now been answered by the relevant executives.

Members who have further questions for the Board, are welcome to send them via email to AGM@saica.co.za

ACCELERATED MEMBER VALUE

What is SAICA doing to change the narrative that SAICA is for CAs(SA) which is reflective in the speeches delivered today by the leadership who are constantly referring to CAs(SA) but not AGAs(SA) and ATs(SA)?

Thank you for this question. Interestingly, your question is interlinked to the one below, and it would be remiss to address this question without also double-clicking on the issue of youth and vice versa.

As SAICA, we acknowledge that we need to increase our focus on AGA(SA) and AT(SA). This requires a cross-functional approach, and we refer to this topline in the revised Corporate Strategy 2024 – 2028, under the second pillar of Attractiveness & Transformation.

Here you will see initiatives that speak to pipeline growth, continuous improvement to the competency frameworks, etc.

From a Brand and Marketing perspective, these are some of the initiatives we have started rolling out:

- We have started to include AGA(SA) and AT(SA) in our marketing collateral, including branding elements – this allows us to maximise our limited marketing budget, whilst enabling the other two designations to benefit from the halo of CA(SA).
- We have also developed an end-to-end youth strategy, encompassing all three designations. A big focus of this strategy is on expanding on “Why SAICA,” beyond the CA(SA), by creating awareness/visibility and educating young people about the benefits and value of the other two designations as well. The campaign launched in June, and we encourage you to please stay tuned to our socials to like and share, so that we can spread the word together.
- We have also pulled together Integrated Go-To-Market (IGTM) plans specifically to promote the AGA(SA) and AT(SA) designations. This campaign will be implemented in phases, with the youth campaign serving as the segway.
- Strategically, a big part of the Integrated Brand and Marketing strategy underpinned by the revised Corporate Strategy 2024 – 2028, is research on a future-fit brand architecture to future-proof all our designations. We are still in the initial stages of this exciting project.

Why is the expense of our Accountancy SA (ASA) magazine halved this year? Is electronic vs printed the only reason?

Thank you for this question. If possible, please may you kindly refer us to where you picked up this decline. We suspect that you might be mistaking this for the revenue figure, which is what we have reported on.

With that, we will address the declining revenue. This is driven by ongoing declines in our advertising revenue. One of our major focuses for the magazine in 2024 is the revamp project, which aims to inject new life into the magazine and create new revenue opportunities. We are still in the planning and development stages, and we will be sure to share progress with all members as we roll it out. If you have further questions in this regard, please send an email to AGM@saica.co.za.

Let us please be mindful that this organisation is a member organisation. It is evident from the comments and questions raised in the meeting that more interaction with members needs to take place (e.g., town halls) in various places. SAICA seems to put a lot of focus on the entertainment and awards that can mostly only be attended by people in one geographic area. There is an announcement for a CEO meeting with members sometimes, but when one misses that due to other commitments, we never see the CEO.

As a membership organisation, making SAICA management and staff accessible to members is key. Members have many opportunities throughout the year to engage with senior management, including the CEO, formally and informally, locally, and internationally. Where the CEO cannot attend an engagement due to work commitments, an alternative member of senior management is usually in attendance. Members also have direct access throughout the year to the Regional Executives who are the members' relationship managers. All Regional Executives' contact details can be found on the [website](#).

ATTRACTIVENESS AND TRANSFORMATION

There is a growing apathy amongst the youth in joining the profession. This has been reported widely in reputable media (including business media). Although we know that fear, bad reputation of the profession post-State Capture report, the long working hours in both audit and accounting, and the fear of being replaced by AI (4IR) are creating this poor appeal. Is SAICA currently investing research to deeply understand this adverse phenomenon? And what is SAICA currently planning to do to reverse this negative appeal which might be detrimental to its strategy in the long term?

Your question is interlinked to the one above regarding AGA(SA) and AT(SA). Please refer to that answer too, as it would be remiss to address the one without the other.

Like the challenges faced by AGA(SA) and AT(SA), this one also requires cross-functional interventions. Without repeating the response to Amanda, the build we can add on this question is that from a Brand and Marketing perspective, our positioning/ ethos and tone of "difference making," becomes that much more important. Which is why we are deliberate about 1. going with forward-looking, multidimensional and "higher purpose" marketing, particularly when it comes to engaging with this audience, and 2. showcasing the diversity of the profession today and in the future. For example, the "CA of the Future" initiative aims to future proof the profession and its people to continue to stay relevant in this new digital/ AI world. This and other learning and development initiatives aim to address this issue from a "technical" perspective, whilst from a national imperatives perspective we continue to fight this through meaningful advocacy and conversations on the right platforms, both in the public and private sectors and from Brand and Marketing point of view. The focus is on shifting focus from the negative to elevating the positive narrative of the profession and its people, using "difference makers" as the hook. All these will take time to yield the shift, but what is important is that we are intentional and consistent.



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To answer your question on the research; yes, we have conducted local and global research on this segment and use the insights to build our brand and marketing strategies and plans going forward.

I would like the Board to respond to the issues raised on the SAICA disciplinary process. There have been public issues raised against this process and an apparent lack of timeliness regarding closing and responding to disciplinary matters. Can the Board comment on how many resources are allocated to the disciplinary committee? I also understand that the disciplinary committee members have halted some investigations because they have been reallocated to special projects. May the board elaborate on why members of an already understaffed and underperformed disciplinary committee have been reallocated within SAICA? May the board also comment on how many disciplinary matters remain unresolved by SAICA?

As at end May 2024, there were 5 attorneys and 1 paralegal in the Legal and Discipline Unit (3 of these positions are fixed-term contracts). The SAICA Board further approved the recruitment of 7 further fixed-term resources in order to address the high volume of complaints which need to be finalised. Any references to the Discipline Unit working on special projects would be linked to Disciplinary matters, for example the Tax Practitioner non-compliance complaints. Please refer to the Integrated Report for comprehensive details on disciplinary matters.

The report by Bab Sizwe and Ntate Mark refers. We had a meeting four years ago where it was presented, and we were promised the report. I have been asking for four years and I am still waiting. Please can we have an honest answer if we will receive the report and by when?

SAICA took the decision not to issue out the Independent Review report as there was independent research being concluded. SAICA wanted to look at the interventions it could implement at an integrated level. The independent research was completed, and the report submitted to SAICA towards the end of 2023. SAICA, through its learning and development structures, is now considering the report and will consolidate the findings from the independent review and independent research and communication to stakeholders will be provided at the right time. Please note that SAICA is willing to engage with you on this matter should you so wish. You can send an email to us at AGM@saica.co.za.

ECONOMIC AND SOCIAL RELEVANCE

Can members be involved in the schools' initiative, what is the platform for this?

SAICA has an integrated approach to its initiatives. SAICA follows a Cradle to Career approach in this regard, looking at its initiatives from a school level up to a CA(SA) level. At a school level, SAICA's initiatives include, amongst others, career awareness, maths development camps and business games. SAICA partners with several members in these initiatives. Some members invite SAICA to their own initiatives and SAICA is glad to assist in this regard. Please send an email to us at AGM@saica.co.za so we can work out a plan on how you can get involved. We look forward to hearing from you.

A WINNING ORGANISATION

Why did consulting fees increase by 131% from 2022 to 2023 (in note 23 of the financial statements)?

What caused the consulting fees to more than double (note 23)? Could you advise as to nature and a sufficient breakdown to understand?

The consulting fees consist of fees paid to professionals for services rendered on advisory work and engagements. The driver for consulting fees is the scope, complexity and expertise of the services required. In the 2023 financial year 62% of the 133% increase is attributable to the increase in projects for The Hope Factory and SAICA Enterprise Development, which resulted in a corresponding increase in project income of 73%. The remaining portion is attributable to the following:

- Whistleblowing services
- Leadership coaching and mentoring for employees
- Additional support for maths camps
- Advisory for legal matters related to discipline





What is the audit budget for the upcoming year since the prior audit fee included additional work requested by SAICA?

The amount budgeted for the external audit is R 2 649 879.

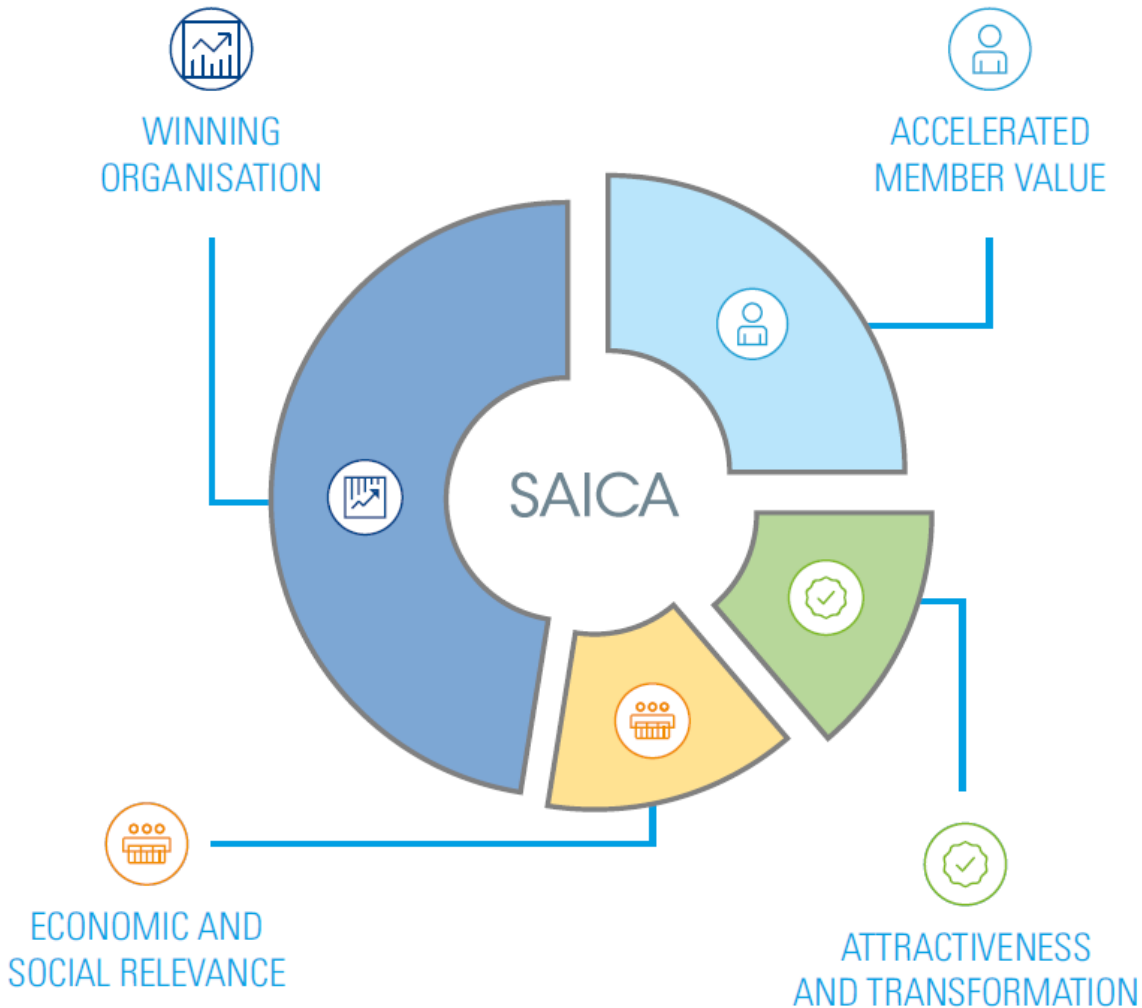
Why is a budget not presented at the AGM?

The budget is based on the approved SAICA strategy, and the current governance process delegates the budget review process to the Board. The Board has already approved the budget. Section 13 of the strategy document depicts the budget as follows:

13. SAICA 2024 BUDGET PER STRATEGIC PILLAR

Strategic Pillar	R'000	Percentage
 Accelerated Member Value	184 063	32%
 Attractiveness and Transformation	141 664	24%
 Economic and Social Relevance	37 130	6%
 Winning Organisation	218 863	38%
TOTAL	581 720	100%

The funded budget was influenced by the prioritisation of strategic initiatives necessary to execute the strategy blueprint within limited financial resources. The basis for budget preparation was based on a five-year plan with planned periodic annual review by the Board.



Given all the IT problems, should there not be impairment of certain intangible assets?

SAICA is investing in the Ushintsho project to address the existing technological challenges, whereby the majority of the problems are to be resolved upon the conclusion of stage 3 of the project. The investment to date is included in the balance sheet and has been assessed for impairment as part of the IFRS requirement.

I humbly request that SAICA sends a separate report on how the strategy will be funded. Can we have a detailed breakdown of the funding requirements to implement the strategy?

The funding strategy is in line with the current funding model of membership fees and other income. There is also a strategic focus on revenue enhancement, within the parameters of what is permissible in line with the tax requirements for an NPO. The operating expenditure budget by strategic pillar is provided below (refer to section 13 of the strategy)

R'000	2024
Accelerated Member Value	184 063
Attractiveness and Transformation	141 664
Economic and Social relevance	37 130
Winning organisation	218 863
Total operating expenditure	581 720

I have a problem with how we vote for board members and non-CA board members. You are forcing members to vote for individuals that we are not satisfied with. Since we do not have the option to vote Yes or No for every candidate but are forced to vote (YES) for at least two people who are not my choice! Forcing me to vote against my will as the e-voting system forces me to vote for at least 2 CA board members and 1 non-CA board member.

The current SAICA Constitution is limited regarding the voting mechanism for Board members. This will be reviewed during the current governance review process, which may result in Constitutional changes.

I am happy about the appointment of Ms. Stock, and I wish her well. My question is why Freeman Nomvalo was let go. We were told of his stellar performance, which was also represented in his remuneration, so why was he not reappointed?

Response by Mr. Vincent Mtholo, the Board Chairman: "Mr. Nomvalo's tenure with the Institute concluded on 31 January 2024, as per the terms of his fixed contract. In a strategic move, the Board has appointed Mrs. Stock as the new CEO. This decision was influenced by several factors, notably the imperative to implement our new strategy aimed at significantly enhancing member experience.

Mrs. Stock's extensive expertise and proven leadership in driving transformative change align perfectly with our vision for the future. Her appointment marks a pivotal step in our commitment to delivering superior value and service to our members. The Board believes that Mrs. Stock's leadership will be instrumental in navigating the complexities of the current landscape and in spearheading initiatives that foster innovation and excellence. We look forward to her contributions and the positive impact."

SAICA has significant cash funds (*Cash comprises 76% (2022: 85%) of current assets. - Pg108 Integrated Report*) and earns significant interest on funds invested to the extent that if SAICA was to spend the funds on approved projects, SAICA would be in a financial loss / deficit position and a reduction in interest rates will also significantly negatively impact the financial performance. I would therefore like to understand:

- **Why are these significant investments retained by SAICA and how do these fit into the Board's mandate and budgeting and what the plans are for these funds?**
- **How does SAICA aim to raise the shortfall in income if the interest rate decreased or the funds are utilised given that SAICA would be in a Loss/Deficit were it not this finance income?**

The Institute reserves levels are essential in ensuring that there is long-term financial sustainability. SAICA's main source of income is subscriptions from members and therefore any reserves built-up over time allow for the absorption of sudden changes in the operating environment that may require once-off expenditure from time to time. SAICA has a policy guiding the investment and reserves approach that is approved by the Board which demonstrates a balance between risk and returns. The budget that considers market sensitivities is reviewed and approved by the Board annually.



The Integrated report pg. 108 states that Current assets increased by a marginal amount due to the increase in trade receivables.

The Financial statement (note 10 on Trade debtors) shows a significant increase in receivables with a limited movement in provision for non-recoverable debtors.

Please provide more information on the reasons behind this increase in debtors and whether anything in the revenue recognition policies resulted in this spike?

The key contributors to growth year-on-year are thanks to the increase in income from donors, whereby allocations confirmed for the 2023 financial year had not yet been received at year-end, as well as the court judgment in SAICA's favour for the debt owed by the Department of Health in Gauteng.

SAICA is spending significant funds on internally generated intangible assets and IT, however a number of these projects appears to be plagued by ongoing problems (e.g., booking systems, website etc.) and there is a perception that these projects are just not reaching finality.

- **What steps are being taken to ensure accountability in terms of finalising these projects within timeliness and budgets?**
- **What has been put in place to ensure that where there are internally generated intangible assets with budget or timeline overruns, these have been adequately impaired and considered in management performance evaluation?**

The main IT project is Ushintsho. SAICA has embarked on this project as a key step towards having integrated systems that focus on prioritising the member experience at all touch points with the Institute. Stage 2 was capitalised in 2023, whilst the budget for 2024 has prioritised stage 3 of the project. There is close monitoring of the project by management and governance structures to ensure timely delivery, adherence to approved budget and that the final product being delivered still meets the objectives of the project.

There is detailed project plan that is overseen by:

- The COO
- The DTGC – a Board subcommittee
- The balanced scorecard which is assessed on the deliverables of the project.

The executive received significant short-term incentives (STI). Does the overall financial performance of SAICA affect the executive's STI?

The STI is determined by the policy on remuneration and based on the overall performance of SAICA, that is assessed using a balanced scorecard. The policy allows the Board to use its discretion when deciding to award STIs, considering a variety of factors including financial affordability.