

ANNUAL INTEGRATED REPORT

20
17

TOWARDS AN EMPOWERED,
ETHICAL AND SUCCESSFUL
SOUTH AFRICA

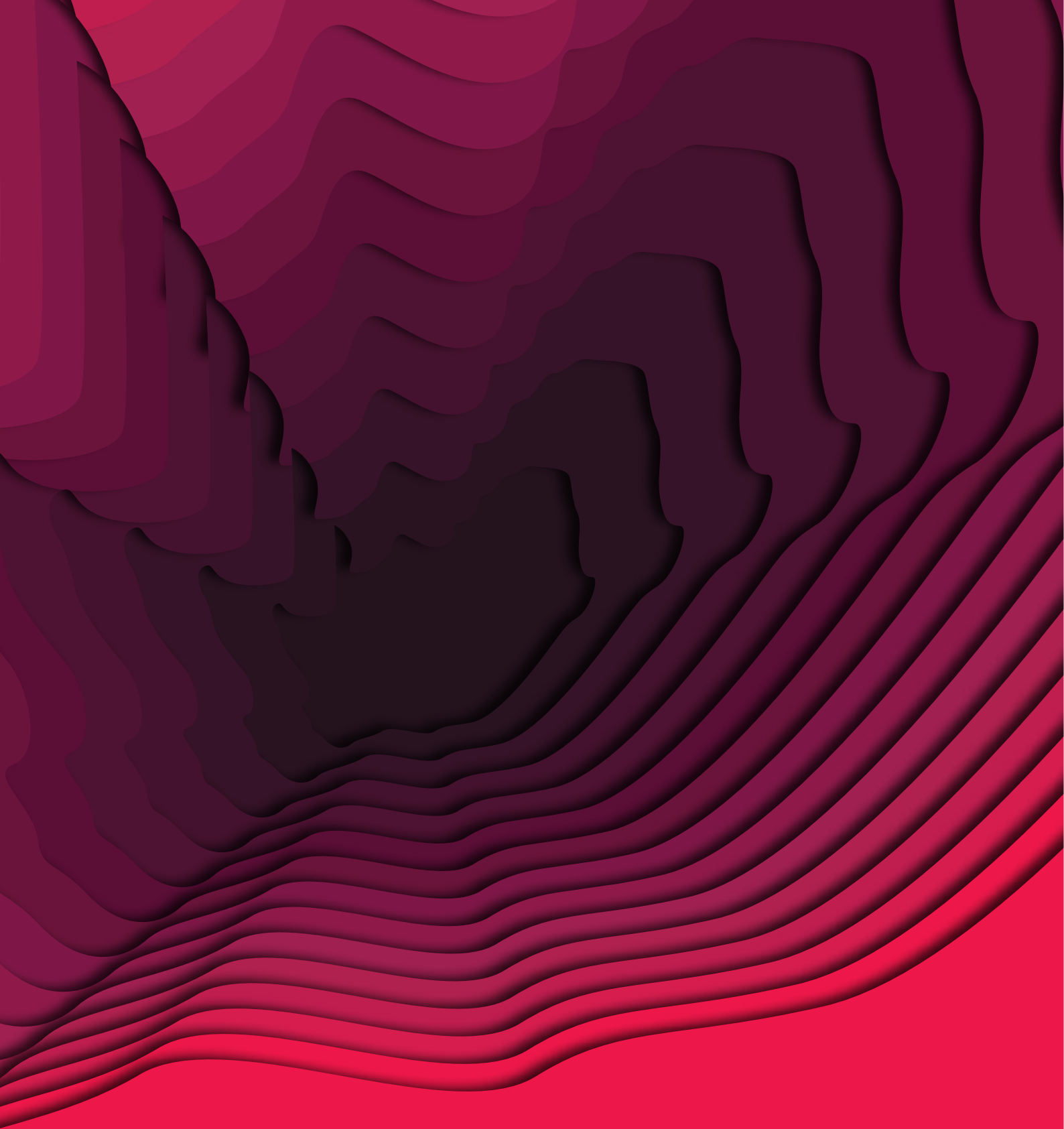


SAICA

THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS

develop.influence.lead.

(NPO Registration Number - 020-050)





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**ABOUT
THIS REPORT**

INTRODUCTION

INTENDED AUDIENCE

This report has been prepared for the members and stakeholders of SAICA.

MATERIALITY DETERMINATION PROCESS

Material matters are those matters that substantively affect SAICA's ability to create value over the short, medium and long term.

The process to determine the information for inclusion in this report includes:

- A review of SAICA's external environment (refer to External Environment section)
- Engagement with members and stakeholders which provided insight into the matters they consider important (refer to Stakeholder Relationships section)
- Assessment of risks and opportunities (refer to Risks and Opportunities section)
- Assessment of the critical issues discussed at board, board sub-committees and executive management meetings throughout the year.

THE STRUCTURE AND THE CONTENT ELEMENTS OF THE INTEGRATED REPORT

The report was presented and approved by the Board. The Board and management consider the information included in this report as material to SAICA with the Board approving the final content.

GROUP STRUCTURE AND REPORT BOUNDARY

At the end of 2017 the SAICA Group comprised SAICA, the Thuthuka Education Upliftment Fund (TEUF), Thuthuka Bursary Fund (TBF), SAICA Enterprise Development, The Hope Factory, and Accounting Technicians South Africa AT(SA). 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 Relationships, Risks and Opportunities, and Performance 2017 sections.)

MAIN FRAMEWORKS USED AND TIME FRAMES

The integrated report is prepared in accordance with the International <IR> Framework. In this report, the short

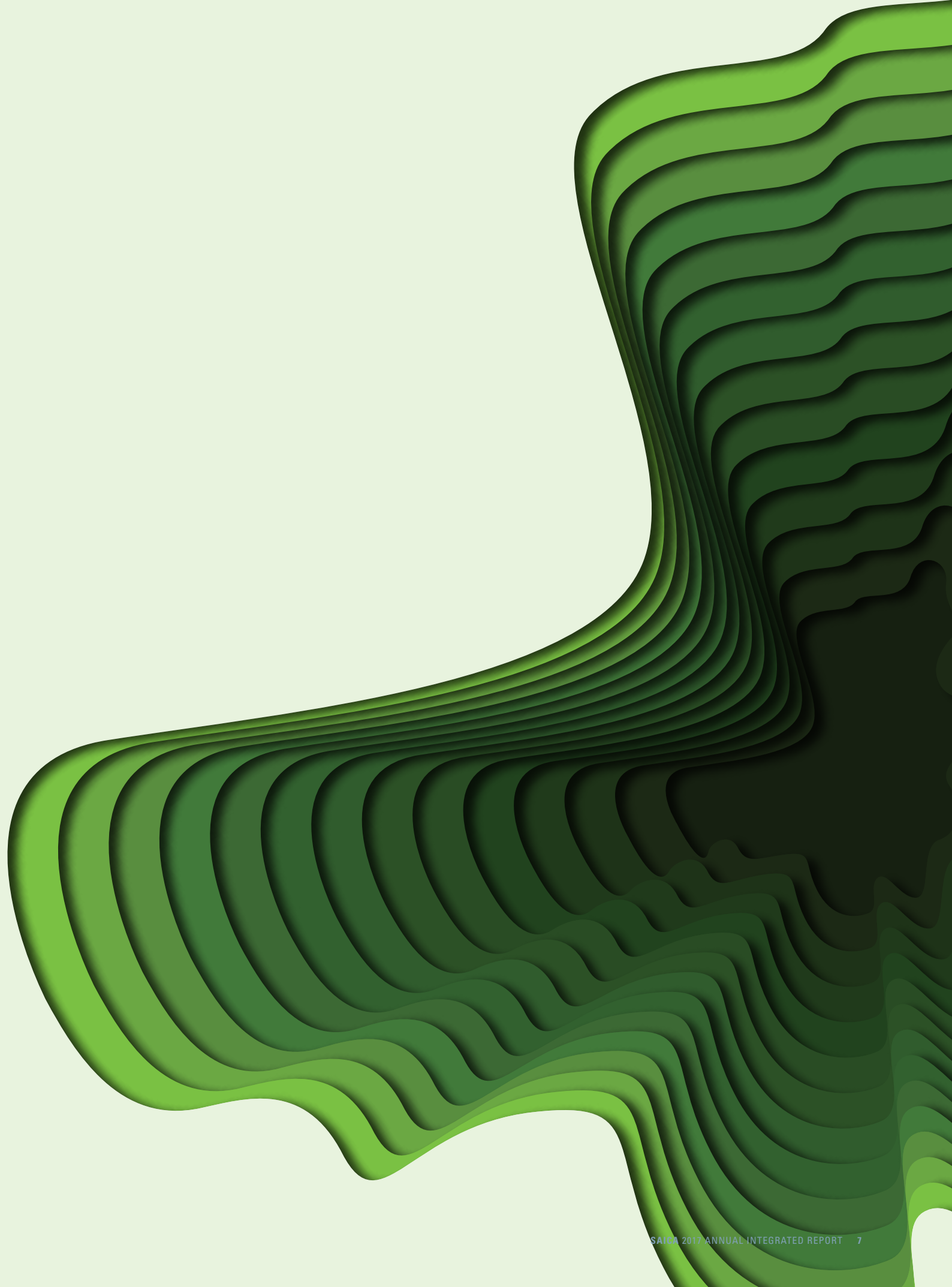
term is regarded as the next financial year, the medium term is the period to 2022, and the long term is the period beyond 2022.

ASSURANCE PROCESS

Our integrated reporting process, as well as the content of this report, is guided by the principles and requirements of the International Integrated Reporting Framework <IR> and the King Codes of Governance Principles for South Africa. SAICA will be transitioning to King IV during 2018. Management prepares and validates the report, ensuring it provides a balanced and reasonable view of SAICA. The Board, assisted by the Audit and Risk Committee, has reviewed and approved this report. Financial information is extracted from the audited financial statements. Limited assurance is expressed over the actual performance information used to evaluate performance over the strategic objectives. For a detailed understanding of the assurance obtained, our assurance statements are available online. (Refer to https://www.saica.co.za/Portals/0/documents/SAICA_Assurance_FY17_Assurance_Conclusions_Final.pdf)

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 12 April 2018.





CHAIRMAN'S MESSAGE

It gives me great pleasure to present the 2017 Annual Integrated Report to the stakeholders of SAICA.

The year under review has been characterised by a number of prominent incidents that have had the effect of eroding the trust in the brand of our profession. This has caused the profession in its various guises to introspect on its role and the value that it adds to society. The process of examining what went wrong and ensuring continuous and appropriate accountability is ongoing. It is important to this profession and indeed to the country that we start a deliberate process of rebuilding the profession such that it again contributes positively to our society and our country. Given these developments, it was crucial for SAICA to also reflect on its own obligations to the profession, to society and obligations to South Africa in particular.

It is with the acknowledgement of our accountability to society that we have re-affirmed our vision 'To develop responsible leaders'. Our constitutional objective 'to make a positive contribution to the South African economy and society' remains firmly entrenched in the fabric of our profession. We reinvigorated our strategy to ensure that both our vision and objectives are given an additional impetus.

DISCIPLINARY PROCESSES

During the course of the year, SAICA received numerous complaints from members challenging SAICA to discipline members of the Institute that have been implicated in acts of misconduct in one form or the other. These challenges have caused us to review our disciplinary processes to ensure that they are fit for purpose and enable the Institute to act quickly while still ensuring that the principle of fairness is observed.

NTSEBEZA INQUIRY

Developments around state capture have necessitated that the Institute convene an independent inquiry into the conduct of certain members of the Institute employed by KPMG (the Ntsebeza Inquiry). The inquiry is a significant milestone in the manner in which the Institute initiates and investigates disciplinary processes against members.

JUDICIAL COMMISSION OF INQUIRY ON STATE CAPTURE

The Board acceded to a request by the Deputy Chief Justice of South Africa, Raymond Zondo, to second our Chief Executive Officer (CEO), Terence Nombembe, to the Judicial Commission on State Capture. He will assist the commission's investigative work. With the increasingly negative public sentiment around allegations of corruption and state capture, the work of the commission is critical to restoring waning public faith and putting South Africa back on the path of ethical governance and leadership. The agreement by the Board for our CEO to be seconded is in line with SAICA's vision of being a meaningful contributor to society and specifically our vision of developing responsible leaders.

THUTHUKA BURSARY FUND

SAICA's strategy to fund previously disadvantaged students through the Thuthuka Bursary Fund (TBF) has come of age. The model which underpins TBF's success has now been adopted by the Ikusasa Student Financial Aid Programme (ISFAP). ISFAP was launched at the beginning of the 2017 academic year, in an effort to help address the country's higher education funding crisis and answer to the calls of the #FeesMustFall movement. SAICA has been instrumental in leading both the ISFAP launch and the pilot that has since been rolled out nationwide. In 2017 alone, ISFAP funded 697 students in the BCom Accounting stream and twelve other professions. This means that through the funding solutions identified by TBF, SAICA is now playing a leading role and helping to benefit other professions in the country, for the long-term benefit of our country. We are grateful to all the private sector partners that have joined SAICA in this journey and we look forward to working together to bring about even more growth in our country's professions.

THE FUTURE CA(SA)

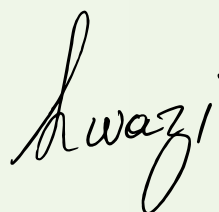
Together with the Independent Regulatory Board for Auditors (IRBA), SAICA has commissioned research into the expected competencies of CAs(SA) and Registered Auditors (RAs) in the future. SAICA has been consulting with all stakeholders throughout this project, which is expected to be completed in 2019. As working environments change, the future CA(SA)

may be unrecognisable from the CA(SA) of today. One quality will, however, remain: CAs(SA) will continue to be trusted and ethical leaders who are committed to the truth. As part of creating a coherent and consistent CA brand meaning around the world, SAICA has been significantly instrumental in working with its colleague institutes at Chartered Accountants Worldwide to develop a brand vision to be trust leaders. A CA brand which empowers prosperity through the common beliefs of leadership, business mastery, citizenship, wisdom and empowerment, using the core skills of expertise, excellence, ethics, global connectedness and public interest. This is a truly inspirational brand positioning that will continue to place the profession in a position of prominence in the market place.

My gratitude is extended to the members and stakeholders of SAICA who give of their time and experience on the many structures within SAICA.

I would like to thank the staff of SAICA for remaining focused on the implementation of the SAICA strategy and the achievement of SAICA's key objectives.

I am truly honoured to have served with my fellow board members during 2017 and thank them for their support in ensuring that the profession continues to add value to society. Through our collective efforts, I have no doubt that our vision will be a reality.



MR LL BAM CA(SA)
SAICA BOARD CHAIRMAN





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**ORGANISATIONAL
OVERVIEW**

WHO WE ARE

- A voluntary, not-for-gain association
- SAICA was constituted and operates in terms of its constitution (refer <https://www.saica.co.za/Technical/Ethics/ConstitutionandBylaws/tabid/2976/language/en-ZA/Default.aspx>)
- The main objectives:
 - To promote the interests of the members of the Institute
 - To support the development of the South African economy and society
- Our long-term value creation is aligned to act in the public interest and the development of responsible leadership
- Chartered accountants 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)
- Chartered accountants have to operate in accordance with a strict code of professional conduct (refer <https://www.saica.co.za/TechnicalInformation/Discipline/CodeofProfessionalConduct/tabid/701/language/en-ZA/Default.aspx>)

VISION

To develop responsible leaders

- This means to be recognised as leaders who engender trust in business in South Africa and across the world. Our members bring a unique, time-honoured and ongoing delivery of:
 - Commitment to the public interest
 - Ethics
 - Expertise
 - Excellence
 - Value creation
 - Responsible leadership
 - Inspiration
 - Influence

Our members use their knowledge, skills, insight and influence to serve their clients and employers. Members accept the responsibility to act in the public interest, and to empower prosperity in a changing and challenging South Africa and world

VALUES

- We always act with integrity
- We work together collaboratively
- We strive for excellence
- We take accountability
- We respect each other
- We value our members

MISSION

- Our mission is to promote the interests of the members of the Institute and support the development of the South African economy and society by promoting and enhancing the value of the profession

HOW WE OPERATE

- SAICA has offices in Bloemfontein, Cape Town, Durban and Port Elizabeth and has its head office in Johannesburg
- SAICA has 216 staff and leverages off its members through their active participation on committee structures
- SAICA's primary sources of revenue are membership fees, fees from seminars and events, and donor funding

HOW WE ARE GOVERNED

- SAICA's Board is elected and appointed in terms of the SAICA constitution and operates in terms of its by-laws and board charter
- The Board is representative of our membership base
- Members are appointed to SAICA's Board via their elected seat on regional councils and constituency committees
- Members outside South Africa are represented on the SAICA Board through international regional structures in America, the UK and Ireland, Australia, and Europe and Asia (refer to Governance section)

STRATEGIC OBJECTIVES

SAICA's strategic objectives continue to be aligned to its constitutional purpose, vision and mission. The profession has as its first constitutional objective to promote the interests of the members and to make a positive contribution to the South African economy and society. SAICA's primary strategic objective is to promote and enhance the value of the profession (see Value Proposition graphic) for and through members. The next four pillars of the strategy are all aimed at enabling this. SAICA's vision and strategy is to be achieved through the collaborative efforts of our members and stakeholders.

SAICA constantly reviews the robustness of its strategy in an integrated manner, taking into consideration the external environment, risks and opportunities, stakeholder interests and the availability of all the capitals. This resulted in an elevation and refinement of the strategic objectives during 2017, and the Board's approval thereof in November 2017. The main reason for this elevation is to demonstrate a commitment to ensuring that the profession continues to make a greater, more holistic and impactful contribution to society and South Africa's economy.



PROMOTE AND ENHANCE THE VALUE OF THE PROFESSION

Collaboration with members and alliances for:

- Enhanced value of the profession for the benefit of all members and stakeholders
- Optimal use of our global footprint to support the development of the South African economy and society



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

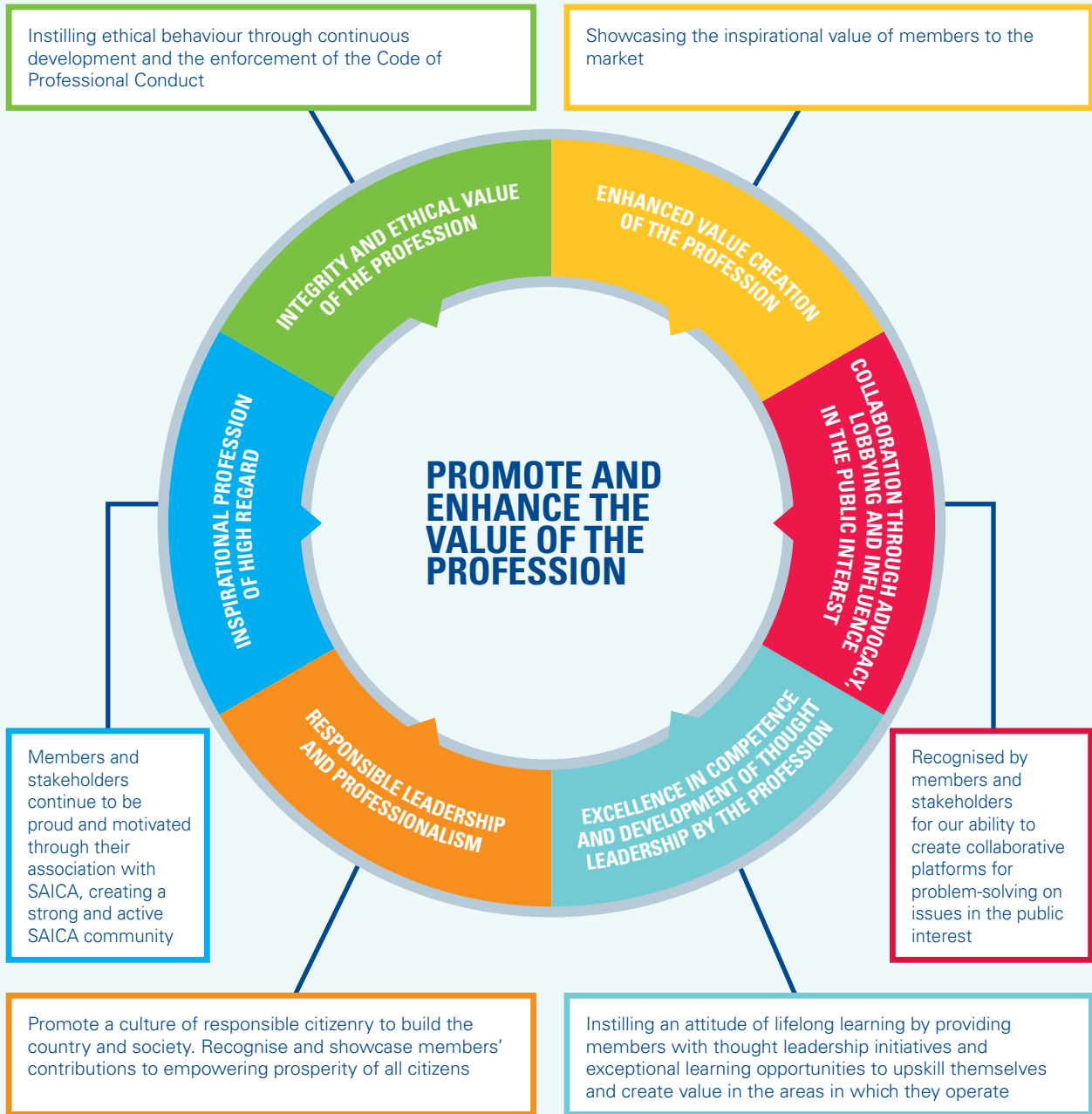
Enhanced collaborative leadership as an enabler to achieve the business mission on a sustainable basis



ORGANISATION RISK AND GOVERNANCE

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

SAICA'S VALUE PROPOSITION



SAICA's achievement of these activities are measured through the Professional Health Index (PHI). (Refer Performance 2017 section)

MEMBERSHIP DEMOGRAPHICS

42 998

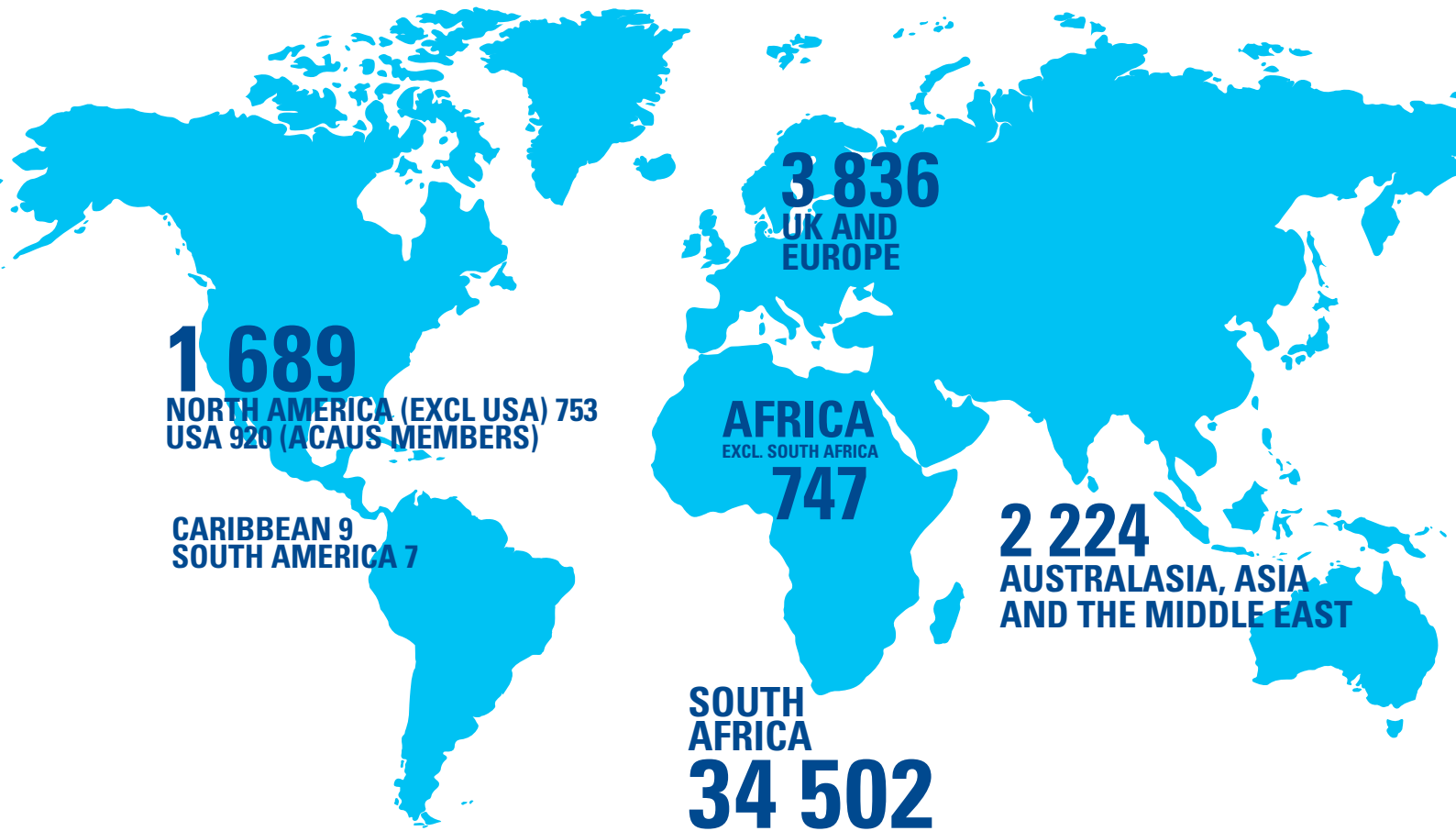
TOTAL NUMBER OF CA(SA) MEMBERS

3 127

**AGA(SA)
SOUTH AFRICA**

2 292

**AT(SA)
SOUTH AFRICA**



30 004

**SAICA LOCAL MEMBERS
PAFA MEMBERSHIP**

All subscription-paying residents in South Africa excluding retired members and honorary life members

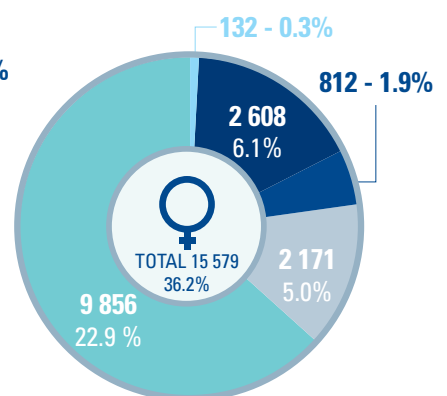
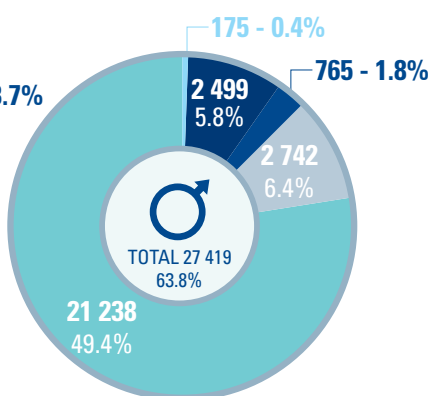
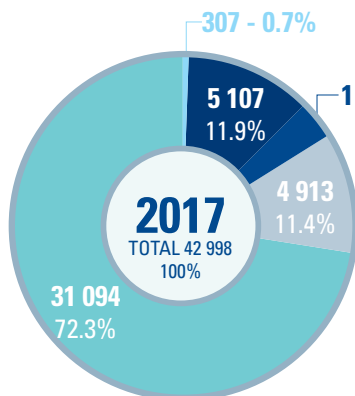
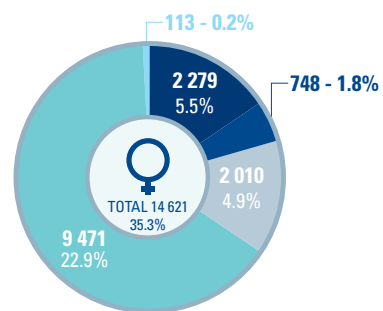
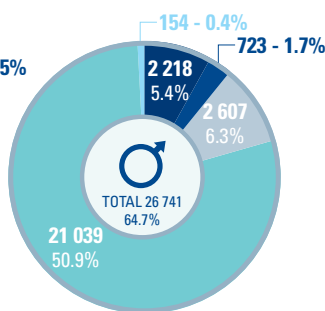
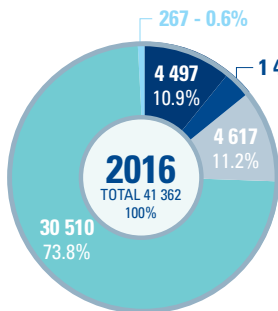
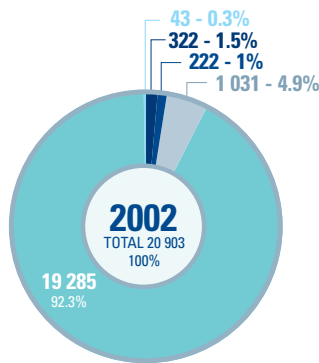
MEMBERSHIP DEMOGRAPHICS CONTINUED

The Thuthuka initiatives address the issues of transformation from secondary school level through to qualification as a CA(SA).

This holistic approach has created a platform of support and partnerships between government, the profession, commerce and industry, and academia.

The impact of the Thuthuka initiatives can be seen in the growth in SAICA membership in line with

transformational objectives since 2002. In 2002 the SAICA membership base comprised only 322 African and 222 coloured CAs(SA). In 2017, these numbers have grown significantly to 5 107 and 1 577 respectively.



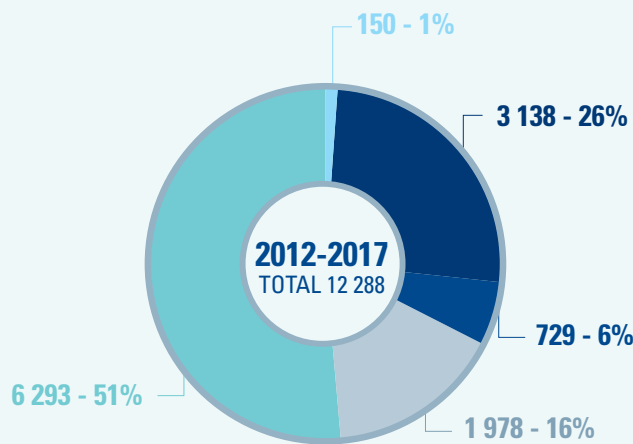
NEW MEMBERS SINCE 2012

In the last five years, SAICA's membership demographics have changed and moved more in line with the demographics of the national population. Since 2012, 61% and 46% of the current pool of African and Coloured CAs(SA) respectively have qualified, which

is when the first cohort of TBF-funded students came through the pipeline and qualified as new members. This demonstrates the success of SAICA's transformation initiatives.

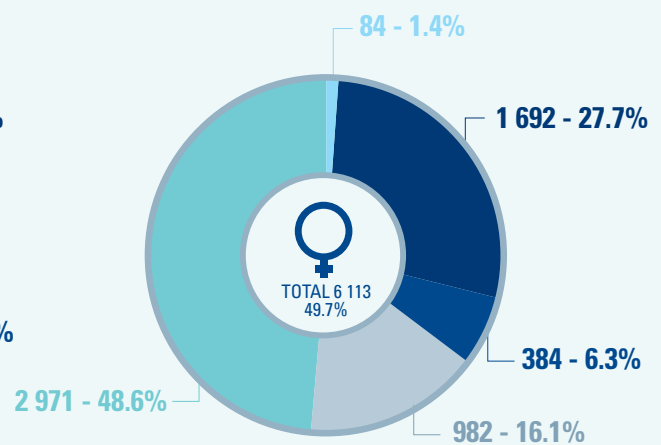
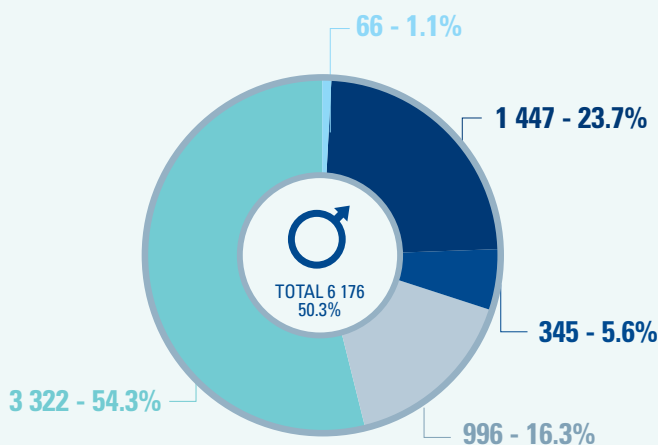
KEY

- African
- Coloured
- Indian
- White
- Other



We see a positive trend with regard to our gender transformation commitments, with an even split

between new female and male members since 2012, as indicated in the graph below:



MEMBERSHIP GROWTH SINCE 2012

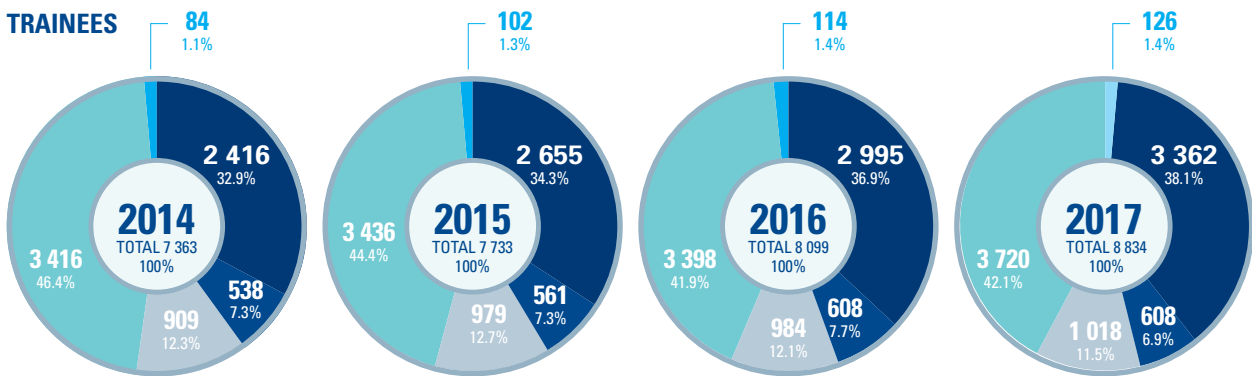
TOTAL MEMBERSHIP - 2012	33 167
ADD: NEW MEMBERS	12 288
REINSTATEMENTS	922
ADJUSTMENTS	37
LESS: TERMINATIONS	(3 416)
TOTAL MEMBERSHIP - 2017	42 998

OUR TRAINING OFFICES AND TRAINEES AT 31 DECEMBER 2017

SAICA's efforts to increase the number of public sector training offices is informed by what has been described as a 'desperate need' for qualified auditors in the public service as well as the need to focus on developing basic accounting principles and daily controls within these institutions. Also, if the public sector is to eventually become financially sustainable, it needs to begin to 'grow its own timber' by producing its own crop of young and adequately qualified finance professionals. For SAICA, increasing the number of public sector offices is a priority for both the public sector and our profession. This means we are increasing the number of career opportunities for young people entering the profession.

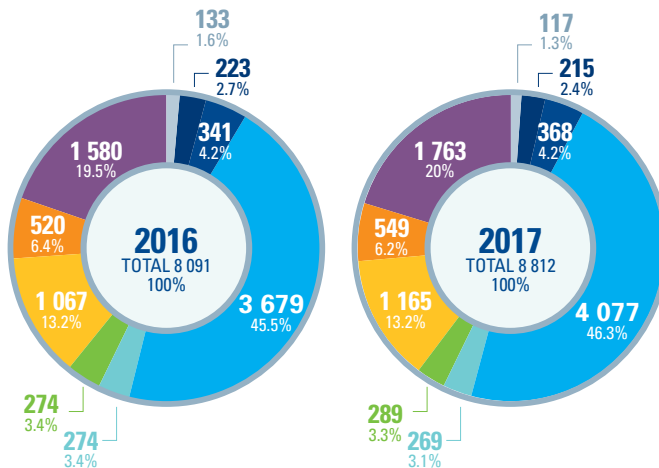
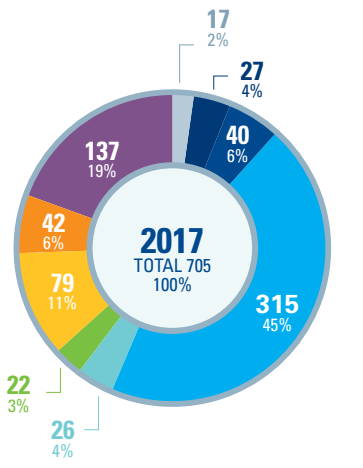
KEY

- African
- Coloured
- Asian
- White
- Other



TRAINING OFFICES PER PROVINCE

TRAINEES PER PROVINCE



KEY

- Northern Cape
- North West
- Free State
- Gauteng
- Mpumalanga
- Limpopo
- KwaZulu-Natal
- Eastern Cape
- Western Cape

INTERNATIONAL TRAINING OFFICE
There is one SAICA-accredited office based in London, United Kingdom

INTERNATIONAL TRAINEES
2016: 8 | 2017: 22

STUDENTS AND UNIVERSITIES

CAPACITY-BUILDING PROGRAMME

(Delivered for members [in the pipeline/students] and through members)


Through the Capacity-Building Programme in Historically Disadvantaged Institutions (HDIs), SAICA has accredited the University of Fort Hare (the first to benefit from SAICA's HDI Capacity-Building Programme), the


University of Limpopo, Walter Sisulu University, and the University of Zululand, and is now finalising the process for the University of Venda. The Capacity-Building Programme is informed by SAICA's strategic decision to help capacitate as many South African universities as possible in order to increase the footprint of the profession nationally by increasing access.

KEY ACCREDITED UNIVERSITIES

STUDENTS AND UNIVERSITIES

 Undergraduate qualification

 Bridging programme

 Postgraduate qualification (CTA) for entrance into SAICA's Initial Test of Competence (ITC)

(For more information please refer to the link: <https://www.saica.co.za/LearnersStudents/InformationonEducationProviders/InformationonAccreditedProgrammes/tabid/465/language/en-ZA/Default.aspx>)

RESIDENTIAL LEARNING 2017 – BY PROVINCE

Eastern Cape



Nelson Mandela University	2	1	1
Rhodes University	1	0	2
University of Fort Hare	2	1	1
Walter Sisulu University	1	0	0

Western Cape



Stellenbosch University	2	0	1
University of Cape Town	2	0	2
University of the Western Cape	1	1	2

KwaZulu-Natal



University of KwaZulu-Natal	1	0	2
University of Zululand*	0	0	0

North-West Province



North-West University	2	1	1
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Limpopo



University of Limpopo	1	1	1
University of Venda**	0	0	0

Gauteng



University of Johannesburg	1	1	2
University of Pretoria	1	0	2
University of the Witwatersrand	1	0	2
Monash South Africa (P)	1	0	1
Institute of Accounting Science(IAS) (P) ***	0	0	1

Free State



University of the Free State	1	2	2
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DISTANCE LEARNING 2017

University of South Africa (Unisa)	2	1	2
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RESIDENTIAL LEARNING 2017 – NATIONWIDE PROGRAMMES

Independent Institute of Education – Varsity College (P) ****	1	0	0
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* The University of Zululand was visited in 2017 and full accreditation of its undergraduate programme was granted in March 2018.

** The University of Venda is part of the Capacity-Building programme and the accreditation process for this programme will end in 2019.

*** IAS programme is being offered and is accredited from 2018.

**** Varsity College has its undergraduate programme offered at five sites as follows: programme commencing in 2017 at the Sandton, Durban-Westville and Durban North sites and programmes commencing in 2018 at the Cape Town and Pretoria sites.

(P) Private provider.

CREATING VALUE FOR OUR MEMBERS

This strategic intent is driven by 6 key activities that constitute the SAICA value proposition and which were the focus in 2017. The impact of these activities for the benefit of members are outlined below.

1. THE INTEGRITY AND ETHICAL VALUE OF THE PROFESSION

Given the substantial negative developments in the profession during 2017, the introduction of various ethics enhancement initiatives outlined below was most opportune.

A total of 16 seminars and two webinars were held during the year. These focused on ethics and Non-Compliance with Laws and Regulations (NOCLAR).

The sessions were attended by 1 368 delegates and achieved a member satisfaction rating of 4.38 out of 5. These sessions were also featured on the Click2Start webinar platform where delegates participated in the webinars offered to members online.

NOCLAR was implemented in July 2017, but member communication around this was initiated early in 2017. Currently approximately 48% of members have signed the NOCLAR declaration that they are aware of their duties in terms of the SAICA Code of Professional Conduct.

In order to address the adverse effect on the reputation of the profession a crisis management response was initiated via the media to outline SAICA's reaction to the adverse publicity. This response was headed by the SAICA CEO, Terence Nombembe, and SAICA delivered 42 positive media interventions in answer to the 49 negative media mentions in order to communicate SAICA's stance to the negative publicity of some members.

Going forward, SAICA is implementing a trust leadership reconstruction communication strategy to protect and re-establish the trust leadership reputation of the profession.

2. ENHANCED VALUE CREATION OF THE PROFESSION

Over and above the negative developments in the profession and our response to it, SAICA implemented brand promotion campaigns to promote the CA(SA) as well as the AGA(SA) designations. The impact of these campaigns was that 751 new AGAs(SA) joined SAICA in 2017. Also, the unprompted awareness of the CA(SA) designation increased to 86% and the most admired brand rating grew to 76% before the advent of the significant negative media activity.

During this time the brand value campaign reached over 16.4 million individuals and the small and medium practices campaign reached over 9.6 million individuals.

SAICA also sponsored the Business Day Small and Medium Enterprises Conference to promote small and medium practices to this market segment. This conference was attended by over 250 delegates.

The SAICA public relations activities achieved a record total of 1 092 exposures amounting to R54 million worth of publicity. Part of this included 11 CA(SA) members who were showcased in the media as inspirational contributors to their organisations and the economy of South Africa.

These activities further contributed significantly to countering the negative developments in the profession.

3. COLLABORATION THROUGH ADVOCACY LOBBYING AND INFLUENCE IN THE PUBLIC

SAICA was involved in significant stakeholder engagement during 2017. The key stakeholder engagements include, but are not limited to:

- The South African Revenue Service (SARS)
- The Independent Regulatory Board for Auditors (IRBA)
- The Companies and Intellectual Property Commission (CIPC)
- The South African Qualifications Authority (SAQA)
- The Tax Practitioners Board (Australia) (TPB)
- The Pan African Federation of Accountants (PAFA)

SAICA also participates in various international forums as part of our advocacy role. These interactions provide SAICA with valuable input to our member engagement activities, as well as informing global standard-setting.



Chartered Accountants Worldwide (CAW) was created by the leading chartered accountancy institutes to promote, support and develop the vital role that chartered accountants play throughout the global economy. It creates a community of over 1.7 million chartered accountants and students who share a commitment to the highest standards of professional and ethical practice.

The founding members are: Chartered Accountants Australia and New Zealand (CA ANZ), Chartered

Accountants Ireland (CAI), the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Scotland (ICAS) and the South African Institute of Chartered Accountants (SAICA).

In addition to the five founder members, CAW now has an additional full member, the Institute of Singapore Chartered Accountants (ISCA), and a growing number of associate members including the Institute of Chartered Accountants of Pakistan (ICAP), the Institute of Chartered Accountants of India (ICAI), the Zambia Institute of Chartered Accountants (ZiCA), the Institute of Indonesia Chartered Accountants (IAI), the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Institute of Chartered Accountants of Bangladesh (ICAB).

CAW represents over 700 000 CA members and over 1 million students in 200 countries.

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 education directors of each of the founding member bodies participate in a sub-committee that works extensively with associates to support the process.

The marketing directors of each CAW institute collaborate on the global messaging and brand of CAs. During 2017 CAW was assisted by the Joy Company to develop a global brand. The objective is to have consistent messaging globally of the value and positioning of the brand.

CAW recently established a member engagement group (chaired by SAICA) to share strategic member engagement initiatives to improve engagement across all institutes.

The group is also focused on sharing thought leadership, training and research across the CAW members to provide additional value to all individual members.

The existing reciprocity arrangements allow for members from individual institutes to have access to certain member events at member rates.



The Global Accounting Alliance (GAA) was formed in November 2005 and is an alliance of 10 leading professional accountancy bodies in significant capital markets. It was created to promote quality services, share information and collaborate on important international issues. 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).

The GAA facilitates cooperation between 10 of the world's leading professional accounting organisations:

- The American Institute of Certified Public Accountants (AICPA)
- Chartered Accountants Ireland (CAI)
- Chartered Professional Accountants Canada (CPA Canada)
- Hong Kong Institute of Certified Public Accountants (HKICPA)
- Chartered Accountants Australia and New Zealand (CAANZ)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Institute of Chartered Accountants of Scotland (ICAS)
- Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)
- The Japanese Institute of Certified Public Accountants (JICPA)
- South African Institute of Chartered Accountants (SAICA)

These organisations represent close to 1 million members in over 180 countries around the globe.

The GAA was established to promote quality services, share information and collaborate on important international issues, whilst operating in the interests of a quality accounting profession in the public interest.

Objectives:

- The GAA board is a forum for the alliance's members to openly share information about themselves (strategy), the profession and the broader community in pursuit of strengthening each member organisation and the profession, taking into account the public interest.

CREATING VALUE FOR OUR MEMBERS CONTINUED

- The strengthening of the members of the alliance by using their individual and collective influence with key stakeholders including through thought leadership projects, and to be respected by and have impact with these stakeholders
- The provision of benefits by institutes constituting the alliance, especially benefits not readily accessible by institutes on their own

In addition to being represented on the GAA board, SAICA is represented on the tax directors group, the technical directors group, the education directors group and the A4S and ABN groups (namely sustainability and integrated reporting).

Members of any of the institutes of the Global Accounting Alliance are able to receive professional support when working in another country covered by the GAA, through the GAA passport. The institutes have each agreed to host visitors from other GAA institutes when domiciled in their jurisdiction.

This means that in a world where professional accountants regularly move around the world, their membership of their home institute will not only entitle them to support at home, but in addition if they are working in a country covered by a GAA institute, they will receive much of the support that institutes provide to their own members for no extra fee.

All members of GAA institutes are able to avail themselves of this additional service.



IFAC is the 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 3 million accountants in public practice, education, government service, industry, and commerce.

IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards
- Promoting the adoption and implementation of these standards
- Building the capacity of professional accountancy organisations, and

- Speaking out on public interest issues

SAICA is represented on the IFAC Board and Audit Committee by Terence Nombembe (appointed in his individual capacity) and Lindie Engelbrecht as technical advisor and on the technology advisory group.

INTEGRATED REPORTING

SAICA is a council member of the IIRC, the global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs.

The IIRC's objective is to promote communication about value creation as the next step in the evolution of corporate reporting.

SAICA's involvement in the IIRC allows the Institute to influence international trends in integrated reporting. SAICA is able to advocate for its members in this crucial development and build global relationships in providing guidance and thought leadership in this space.

Reciprocity agreements (for members)

SAICA has agreements with 10 international professional bodies (see diagram on next page).

These agreements are critical to SAICA, as they are about advancing the accounting profession's footprint nationally and globally by broadening access to the various bodies' professional qualifications and resources.

As part of many of these agreements, SAICA members are provided with expedited pathways to other African and international designations. This means our members can be operational in an increasing number of international locations, making them more professionally mobile and with a wider network of business areas in which to add value.

RECIPROCAL MEMBERSHIP AGREEMENTS (RMA) (NO FURTHER EDUCATION, TRAINING OR EXAMINATION REQUIREMENTS)



MUTUAL RECOGNITION AGREEMENTS (FOLLOWS SAICA MODEL)



PATHWAYS TO MEMBERSHIP AGREEMENTS (FURTHER REQUIREMENTS NEED TO BE MET OR CAN APPLY AS AN INDIVIDUAL)



- Note – once a member of CIMA, such person can apply for the CGMA designation.
- CGMA designations are however not able to register with SAICA unless they have qualified through the CIMA process

CREATING VALUE FOR OUR MEMBERS CONTINUED

4. EXCELLENCE IN COMPETENCE AND DEVELOPMENT OF THOUGHT LEADERSHIP

SAICA delivered a total of 364 seminars and events for members and associates which were attended by 22 913 members. A total of 7 870 members viewed webinars. Of these initiatives, 134 hours were offered free as part of the annual subscription. The average satisfaction rating for all seminars and events was 4.26 out of 5.

These interventions contributed significantly to enhancing competencies, thereby enabling members and associates

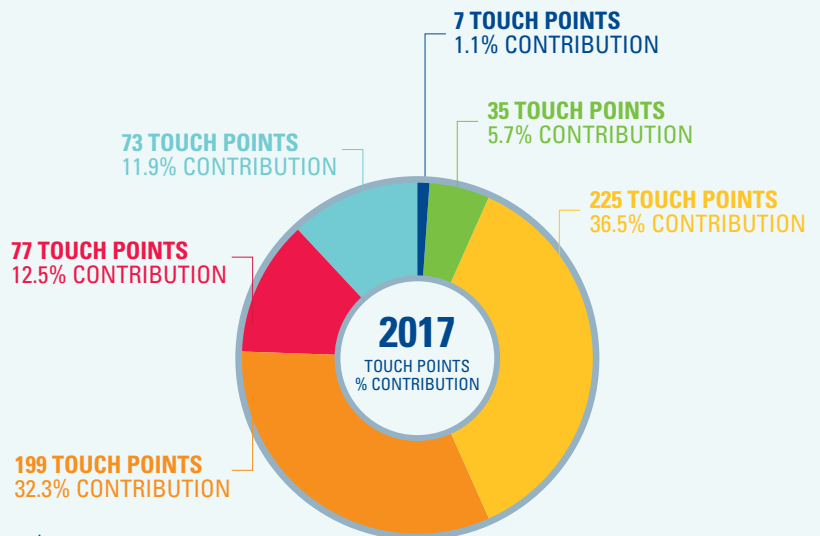
to play a significant role in delivering value in the spheres within which they operate.

From a thought leadership perspective, the division presented 616 instances of thought leadership touch points in various formats – from keynote addresses, media articles and coverage to research projects and via third-party structures.

THOUGHT LEADERSHIP COMMUNICATED



- Keynote address/panellist
- Third-party structures
- TV and radio
- Print exposure (media)
- Thought leadership articles
- Comprehensive research projects started



5. RESPONSIBLE LEADERSHIP AND PROFESSIONALISM

SAICA was active in promoting the involvement of members to participate in SAICA's nation-building initiatives. These initiatives contribute to a culture of responsible citizenship aimed at building an ethical, just and successful society. The impact of SAICA's activities to facilitate responsible leadership is outlined in the Business Model, Value Creation and Resource Allocation sections.

In order to maintain an inspirational profession of high regard, SAICA uses a member satisfaction index (MSI) to gauge the impact of SAICA's contribution towards enabling members to make an inspiring impact in the marketplace.

The current satisfaction of members with SAICA is 69%, which is within the target range of 60%–70%.

Components of member perceptions which are positive regarding SAICA include the overall quality of SAICA's communication (78%), the overall value of SAICA membership brand admiration (80%) and the manner in which queries were handled (81%). Aspects which detracted from member satisfaction include the value of SAICA's social media (54%) and the adequacy and speed of dealing with ethical breaches by members (49%).

These last-mentioned aspects of the SAICA member satisfaction index are enjoying critical focus in 2018 in order to improve these ratings.

Further inspirational value of the profession in the marketplace is the reputation of the designations of SAICA. The reconstruction of trust leadership in the profession will be a key focus of SAICA in 2018.

SAICA launched the Leadership Excellence Acceleration Programme (LEAP) in conjunction with the Graduate Institute of Business Science (GIBS). LEAP is a custom-designed programme which provides younger CAs(SA) with enhanced leadership competencies.

Young CAs Network (YCAN) Conference: During August 2017 the Southern Region rolled out the first regional YCAN Conference with significant success. While this was meant to be a once-off event for the YCAN constituency based in the region, it became clear that this will become a flagship event in the region going forward. The conference's primary aim is to enhance the leadership and non-technical skills of delegates by bringing different industry experts together in an interactive environment, to develop responsible leadership while facilitating career enhancement.

6. INSPIRATIONAL PROFESSION OF HIGH REGARD

In order to create an inspirational profession of high regard, SAICA instituted a number of initiatives to facilitate the inspirational reputation of the profession through our members. The initiatives are highlighted below.





- A mentorship programme for young CAs(SA) was launched in Johannesburg in November 2017 with 26 participants selected from 120 respondents for the programme. Feedback was very positive. A national rollout will start in 2018.

- Programme Uitzending Managers (PUM) Netherlands senior experts: The PUM's global coaching programme developed a pilot programme customised 'Business Scholarship' for small and medium practices. SAICA leveraged business support for these 13 small and medium practices to the value of R1,5 million without any monetary investment in the programme by SAICA.
- Top 35-Under-35 competition: The Top 35-Under-35 competition in ASA elicited significant response with 430 attendees at the prize-giving event addressed by the Executive Mayor of Johannesburg, Herman Mashaba. The event was streamed live on Facebook and was joined live by 3 000 individuals.

Member engagement highlights

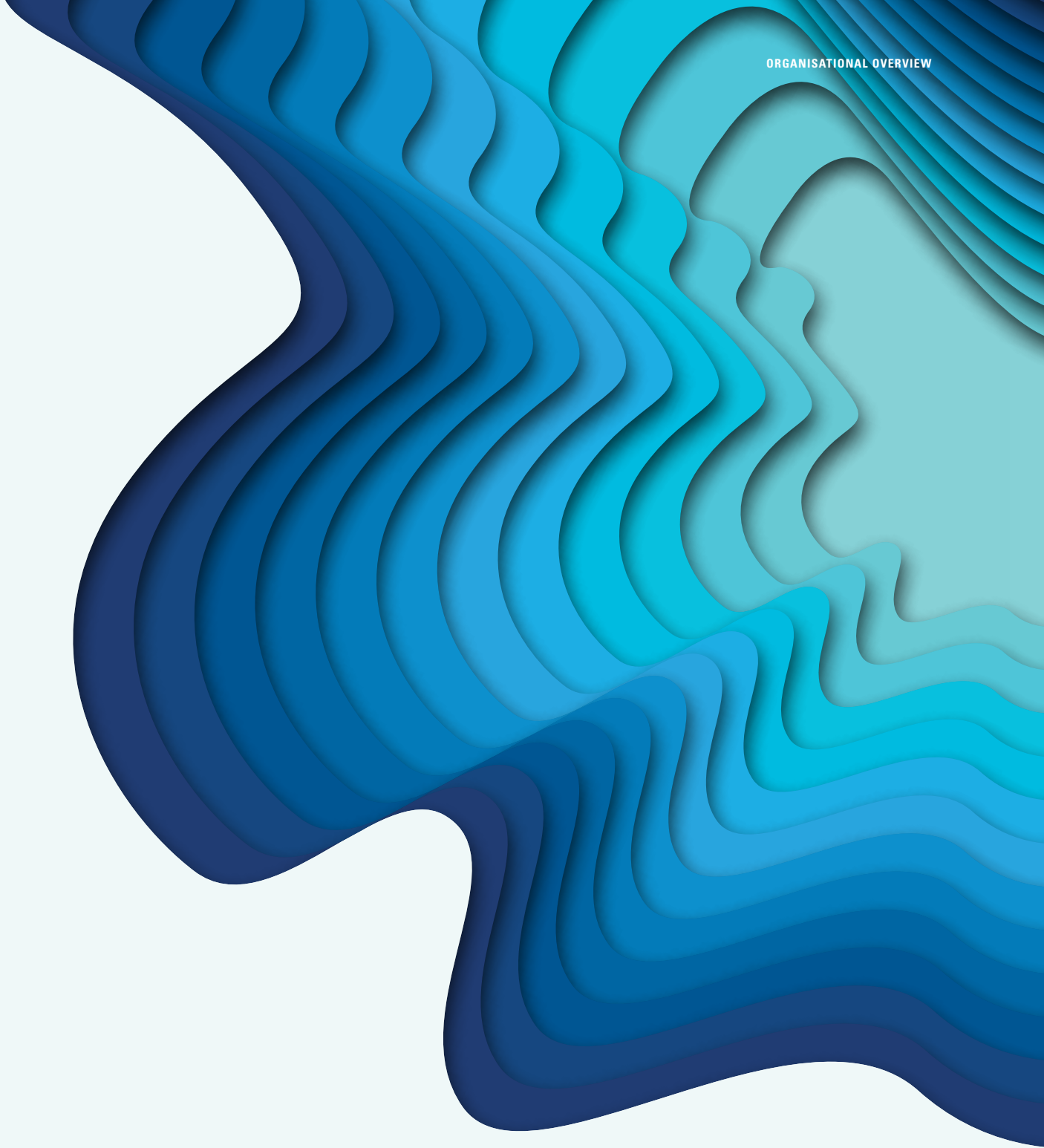
Further member engagement highlights include:

- SAICA Events Brochure: For the first time, SAICA produced a brochure detailing its events for the coming year. This includes technical, non-technical and networking events. This allows members to plan their development adequately in advance. A total of 661 hours of unique CPD is available to members in 2018, with 132 hours of complimentary CPD. Approximately half of this is technical and soft-skills training.
- The SAICA social media channels grew encouragingly during the year in review. The growth of media channels achieved was as follows:

SAICA SOCIAL MEDIA		Q4 (2016)	Q4 (2017)	% Improvement
	Twitter (followers)	17 528	21 261	21%
	Facebook (followers)	29 294	37 778	29%
	LinkedIn (followers)	4 224	4 430	5%
	YouTube (views)	120 205	141 568	18%

CREATING VALUE FOR OUR MEMBERS CONTINUED

- One-on-One member visits: A campaign to get to know members and their journeys resulted in various one-on-one meetings with members. These proved invaluable to identify member requirements and resulted in numerous changes to SAICA's service offerings.
- Contact Centre Improvement Project: The contact centre has been improved from a lower Level 1 to an upper Level 2 out of 5 maturity Level. The goal is to enhance the contact centre to a Level 4 by the end of 2018 and ultimately to enable an omni-channel contact centre that will deliver improved service and quality to members. All queries were resolved before year end. During 2017, 75 467 calls were logged and 65 698 emails were received and completed. The contact centre achieved a member satisfaction rating of 4 out of 5 for its support of members.
- Webcasts: The number of service offerings webcasted will increase substantially in 2018 as a result of acquiring in-house webcast capabilities.
- SAICA has assisted two government departments with public finance management capacity-building with technical support to capacitate these entities to improve service delivery to their stakeholders.





THUTHUKA
inspiring success

CREATING VALUE THROUGH OUR MEMBERS

THUTHUKA IMPACT ON THE SAICA VALUE CHAIN (SINCE INCEPTION)

As a critical stakeholder in society, SAICA has undertaken the responsibility of ensuring that there is a consistent flow into the economy of adequately and suitably qualified accounting professionals who are representative of the country's demographics.

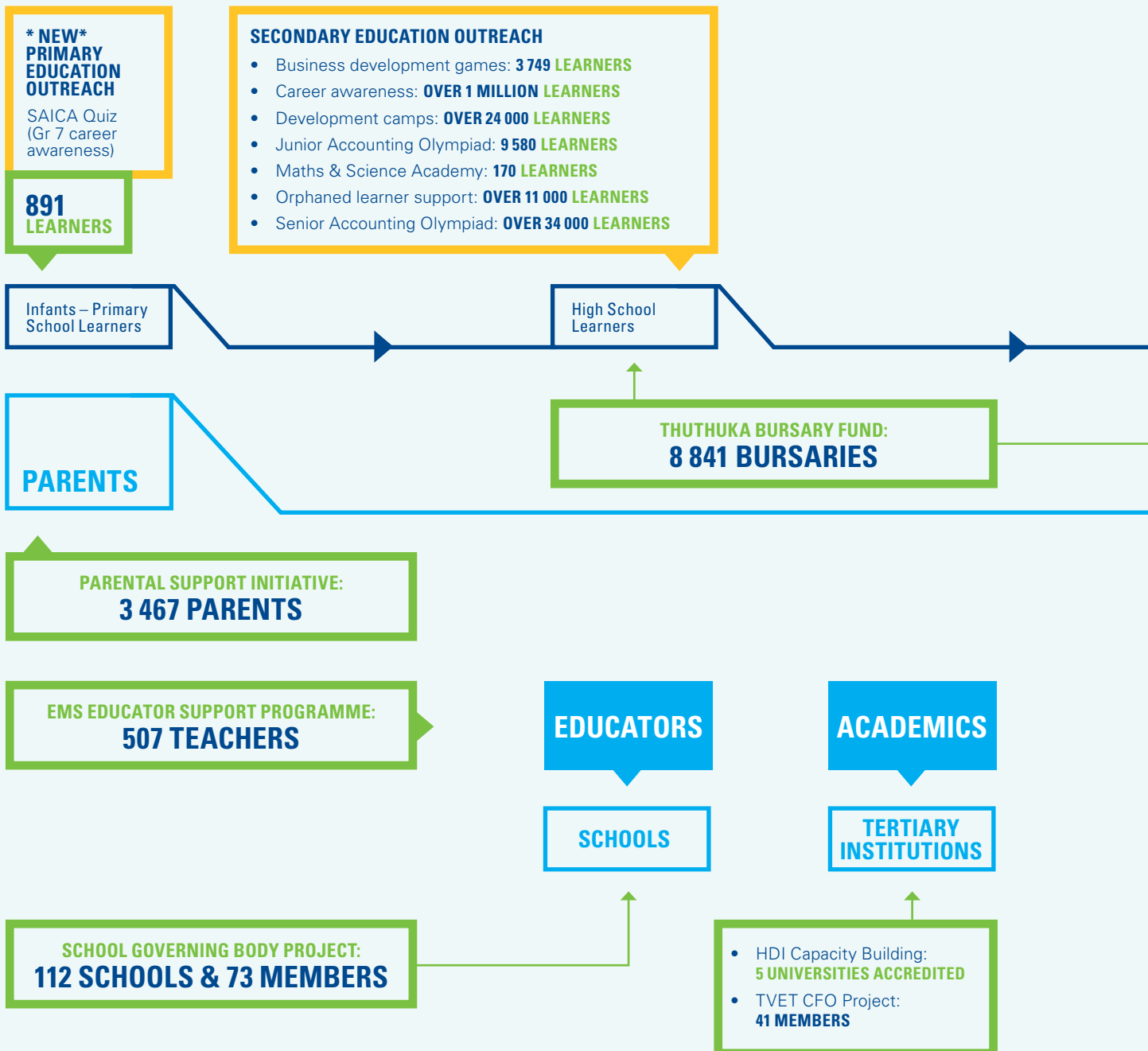
This is done via various skills development initiatives at primary, high school and tertiary education level.

To drive this process and ensure its proper governance,

SAICA established the Thuthuka Education Upliftment Fund (TEUF) in 2002 and the Thuthuka Bursary Fund (TBF) in 2015. Through Thuthuka, SAICA focuses on two strategic objectives:

- To grow the number of CAs(SA), and
- To transform the demographics of the profession to match the country's demographic profile

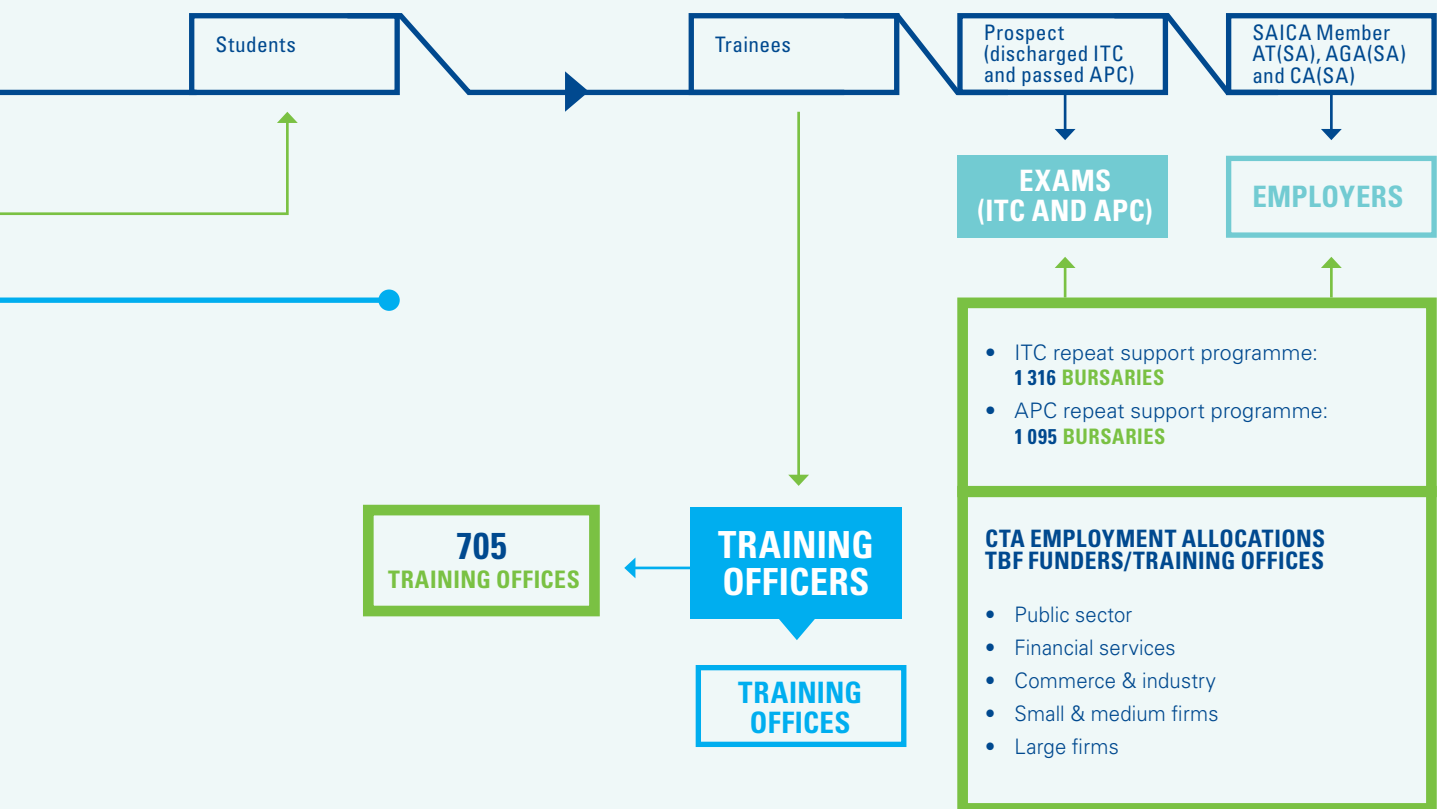
Thuthuka is a Zulu verb meaning 'to develop,' and it reflects the action-based perspective with which transformation in the accounting profession is being driven.



TERTIARY EDUCATION PROGRAMMES

- Full-time CTA Programme: **3 158 BURSARIES**
- Part-time CTA Programme: **1 577 BURSARIES/SUPPORT**
- Student Leadership Summit: **270 STUDENTS (TOP 30 PER YEAR)**
- University Support Programme: **2 900 BURSARIES/STUDENT SUPPORTED**
- Capacity-Building Programmes at HDIs: **8 608 BURSARIES**

**OVER 500 QUALIFIED CAs(SA)
649 TRAINEES IN THE PIPELINE**





ISFAP

Ikusasa Student Financial Aid Programme

CREATING VALUE THROUGH OUR MEMBERS CONTINUED

THE IKUSASA STUDENT FINANCIAL AID PROGRAMME (ISFAP)

ISFAP launched its pilot programme in January 2017 as part of the national effort to solve the funding challenge faced by missing middle students and which culminated in the country's #FeesMustFall protests.

The programme funds students from households that earn R0 – R600 000 and provides them with full cost of study as well as wraparound support.

ISFAP's strategic intent is that the programme seeks to secure the future of South African youth by providing needs-based assistance to students from poor and working classes to acquire a broad set of knowledge, skills and character traits that will significantly improve their meaningful participation in the growth of the economy, thereby advancing equal opportunity and

equitable income distribution for all South Africans.

The key strategic objectives of the programme, as derived from its strategic intent, are to:

- Promote progressive support to financially needy students in order for them to access higher education
- Improve the efficiency of the new funding model over the country's current higher education funding model
- Align the skills promoted by the model with the NDP and Human Resources Development Council Strategy
- Reduce the dropout rate of poor students
- Improve all stakeholders' contribution to South Africa's future, by creating a shared and common vision for education in South Africa.

ISFAP 2017 PILOT STATS

697 STUDENTS
ENROLLED

8 PARTNERED TERTIARY
INSTITUTIONS

14 PROFESSIONAL
PROGRAMMES FUNDED

DISTRIBUTION OF ISFAP STUDENT ENROLMENT

Universities	Medical Doctors	Pharmacists	Actuaries	Engineers	Chartered Accountants	Prosthetists/Physio	Technical (Artisans)	Humanities (selected majors)	Bsc Maths of Finance	Bcom General	Bcom PPE	Occupational Therapists	Nurses	Total
University of Venda		12		8		4						25		49
Walter Sisulu University	45					3			3			1	20	72
University of the Witwatersrand	22		27	47		28			8					132
University of Cape Town	84		1		11									96
University of Pretoria			7	127	52					2	2			190
Tshwane University of Technology				13	16			22						51
University of KwaZulu-Natal	77											10		87
ORBIT TVET							20							20
Total	228	12	35	195	79	35	20	22	11	2	2	36	20	697

ISFAP ACADEMIC RESULTS

NUMBER OF STUDENTS ON THE PILOT	697
NUMBER OF NSFAS STUDENTS TOPPED UP	163
AVERAGE MARKS ACHIEVED BY STUDENTS	60%
PASS RATE OF STUDENTS ON THE PILOT	95%

WRAPAROUND SUPPORT

NUMBER OF STUDENTS ACTIVELY ENGAGED IN WRAPAROUND SUPPORT SERVICES	697
DROPOUT RATE TO LESS THAN 5%	

The key achievements of the 2017 pilot highlight that ISFAP, based on SAICA's Thuthuka Bursary Fund model, is a viable and impactful solution for higher education funding and student support.



The confidence to do more.

CREATING VALUE THROUGH OUR MEMBERS CONTINUED

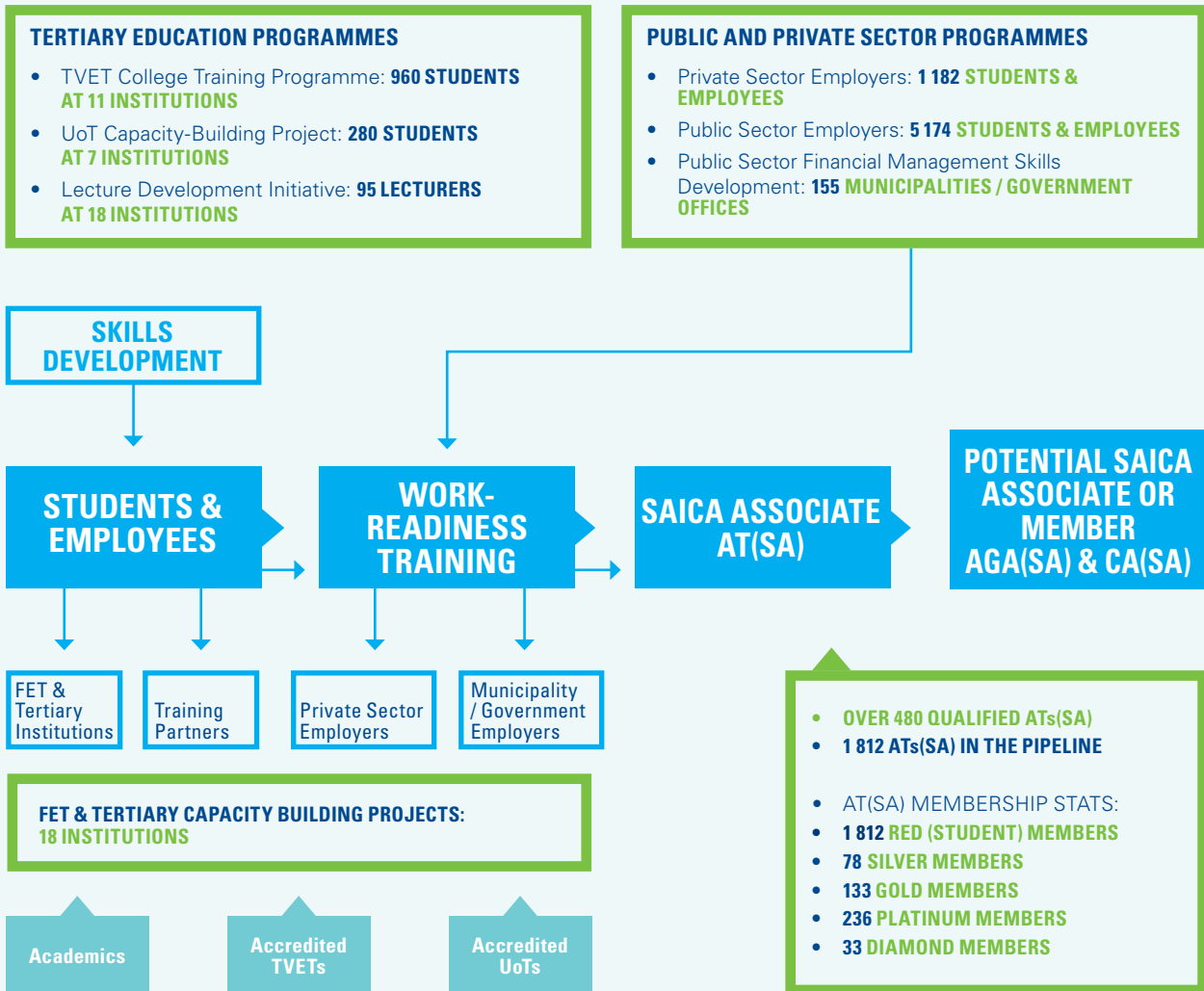
AT(SA) IMPACT ON SAICA VALUE CHAIN (SINCE INCEPTION)

Accounting Technicians South Africa (AT(SA)) is a leading, trusted professional body dedicated to the education, development, regulation and support of accounting technicians in South Africa.

As SAICA's entry-level qualification in accounting, AT(SA)'s private and public sector qualifications offer students and employees a flexible and developmental

career progression pathway.

By providing foundation through to advanced level accounting knowledge, skills and competencies, AT(SA) seeks to improve career progression and employability of its members and deliver competent work-ready graduates and upskilled citizens already in employment, and thus contribute towards addressing South Africa's financial management skills shortage.



AT(SA) IMPACT

Through 42 Technical Vocational Education Training (TVETs) colleges, Universities of Technology (UoTs) and public and private sector programmes, AT(SA) has provided work-readiness qualification and career advancement opportunities to over 7 400 students and employees nationwide over the past nine years.

Through AT(SA)'s skills development and capacity-building projects, SAICA is advancing the competitiveness of the economy and creating better functioning accounting and finance departments in both the public and private sectors.

KEY AT(SA) INITIATIVES

Skills Development: Technical Vocational Education Training (TVET) College Training Programme

In partnership with the Banking Sector Education and Training Authority (BANKSETA)

Capacitating TVET colleges to expand opportunities for students wishing to enter the accounting profession:

- 880 students
- 11 TVET colleges

Skills Development: Private Sector Training Programme

Creating and up-skilling private sector company work programmes to better their employees' career progression:

- 1 182 employees
- 42 training partners

Skills Development: Public Sector Financial Management Qualification

Professional public sector customised training to address skills shortages in government institutions from entry to mid-levels, and to improve audit reports and ultimately, service delivery:

- 5 174 students (PSAQ Level 3 and 4)
- 65% average graduation rate
- 155 government offices / municipalities

Capacity Building: University of Technology (UoT) Capacity Building and Post School Training Project

In partnership with BANKSETA

Rolling out of the AT(SA)'s NQF Level 4 qualification for UoTs to expand their offering in their finance and accounting faculties:

- 280 students
- 7 UoTs

Capacity Building: Lecture Development Initiative

- 95 lecturers
- 11 accredited TVETs
- 7 UoTs



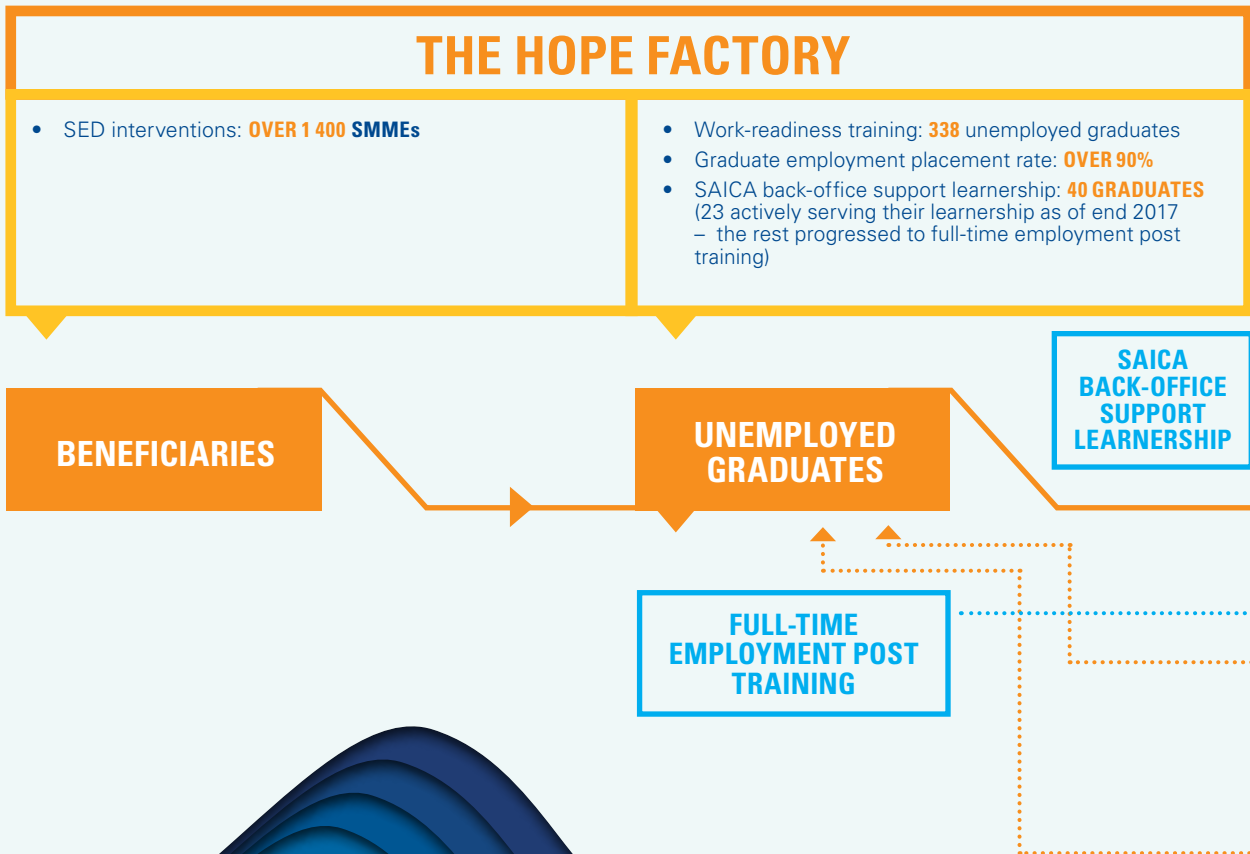
CREATING VALUE THROUGH OUR MEMBERS CONTINUED

SAICA ENTERPRISE DEVELOPMENT IMPACT ON SAICA VALUE CHAIN (SINCE INCEPTION)

The Hope Factory (non-profit company) delivers Socio-Economic Development (SED) Programmes that result in mobilising economic activity for black South African citizens (as defined by the B-BBEE codes) as part of SAICA's nation-building transformation objectives. The main objective is to provide solutions for unemployment by equipping individuals with the skills and abilities needed to generate income through

new business opportunities. Besides creating bespoke SED programmes for both the private and public sectors, The Hope Factory offers a flagship training and mentorship programme to help individuals effectively start and operate their own businesses.

SAICA Enterprise Development (Pty) Ltd houses all SAICA's Enterprise and Supplier Development (ESD) profit-generating programmes and activities. SAICA Enterprise Development offers flagship and customised ESD Programmes (previously housed





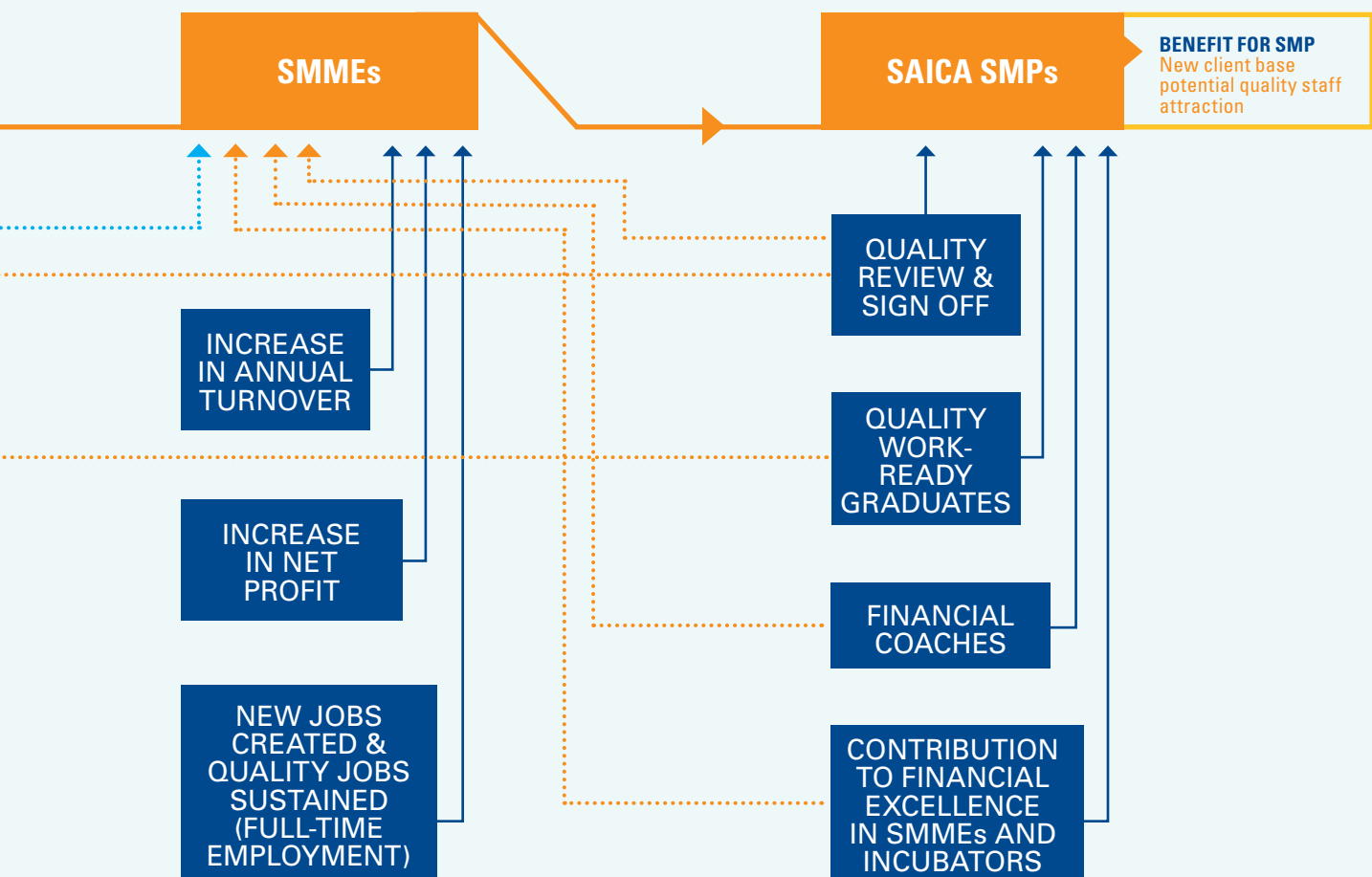
under The Hope Factory) and accounting support initiatives. The major purpose of this entity is to grow South Africa’s entrepreneurial ecosystem through advancing the sustainable growth of small black businesses, which in turn will create employment opportunities.

Through partnership with SAICA’s Small and Medium Practices (SMPs), SAICA Enterprise Development aims to achieve financial excellence in both SMMEs and

incubators nationwide. In doing so, these SMPs have the opportunity to attract new staff through growth and create a pipeline of new clients. SAICA Enterprise Development also aims to influence corporate and government policies to support and facilitate the creation of impactful enterprise and supplier development programmes aligned with the B-BBEE Codes and the new Chartered Accountancy Profession Sector Code (CA Charter).

SAICA ENTERPRISE DEVELOPMENT

- SMME support programmes
- Accounting Support Programme: **OVER 250** SMMEs
- JHB & PE ED Programme: **OVER 650** SMMEs
- Customised ESD projects: **7 PROJECTS** and **OVER 40** SMMEs
- SMMEs funds and incubators supported: **11 FUNDS** & Incubators
- Jobs created by supported SMMEs: Over **430 JOBS** (2014-2017)





03

**BUSINESS MODEL, VALUE CREATION
AND RESOURCE ALLOCATION**

BUSINESS MODEL, VALUE CREATION AND RESOURCE ALLOCATION

MATTERS THAT SUBSTANTIVELY AFFECT SAICA'S ABILITY TO CREATE VALUE OVER THE SHORT, MEDIUM AND LONG TERM

BUSINESS MODEL

During 2017, SAICA refined its strategic objectives and key performance measures. As a result of this refinement, we aligned our business model, and by implication, our business activities to these strategic

objectives to support the achievement of our strategy. Whilst we appreciate that SAICA is impacted by all the capitals in varying degrees, we have only listed those that we believe are core to us achieving our strategy. We are cognisant that our business activities do affect

CAPITALS



INPUTS

- SAICA's Competency Framework
- Thought leadership and technical developments
- Thuthuka model

- Membership subscriptions and revenue from services and products
- Funding for developmental programmes is provided via contributions by companies, firms, governments, members and individuals

- Member participation through the various SAICA structures
- SAICA's and staff relationships with stakeholders
(Refer to Stakeholder Relationships section)

- SAICA has 216 staff members with diverse capabilities

BUSINESS ACTIVITIES

FOR MEMBERS

- Engage and collaborate with members and stakeholders to understand or respond to technical and/or legislative topics that impact the profession.
- Provide members with continuous professional development through the various SAICA products and services
- Advocate and lobby stakeholders on behalf of SAICA's members on topics that impact the profession
- Respond to member technical queries that enhance the value of the brand
- 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
- Distribute thought leadership (internally generated or externally sourced) on a wide range of topics using multiple platforms or channels
- Brand promotion activities

THROUGH MEMBERS

- Deliver skills development initiatives to the profession: Thuthuka
- Raise funds for students from households with earnings between R0 – R600 000 studying toward occupations of high demand via ISFAP
- Continuous enhancement of the Competency Frameworks for the CA(SA), AT(SA), AGA(SA) designations
- Create socio-economic programmes for both the public and private sectors: Hope Factory
- Provide enterprise and supplier development profit-generating programmes and activities, and accounting support initiatives to SMMEs: SAICA Enterprise Development Pty (Ltd)

the capitals either positively or negatively, however, the disclosure thereof will be a particular area of focus in 2018. In addition, we will pay attention to the decisions regarding the trade-offs between the different capitals that SAICA management and the Board make in

the achievement of our strategy, and the disclosure thereof.

The achievement of the SAICA strategy is evaluated using a number of indexes and measures, which are discussed in the Performance 2017 section of this report.

OUTPUTS

- Qualifying examinations candidates ITC 3 546 (2016: 3 285) and APC 2 703 (2016: 2 529)
- Number of trainees 8 812 (2016: 8 091)
- Membership and associate subscriptions – number of members and associates
 - o AT(SA) 2 292 (2016: 2 179)
 - o AGA(SA) 3 127 (2016: 2 376)
 - o CA(SA) 42 998 (2016: 41 362)
- Number of seminars and events 364 (2016: 285)
- Number of technical articles produced 56 (2016: 60) and published 212 (2016: 106) times
- Number of thought leadership articles 35 (2016: 0)
- Jobs created by supported SMMEs 430 (2014-2017)
- Number of bursaries provided through Thuthuka to date
 - o Thuthuka Bursary Fund 8 841
 - o Capacity-building programmes 8 608
 - o Full-time CTA Programme 3 158

IMPACT: (OUTCOMES)

(Refer Performance 2017 section)

FOR MEMBERS

- Overall member satisfaction rating of 69%
- Total of 16 seminars focusing on ethics and NOCLAR attended by 1 368 members, achieving a member satisfaction rating of 4.38 out of 5
- Unprompted awareness of the CA(SA) designation increased to 86% among business leaders
- Most admired brand rating increased to 76% among business leaders
- 1 092 public relations exposures valued at R54 million worth of publicity
- Technical query resolution satisfaction of 4.15 out of 5
- Technical committees satisfaction:
 - o Advisory group 4.4 out of 5
 - o National interest groups 3.85 out of 5
 - o Technical advisory group 4.4 out of 5
- Reciprocity agreements with 10 professional bodies
- SAICA brand architecture aligned with global Chartered Accountants Worldwide brand architecture
- Over 134 hours of free CPD offered
- A satisfaction rating of 4.26 out of 5 received from the 22 913 members attending seminars and events and the 7 870 members viewing webinars

THROUGH MEMBERS

- 80% of South African high schools (with a matric pass rate of 60% in mathematics) were part of a SAICA school interaction in 2017
- Through the Thuthuka Bursary Fund over 1 000 beneficiaries have qualified as CAs(SA) and over 2 000 more are currently in the qualification pipeline
- With the help of 73 CAs(SA), SAICA has equipped the school governing bodies (SGBs) at 112 schools with financial management and governance skills
- 338 unemployed accounting graduates have received work-readiness training through SAICA's Accounting Support Programme
- AT(SA) qualified public sector employers can be found in 155 municipalities / government offices around the country
- SAICA's Hospital Capacitation Project has equipped 53 hospitals with financial management and governance skills
- AT(SA) rolled out its NQF Level 4 qualification to 8 Universities of Technology (UoTs) to expand the offering of their finance and accounting faculties
- Thuthuka's pass rate was 2% higher than the national average for the January 2018 Initial Test of Competence (ITC) exam
- SMMEs that have taken part in projects run by SAICA Enterprise Development and The Hope Factory have created over 430 new jobs
- SAICA's career awareness is now targeting primary school learners through the Grade 7 SAICA Quiz – 891 learners from 119 schools took part in this new initiative in 2017
- SAICA has accredited 5 Historically Disadvantaged Institutions (HDIs) – the remaining 1 is expected to be accredited by 2019



04

FUTURE
OUTLOOK

FUTURE OUTLOOK

Key to the success of SAICA's strategy is our ability to advocate on behalf of the profession in the public interest. SAICA will therefore invest in its stakeholder and relationship capital to ensure that we enhance our ability to identify and collaborate meaningfully with and on behalf of our members and stakeholders.

It is essential that SAICA and the profession embrace the changes that presents itself given the fast-paced changes in technology. To this end, SAICA is investing in an internal digital transformation programme that will transform the operations of the organisation, which will ultimately be to the benefit of members and stakeholders.

SAICA's ability to implement its strategy with excellence will always be a challenge given the limited amount of funding available. Future efforts will be focused on sourcing sustainable funding including business development initiatives and strong public private partnerships.

Two key challenges our members will be facing include the potential trust deficit in the profession both locally and globally and a qualification that is 'Future Fit'. To this end, SAICA will be focusing its medium- to long-term efforts on two key initiatives for our members, namely the trust leadership reconstruction strategy and the CA2025 research project.



Following significant negative developments in the profession in 2017, SAICA has implemented a trust leadership reconstruction strategy for 2018 to address the trust leadership deficit created.

The trust leadership strategy consists of a series of initiatives including:

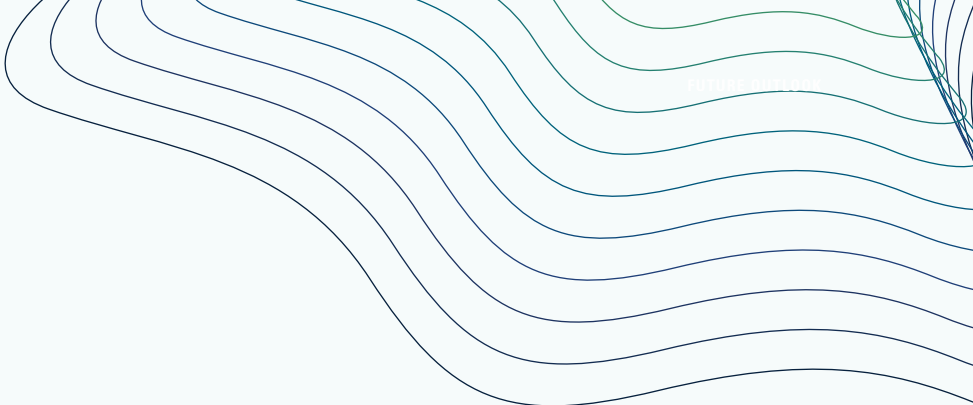
- A public relations campaign to communicate the competencies (including the ethical training of CAs(SA)), the value and values of CAs(SA) and the integrity and ethical requirements of CAs(SA)
- A social media campaign called #CountMeIn will be launched in 2018 to ask members to support the ethical standing of the profession as CA(SA) brand ambassadors
- SAICA will run a series of recorded ethical debates on the ongoing state of the profession in 2018 to address market concerns
- SAICA will provide feedback on the outcome of the independent Ntsebeza Inquiry which is intended to speed up the investigative process
- The SAICA Board has asked management to investigate the manner in which it initiates and investigates disciplinary processes against members, including reviewing possible steps to enable the Institute to take decisive steps prior to formal disciplinary action being initiated against any member/s alleged to have breached the provisions of the Code of Professional Conduct
- SAICA will sponsor the 2018 conference of the Ethics Institute to communicate SAICA's stance on the state of the profession

The negative publicity is expected to continue for quite some time given the number of alleged ethical indiscretions evident in the economy and the ongoing investigations into the allegations already reported.

CA2025



In a world of exponential and continuous change, it has become more critical than ever to ensure that CAs(SA) remain relevant in the roles they perform. As technology continues to improve and be more and more prevalent in the typical accounting space, this creates both challenges and opportunities for current and future members and associates of SAICA. The CA2025 project being undertaken is formally researching the competencies (knowledge, skills and attitudes) that CAs(SA) will need to demonstrate in the workplace of the future. This project seeks to detail the competencies most needed and these will be defined in a competency framework which will inform various aspects of the pre-qualification process. Further projects that will follow include: review of the education and training model, review of SAICA's formal assessments, and facilitating improvements to teaching and learning approaches as well as the post-qualification process, post-qualifications specialisations, and improved SAICA offerings related to non-technical learning and development. SAICA is working closely with the Independent Regulatory Board for Auditors on this important project.



It is essential that the profession should continue to play a leadership role in addressing the key external environmental factors facing the profession. SAICA will continue to play its role in removing the social and economic imbalances created by apartheid and the social decline being caused by corruption in all sectors of the economy and society. Through its members and supported by all stakeholders, including Government and international bodies, SAICA will strive to:

- Address the negative impact of corruption through the identification of practical solutions based on credible, well-researched data and information

- Address the funding crisis within the tertiary education system through the adoption and mass roll-out of the Thuthuka model
- Address poor service delivery in the public sector through the professionalisation of this sector, enabling them to implement mechanisms to produce their own professional accountants
- Address the shortages of available skills in the professions in South Africa

SAICA has identified four medium- to long-term initiatives to address these challenges.



This national campaign will see SAICA promote active citizenship through our members (as leaders in business). The campaign will drive factual and transparent engagement that creates solutions instead of just dialogue to the 9 impediments to South Africa's economic growth as per the National Development Plan (NDP).
Through Unite 4 Mzansi™, SAICA plans to promote the values of responsible leadership through the promotion of ethics and governance and entrenching trust in the profession.



ISFAP will be playing a bigger role in contributing to the CA(SA) pipeline, as per SAICA's strategy. Along with the other private sector partners that have come on board to support ISFAP and its work, SAICA looks forward to making a continued impact on the South African higher education space through its participation in this programme. While SAICA is always looking to ensure the growth of its own profession and access to this for all, ISFAP allows us the opportunity to do this work on a larger scale and allows us to help other professions to grow from our learnings and successes.



Through our members, SAICA will continue to assist the public sector in improving its financial management systems and better capacitate itself in order to be functional and deliver on its service delivery mandate.



As part of its strategic intent to become the preferred and trusted enterprise and supplier development partner to the private and public sector, SAICA (through its members) seeks to understand the national entrepreneurial ecosystem that exists in South Africa.
In supporting the national imperative of economic transformation, a culture of entrepreneurial interest will be promoted across the SAICA value chain.

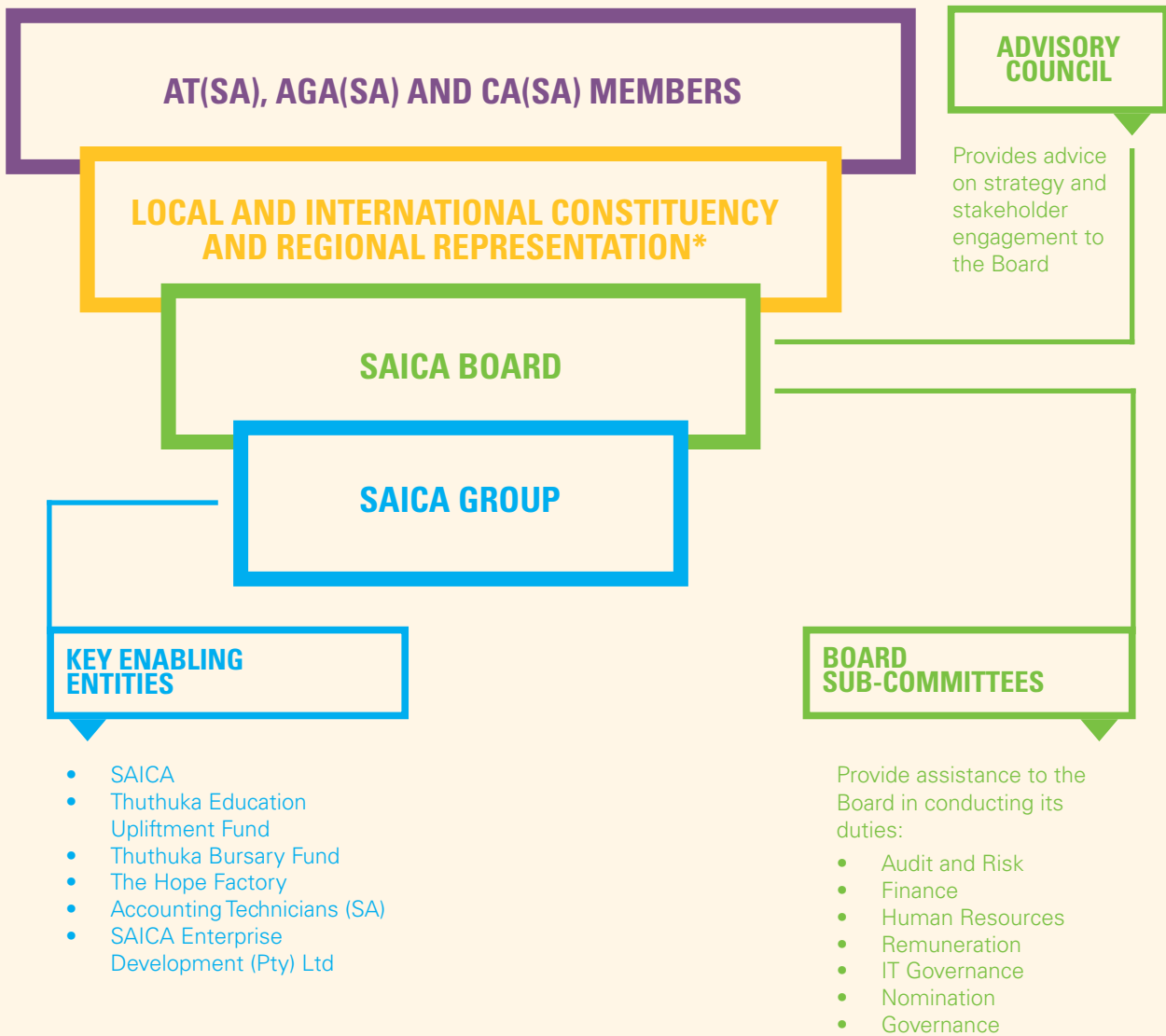
SAICA will continuously explore opportunities to refine its business model in line with the opportunities that present themselves.



05

GOVERNANCE

GOVERNANCE



KEY ENABLING ENTITIES

- SAICA
- Thuthuka Education Upliftment Fund
- Thuthuka Bursary Fund
- The Hope Factory
- Accounting Technicians (SA)
- SAICA Enterprise Development (Pty) Ltd

BOARD SUB-COMMITTEES

Provide assistance to the Board in conducting its duties:

- Audit and Risk
- Finance
- Human Resources
- Remuneration
- IT Governance
- Nomination
- Governance

The SAICA Board and its sub-committees are responsible for ultimate oversight of key enabling entities. (Refer to <https://www.saica.co.za/About/Committees/SAICABoard/SAICABoardMemberprofiles/tabid/2602/language/en-US/Default.aspx>)

*The Board position representing the international constituency remained vacant in 2017. This will be addressed in 2018.

BOARD AND GOVERNANCE STRUCTURE

The Board comprises 23 representative members including 5 co-opted members. The co-opted board positions represent academia and any other areas which the Board deems relevant from time to time. As at 31 December 2017, there existed 3 vacancies on the Board. The Board operates in accordance with the provisions of the SAICA Constitution, By-laws and Board Charter, as well as other SAICA policies. The Board is representative of key elements of SAICA's membership. Board members are appointed by regional councils and committees representing key constituencies with the majority of the board members being representatives of the SAICA constituencies. The SAICA Board and its sub-committees are responsible for oversight over key enabling entities.

BOARD FOCUS AREAS AND ACTIVITIES

The Board provided effective leadership to the Institute in an environment where the status and the ethical objectives of the profession were brought into question. Apart from adopting and implementing good corporate governance practices, the Board ensured that its ethical responsibilities to the Institute's members and all stakeholders, including staff and the society at large were a fundamental focus of all its deliberations during the year under review. Previously, significant progress was made to ensure alignment of the SAICA governance practices with the principles of King III. The Board is committed to ensure the Institute's alignment with the principles of King IV starting in 2018.

The Board maintained its lead role in ensuring that SAICA and its members integrate and instil ethical standards into their operations. In this regard, the Board mandated the Ethics Committee to proactively maintain the Code of Professional Conduct for Chartered Accountants (the Code of Professional Conduct) which is applicable to members, associates and trainees of SAICA. In particular, the Non-Compliance with Laws and Regulations (NOCLAR) standard sets out a framework to guide auditors and professional accountants on the actions to be taken in the public interest when they become aware of a potential illegal act committed by a client or an employer. The standard provides a clear pathway for auditors and professional accountants to disclose potential non-compliance situations to appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality. The Ethics Committee, with input from the Disciplinary Panel, monitors and analyses emerging trends which could negatively influence member ethical conduct ensuring that such ethical issues are addressed by the Code of Professional Conduct. (Refer to Member Ethics and Discipline in this section).

In addition to setting the strategic direction of SAICA, at the core of the Board's key responsibilities are the maintenance and advancement of standards

of corporate governance, ethical norms and risk management guidelines, monitoring the Institute's and management's performance against set goals and objectives. Through its oversight role, the Board ensures the adherence by members to member compliance requirements such as continuing professional development (CPD).

The Board Charter and other board-related documents were reviewed in 2016 in considering various projects which the Board intended to institute and no amendments were effected to the Board Charter during 2017. The Board Charter directs the Board with regards to its powers and responsibilities, structure, and succession planning, among others. The Board is therefore accountable to members and stakeholders of the Institute for the overall management of SAICA's business.

The current SAICA governance model is a result of prolonged and extensive consultations among the various provincial bodies which pre-existed SAICA as well as the Institute's stakeholders. The evolution of the governance structure has taken into account various critical factors, including, but not limited to, ensuring equitable representation of the various constituencies not only at board level, but also in various national forums.

In 2018, the Board, through the Governance Committee, will review the SAICA governance model to ascertain whether the Institute's current governance model is optimal in ensuring that SAICA achieves its strategic initiatives. This will be a core part of the Board's agenda and will require extensive member and stakeholder consultation and participation.

SAICA CODE OF ETHICS

SAICA staff members and members of the Board are expected to adhere to the highest standards of professional and business ethics. Whilst the Board members are responsible for the ethical obligations of SAICA and take the necessary measures to achieve compliance with the Board Code of Ethics and the Code of Professional Conduct, the Board has undertaken to comprehensively review the application of ethical standards in the Institute, starting with the Board and the Institute's employees.

In this regard, a detailed ethics culture survey (part of the SAICA Ethics Programme) was conducted, the results of which will be used as the foundation for re-invigorating awareness and ethical business and professional conduct and the development of an Ethics Management Framework (comprising the establishment of an Ethics Management Strategy and Plan) in the Institute.

INDEPENDENCE

Whilst an inherent conflict of interest exists in that all board members are members of SAICA, such a conflict is mitigated in that board members are not involved in

the day-to-day operational management of the Institute. All non-executive board members are 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. Members of the Board, like any other CA(SA), are required and encouraged to apply the tenets of the Code of Professional Conduct in considering their independence while serving as board members. In this regard the Board has made extensive efforts to highlight the importance of ensuring that incidents which give rise to conflict of interest (regardless of materiality) are effectively managed and monitored at all levels of the organisation. This has culminated in a comprehensive review and updating of the SAICA Conflict of Interest Policy and the added focus on the application of the NOCLAR standard. To this extent, the Board has seen it as critical that the extensive review of the SAICA conflict of interest policy is conducted in tandem with the roll-out of the SAICA Ethics Programme.

BOARD APPOINTMENTS

The appointment of constituency representatives is conducted with input from the Nominations Committee on the skills required from persons appointed to the Board. In future, emphasis will be placed on key skills which are identified through the annual board competency matrix survey as well as the board evaluation.

BOARD CHAIRMAN

All board members apart from the CEO and any other member of the SAICA management team nominated by the CEO to the Board are considered independent non-executive board members. As such, the chairman is elected by board members annually and the term is renewable. Mr Lwazi Bam is the current chairman. His

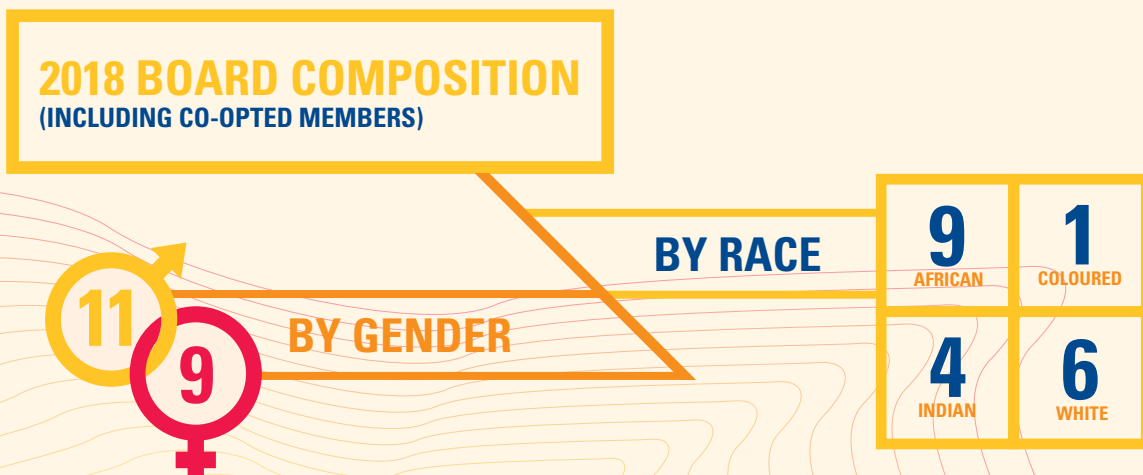
term of office ends in June 2018. During his tenure as chairman, Lwazi Bam has ensured that an ethical tone for the Board and the Institute is set at the top. Further, the Board, through the chairman, has been pivotal in motivating for and convening the SAICA independent inquiry into the conduct of certain members of the Institute employed by KPMG (Ntsebeza Inquiry). This is a significant milestone in the manner in which the Institute investigates allegations of misconduct against members and initiates disciplinary proceedings. Further, the Board has asked management to investigate whether the Institute's disciplinary process should be reviewed to enable the Institute to take any decisive steps prior to formal disciplinary action being instituted against members alleged to have breached the provisions of the Code of Professional Conduct.

CHIEF EXECUTIVE OFFICER

The Board delegates responsibility for the day-to-day management of SAICA to the Chief Executive Officer (and the management team of the Institute), who is responsible for the implementation of SAICA's strategy. Dr Terence Nombembe is SAICA's Chief Executive Officer. He was appointed by the Board in January 2014 and his term of office ends in January 2019.

BOARD EVALUATION AND EFFECTIVENESS

Board and board committee effectiveness is assessed annually. The evaluation of the Board and board committees' effectiveness is due to be conducted at the end of the second quarter of 2018 to enable the Board members to sufficiently complete the evaluation. The board evaluation will be conducted at this time, taking into account the fact that at the time which the Board evaluation was required to be completed in 2017, a substantial number of board members had only recently commenced their duties on the Board.



For the period ending June 2017, a board evaluation was conducted and facilitated by the company secretary. The results related to the strategy and planning, board structure and role, board responsibilities, culture and relationships and financial reporting. The evaluation confirmed that the Board was working effectively in providing management with direction and support towards the achievement of the Institute's strategic objectives. To further augment its oversight role, the Board resolved to allocate more time on strategy formulation, monitoring and implementation, in specially convened board meetings. As a result of the Board evaluation as well as the direction which the Board intends the Institute to take, the Board convened a board strategy workshop at which it was resolved that the focus on certain matters, such as advocacy management and member engagement, should be elevated above their current levels.

BOARD DIVERSITY AND TRANSFORMATION

During the year under review several initiatives were identified to ensure that board member development continues. A board competency matrix survey was conducted to enable the Board to identify the specific skills and competencies required at board level and advise the various constituencies of these requirements prior to the nomination and appointment of constituency representatives to the Board.

The results of the Board competency survey indicated that there is a need to further enhance board member exposure to issues of government and public policy, law and information technology, public relations and community/stakeholder relationships and risk management. The majority of the Board members indicated that they were skilled in industry knowledge, technical knowledge, finance, accountancy, strategy output and implementation, audit and corporate governance.

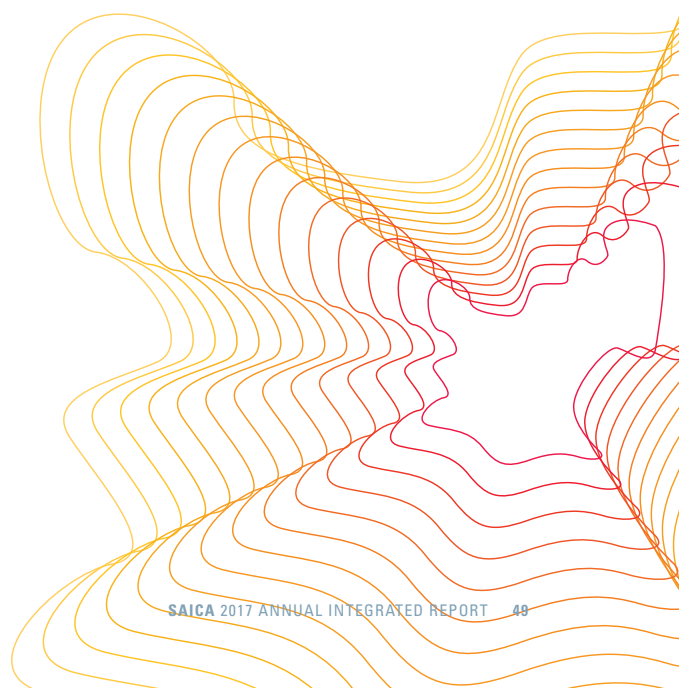
The Board induction and ongoing board member development which is scheduled for the first quarter of 2018 will be tailor-made to improve board member competencies in the areas identified by the Board competency matrix survey results highlighted above. In the interim, board committees, under the guidance of their respective terms of reference (ToR), have the ability to retain the services of subject matter experts to enable the Board committees to deliver effectively on their mandate.

SAICA's transformation plan will be aligned to the outcome of the CA Charter, once that charter has been signed, with a key focus on ensuring that the Institute achieves equitable and sustainable representation throughout its structures. The Nominations Committee continues to encourage regional councils as well as other functional committees to account for the transformation of those committees with the use of the transformation index as a tool to track transformation milestones. As

such, where a nomination for a committee is submitted to the Nominations Committee, the nominating committee is required to provide a motivation regarding the impact of the nomination on transformation of the committee (as well as the Institute). Actions taken to ensure that the nominating committee achieves or surpasses the transformation targets are also put in place.

COMPLIANCE ASSURANCE

The Institute has ensured that compliance with requisite regulatory and internal precepts is adhered to. In addition to adherence to the compliance framework, which ensures that relevant legislation is identified and complied with in order to guard against any non-compliance that could materially impact the performance or sustainability of SAICA, the Board intends to initiate a member compliance programme commencing in 2018. This programme will enforce member adherence to policies, procedures, practices and standards and will be used to enhance member awareness of their obligations to ensure adherence to professional ethics.



BOARD SUB-COMMITTEES

The Board is assisted in its tasks by various board committees and the Advisory Council. The Board may from time to time establish committees to assist in the execution of its responsibilities.

BOARD SUB-COMMITTEE:

EXECUTIVE COMMITTEE

The purpose of the Executive Committee is to assist the Board in the orderly governance of SAICA by, *inter alia*, acting on behalf of the Board between board meetings; providing leadership advice to the Board on key issues; and ensuring that the right levels of advocacy are in place throughout SAICA and the SAICA entities.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The Executive Committee met on several occasions to be briefed on and to discuss various matters which the Institute was required to address between the Board meetings including MAFR, the Ntsebeza Inquiry and the secondment of the SAICA CEO. The Executive Committee provided the management team with the requisite guidance on member engagement, disciplinary matters and advocacy-related issues which management was engaged with during the year under review.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The Executive Committee will continue to fulfil its mandate.

LINK TO STRATEGIC OBJECTIVES:



BOARD SUB-COMMITTEE:

AUDIT & RISK COMMITTEE

The Audit and Risk Committee provides assistance to the Board in discharging its oversight responsibilities and function over SAICA and any other legal entity under SAICA's management and/or control.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The Audit Committee oversaw the tender process for the appointment of the internal auditors and also provided oversight and guidance on SAICA's risk maturity assessment. It oversaw the appointment and performance evaluation of both external and internal audit. The committee also considered and approved the 2018 internal audit plan.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The Audit and Risk Committee will continue to monitor and provide direction on SAICA's risk maturity journey and the implementation of the internal audit plan.

LINK TO STRATEGIC OBJECTIVES:



BOARD SUB-COMMITTEE:**FINANCE COMMITTEE**

The purpose of the Finance Committee is to provide assistance to the Board in discharging its financial oversight responsibilities over SAICA, The Hope Factory, Thuthuka Bursary Fund, Thuthuka Education Upliftment Fund, Accounting Technicians (SA) and any other entity under the control or management of the SAICA secretariat.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

In 2017, the Finance Committee monitored, with the assistance of the Digital Transformation Governance Committee, the financial activities focused on the digitisation programme and investigated whether the internal financial processes are adequate to support the various programmes which the Institute is undertaking. The Finance Committee also investigated, with the support of the Remuneration Committee and the Human Resources Committee, whether it is affordable for SAICA to adopt a long-term incentive scheme.

The SAICA funding model and strategy is an important component of the Finance Committee's agenda, in particular when analysing various public interest matters such as the #FeesMustFall movement and the inadequacy of funding for education of the 'missing middle'.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

As the SAICA digitisation programme has commenced, the committee will continue to assess and evaluate the financial activities focused on the programme. In light of the elevated focus of professional ethics in the accountancy profession, the committee will also investigate, in addition to the continued investigation of a sustainable funding model, the funding requirements for intervening projects required to ensure that comprehensive professional ethics programmes are rolled out to members and stakeholders, and the resource requirements of the disciplinary function are substantively augmented.

The committee will review the various funding models to ascertain the most sustainable funding model which could be adopted to address the funding challenges faced by the Institute.

LINK TO STRATEGIC OBJECTIVES:

BOARD STANDING COMMITTEES

BOARD SUB-COMMITTEE:

HUMAN RESOURCES COMMITTEE

The purpose of the Human Resources Committee is to recommend to the Board, for approval, a developed strategy and supportive policies for the acquisition, management and retention of human capital in accordance with statutory regulations, governance requirements and best practice. The committee oversees the overall governance of human capital management at SAICA and provides the Board with assurances in this regard.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The Human Resources Committee reviewed the Human Capital Strategy and Plan to determine whether the strategy and plan support SAICA's vision, mission, values and strategy. The committee monitored the Leadership Development Programme and competency framework rollout for senior executives. They reviewed results and monitored the implementation of the outcomes of the Human Resources Alignment project. The committee also reviewed the staff member performance evaluation process and the human resources policies to ensure that they support the Human Capital Strategy and Plan in contributing towards the achievement of SAICA's strategic objectives.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The committee will focus on the Human Capital Strategy and Plan as well as review several policies which it has oversight on, such as the Remuneration and Reward Policy, and various other human resources-related policies. In addition, the committee will also monitor whether the skills allocation and staffing requirements are optimal to support the elevated strategic objectives of the Institute.

LINK TO STRATEGIC OBJECTIVES:



BOARD SUB-COMMITTEE:**DIGITAL TRANSFORMATION GOVERNANCE COMMITTEE**

The Digital Transformation Governance Committee is responsible for assisting the Board in discharging its governance responsibilities to digital transformation by:

- Ensuring that digital transformation is aligned with the performance and sustainability objectives of the organisation
- Requiring from management the implementation of a digital transformation governance framework, including relevant charters, policies, procedures, standards and appropriate governance mechanisms
- Monitoring and evaluating significant IT investments and expenditure
- Ensuring that IT is given due consideration within SAICA's risk management process
- Ensuring that information assets are adequately protected and managed effectively, and
- Requiring regular reporting from management on IT performance.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The committee monitors, in particular, the Digital Transformation programme including the CRM replacement (Ushintsho Project) and IT infrastructure projects. The committee evaluated the submissions by the various service providers and selected the preferred service provider for this project.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

In addition to the rollout of the Digital Transformation programme, the committee will continue to oversee the IT Strategy implementation and the consolidation of the Security Risk Strategy.

LINK TO STRATEGIC OBJECTIVES:

BOARD STANDING COMMITTEES

BOARD SUB-COMMITTEE:

NOMINATIONS COMMITTEE

The Nominations Committee's core duties include the following:

- It monitors the performance of persons serving on SAICA committee structures
- It regularly reviews the ideal structure, size and composition of the Board (including the skills, knowledge and experience as well as the race and gender balance)
- It evaluates the actual balance of race, gender, skills, knowledge and experience on the Board
- It gives full consideration to succession planning for members of the Board, taking into account the challenges and opportunities facing the Institute
- It determines the skills and expertise that are needed on the Board in the future
- It determines the appropriate criteria to regional councils and constituency bodies to be used as a guide for selecting persons to serve on the Board

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The committee monitored the transformation index and the effectiveness of the Board and board sub-committees. In addition, with the completion of the Board competency matrix survey, the committee commenced the task of creating guidelines on the skills set which nominees for board and board sub-committee positions are required to have, and highlighted those skills which are currently not evident at board level.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The committee will continue to monitor the transformation index and the effectiveness of the Board and board sub-committees. Furthermore, the committee will finalise the guidelines on the skill set which nominees for board and board sub-committee positions should meet. The committee will also monitor the external representation of SAICA on various forums and formulate guidelines on what action should be taken by the Institute.

LINK TO STRATEGIC OBJECTIVES:



BOARD SUB-COMMITTEE:

REMUNERATION COMMITTEE

The purpose of the Remuneration Committee is to recommend to the Board for approval a philosophy and policy based on best practice for ensuring that SAICA remunerates all employees fairly and responsibly.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The committee was responsible for the formulation and oversight of remuneration strategy and policy and the implementation of the leadership competency framework. In the year under review the committee investigated the viability of the adoption of the long-term incentive scheme, with input from the Human Resources and the Finance committees, and requested management conduct further research on the model. The research is to take into particular consideration the sustainability of the SAICA funding model.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The committee will review the impact of the results of the human resources alignment project on several human capital-related policies, in particular, the Reward and Remuneration Policy. The committee will also consider the impact of the results of the Human Resources Alignment project on the proposal for the adoption of a long-term incentive scheme with the assistance of the Human Resources and Finance committees.

LINK TO STRATEGIC OBJECTIVES:



BOARD SUB-COMMITTEE:

GOVERNANCE COMMITTEE

The Governance Committee provides assistance to the Board in fulfilling their 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 ongoing developments and best practices affecting the Institute.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

Work commenced on some of the projects identified by the committee, which is envisioned to be completed by 2020. The Governance Committee reviewed the Conflict of Interest Policy applicable to board members and members of SAICA staff. In addition, the committee maintained oversight on the work related to the Board competency matrix and oversight on the legal and governance risk register, in particular where governance-related risks are concerned.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The development of a SAICA governance framework and the Ethics Management Framework (comprising the establishment of an Ethics Management Strategy and Plan) is scheduled to be completed in 2018. The governance model review project is also scheduled to commence in 2018. The committee will also oversee the implementation of King IV.

LINK TO STRATEGIC OBJECTIVES:



BOARD STANDING COMMITTEES

BOARD SUB-COMMITTEE:

ADVISORY COUNCIL

The purpose of the Advisory Council is to serve as a consultative forum and consider, apply their minds and advise the SAICA Board on matters relating to the long-term strategy of SAICA and the CA(SA) profession, making recommendations to the SAICA Board to follow through at their will; represent the CA(SA) profession and SAICA at the request of management and the Board; and further the objectives of SAICA and the CA(SA) profession within specific quarters that individual members have influence.

KEY VALUE-CREATING ACTIVITIES FOR 2017:

The Advisory Council provided guidance to the Institute with regard to the Institute's strategy, in particular the enhancement of the role of ethics on the SAICA strategy map, as well as conducting of an environmental analysis which will factor into consideration the technological advancement and the manner in which the SAICA programmes can be enhanced to make the member and stakeholder offerings more relevant. Further, the Advisory Council provided key input on Project CA2025 and building a sustainable skills pipeline through an appropriate funding model. Key input was provided regarding the Unite 4 Mzansi™ Project, which aims to encourage the mitigation of risks to national development and the creation of a unified accountancy profession blueprint.

KEY VALUE-CREATING ACTIVITIES FOR 2018:

The Board envisages that the Advisory Council will play a greater role in the manner in which the Institute operates. As such, consideration is being given to expanding the composition of the Advisory Council to include non-CAs(SA).

LINK TO STRATEGIC OBJECTIVES:



MEMBER ETHICS AND DISCIPLINE

The Code of Professional Conduct was reviewed and updated with the addition of the international NOCLAR standard. In light of the various high-profile matters in which CAs(SA) are alleged to have been involved, the Board convened, as a first step towards galvanising the Institute's disciplinary process, the Ntsebeza Inquiry. The Ntsebeza Inquiry is chaired by Advocate Dumisa Ntsebeza SC. Advocate Ntsebeza is assisted by a panel consisting of Advocate Vuyani Ngalwana SC, Claudelle von Eck, Freeman Nomvalo and Malcolm Robert Johnston. The panel is assisted by Advocate Pule Seleka SC and Advocate Amaochi Oluwa (as the evidence leaders) and the secretariat is MMMG Attorneys.

The Ntsebeza Inquiry shall inquire into, report on and make recommendations concerning the conduct of members of SAICA employed by KPMG during the period between 1 January 2013 until 15 September 2017 and during various engagements with public and/or private entities (including, but not limited to, the South African Revenue Service (SARS)) and determine whether such conduct adhered to the provisions of the Code of Professional Conduct, standards of professional conduct and statutes that apply to auditors and the Constitution of the Republic. The Inquiry will also investigate whether

the members, in executing their clients' mandate, maintained and adhered to the fundamental principles as encapsulated in the Code of Professional Conduct.

The Inquiry will also determine whether there are any endemic or systemic deficiencies in the KPMG risk management systems that eventuated instances of unprofessional conduct or reportable offences by members in the course of performing auditing, consulting and advisory work for their clients. The Inquiry will also examine the policies, procedures, practices and conduct of KPMG in relation to the mandate extended to its employees who are members of SAICA. The Inquiry will determine the extent of alignment of such policies, procedures and practices to legislative provisions and the Code of Professional Conduct. Lastly, as part of its mandate, the Inquiry will investigate the extent to which KPMG ensured that the conduct of those members, in executing their mandate and providing services to KPMG's clients, such members acted lawfully.

For the year under review the alleged breach of the fundamental principle of integrity and professional behaviour came under the spotlight with the Institute investigating several allegations against members.

DISCIPLINARY STATISTICS

For the year under review 229 complaints were received by the secretariat: 190 member-related complaints and 39 trainee-related complaints.

With regard to the trainee-related complaints, 1 complaint was against a person who was not a SAICA trainee and SAICA therefore did not have the authority to pursue that matter.

YEAR-ON-YEAR COMPARATIVE TABLE

	2015	2016	2017
TOTAL NUMBER OF COMPLAINTS PER ANNUM	177	507*	229

* Major increase during 2016 as a result of the APC Examination breaches by trainees

BREAKDOWN OF APC BREACHES

TOTAL NUMBER OF MATTERS	MATTERS FINALISED *	STILL TO BE FINALISED **
332 [#]	276	56

The Professional Conduct Committee and the Disciplinary Committee imposed fines of R5 000, and/or suspension from applying for membership of SAICA for up to 12 months once the candidate is eligible for membership. The APC Committee, in accordance with the provisions of its terms of reference as well as the APC Examination regulation, disqualified certain candidates from the examination and suspended their eligibility to re-write the examination for 12 months.

* SAICA has received a review application lodged with the High Court which matter is being attended to

** The majority have been part heard

COMPLAINTS RECEIVED

	2015	2016	2017
TOTAL COMPLAINTS RECEIVED BY SECRETARIAT	177	507	229

MADE UP OF:

MEMBER RELATED***	160	136	177
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NON-MEMBER****	5	2 [#]	13
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TRAINEE	12	38	38
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NON-TRAINEE****	NOT APPLICABLE	1	1
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APC MATTERS	NOT APPLICABLE	330 [#]	NOT APPLICABLE
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[#] In prior years 2 non-members complaints were excluded from the total

[#] There were 330 APC complaints received in 2016 and a further 2 complaints added in 2017

*** Includes complaints relating to persons misrepresenting themselves as CAs(SA), a contravention of the Chartered Accountancy Designation Act, which matters were referred to the Commercial Crimes Unit of the South African Police Service

**** SAICA does not have the authority to pursue these matters as these individuals fall outside SAICA's jurisdiction

TRENDS IN PROFESSIONAL CONDUCT COMMITTEE (PCC) MATTERS

	2015	2016	2017
NUMBER OF CASES FINALISED	55	142	229
MADE UP OF MATTERS REPORTED IN:			
2017	NOT APPLICABLE	NOT APPLICABLE	68
2016	NOT APPLICABLE	130	159
2015	49	11	1
2014	6	1	1

TREND IN DISCIPLINARY COMMITTEE (DC) MATTERS

	2015	2016	2017
NUMBER OF CASES FINALISED	15	20	6
MADE UP OF MATTERS REPORTED IN:			
2017	NOT APPLICABLE	NOT APPLICABLE	5
2016	NOT APPLICABLE	19	1
2015	3	1	NOT APPLICABLE
2014	11	NOT APPLICABLE	NOT APPLICABLE
2013	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE
2012	1	NOT APPLICABLE	NOT APPLICABLE

PCC AND DC IMPOSED SANCTIONS AND FINDINGS

The PCC and Disciplinary Committee imposed sanctions ranging from cautions; reprimands; fines between the amounts of R1 000 and R100 000, and suspensions for

periods ranging from 6 to 12 months; members excluded from membership of SAICA and disqualifications from applying for membership of SAICA for periods up to 12 months.

	2015	2016	2017
CAUTIONS	3	26	1
REPRIMANDS	NOT APPLICABLE	NOT APPLICABLE	1
FINES BETWEEN R1 000 – R100 000	27	24	77
SUSPENSIONS FROM 6-12 MONTHS	NOT APPLICABLE	NOT APPLICABLE	9
MEMBERS WERE EXCLUDED FROM MEMBERSHIP OF SAICA	5	1	2
MEMBERS EXCLUDED FROM MEMBERSHIP WHICH SANCTION WAS SUSPENDED FOR 3 YEARS ON SPECIFIC CONDITIONS	4	NOT APPLICABLE	1
DISQUALIFICATIONS FROM APPLYING FOR MEMBERSHIP OF SAICA FOR PERIODS BETWEEN 3 MONTHS AND 10 YEARS	1	16	2
CA OR AGA FOUND NOT FIT AND PROPER FOR MEMBERSHIP/ ASSOCIATESHIP *	NOT APPLICABLE	2	2
TRAINEES FOUND NOT FIT AND PROPER FOR NEW TRAINING CONTRACTS *	2	NOT APPLICABLE	2
NO IMPROPER CONDUCT FOUND/NO PROSPECTS OF SUCCESSFUL PROSECUTION OF COMPLAINT	17	72	109
CA OR AGA FOUND FIT AND PROPER FOR MEMBERSHIP/ ASSOCIATESHIP *	2	2	6
TRAINEES FOUND FIT AND PROPER FOR NEW TRAINING CONTRACTS *	9	19	23

* Fit and proper inquiry – the committee decides whether an applicant for membership or associateship is a fit and proper person to be allowed to join SAICA. This decision takes into consideration by-laws 28.1.4 and 35.4 as well as any previous disciplinary record, criminal record and previous improper conduct.

REMUNERATION REPORT

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 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.

Rewarding for performance outputs

This forms the basis for guaranteed pay differentiation, salary adjustments and short-term incentive (STI) pay-outs. The weighted average score, which takes into account organisational, divisional and individual performance, is used to apply the performance-based remuneration principle.

The table below indicates the weightings applied for the various employee groups for company, division and individual performance in order to calculate the overall weighted score.

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

Minimum performance score requirement for payment of STI

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

The 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.

Governance and the Remuneration Committee

Board responsibility

REMCO is a sub-committee of the SAICA Board. It functions in accordance with the board-approved terms of reference (TOR). The key mandate for REMCO as captured in the approved terms of reference. (Refer to page 55 in this report.)

GRADE LEVEL

	CEO	EXECUTIVE DIRECTOR	SENIOR EXECUTIVE	PROJECT DIRECTOR	PROJECT MANAGER	COORDINATOR / ADMINISTRATOR / CLERICAL STAFF
SAICA SCORE	100%	100%	70%	20%	10%	5%
DIVISIONAL SCORE	-	-	30%	60%	50%	40%
INDIVIDUAL SCORE	-	-	-	20%	40%	55%

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

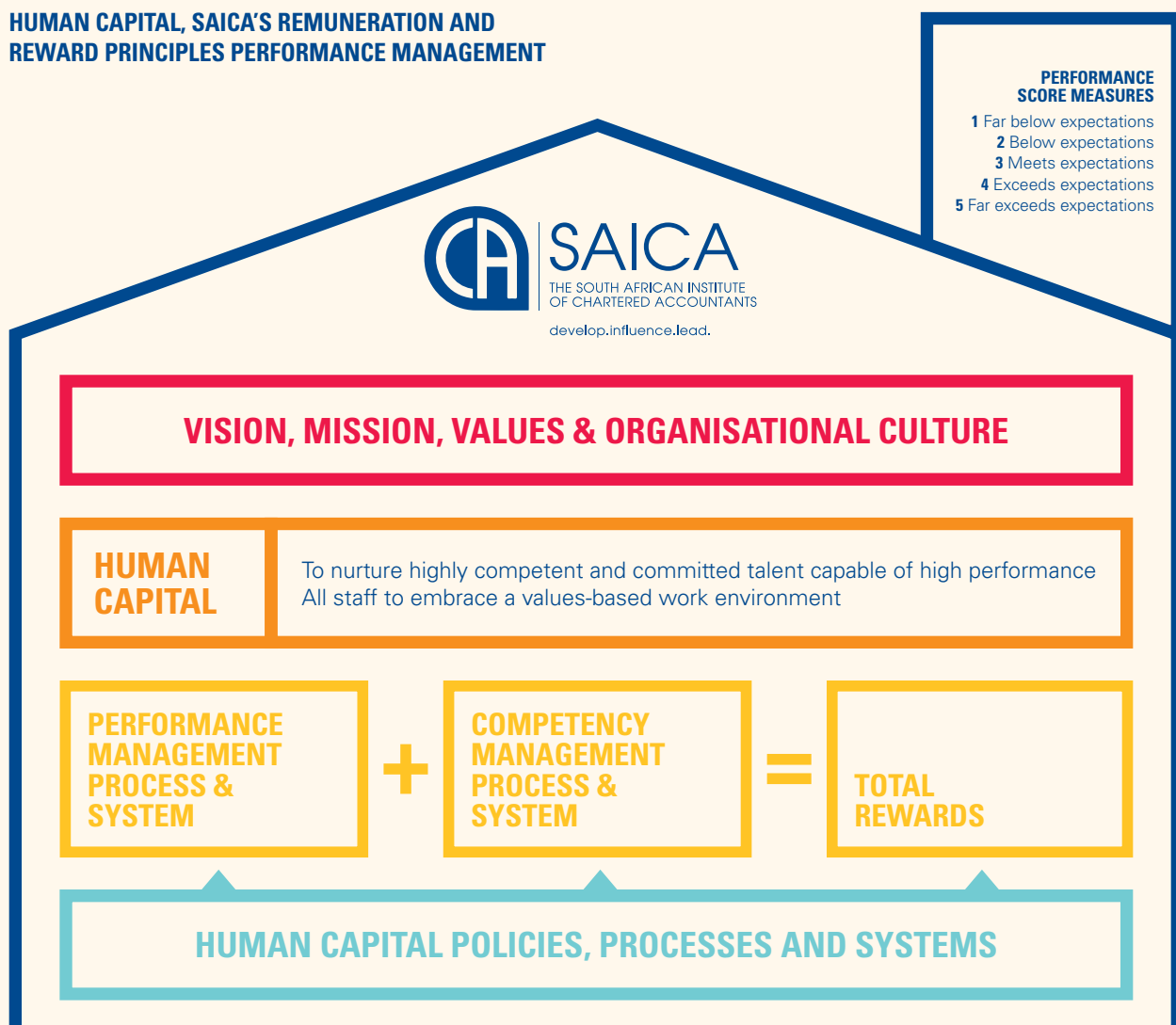
management) and unskilled, the salary scales are anchored at market median.

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

HUMAN CAPITAL, SAICA'S REMUNERATION AND REWARD PRINCIPLES PERFORMANCE MANAGEMENT



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.

THE ON-TARGET BONUS PERCENTAGES OF COST TO COMPANY

CEO	EXECUTIVE DIRECTOR	SENIOR EXECUTIVE	PROJECT DIRECTOR	PROJECT MANAGER	COORDINATOR / ADMINISTRATOR	CLERICAL STAFF
DETERMINED AS PER THE EMPLOYMENT CONTRACT TERMS	MAX 28%	MAX 23%	MAX 18%	MAX 11%	MAX 10%	MAX 8%
	MIN 25%	MIN 20%	MIN 15%	MIN 8%	MIN 7%	MIN 5%

Link between STI scheme and company performance

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 links delivery on its strategic objectives not only to STIs, but also to annual salary increases.

Executive board members

Terms of service

The Chief Executive Officer (CEO) and Executive Director Corporate Services are executive board members. The Executive Director Corporate Services is a permanent employee of SAICA and her terms of service are the same as those of all other employees. The CEO is employed on a fixed-term contract for five years. SAICA views the executive board members as 'prescribed officers' as defined in the Companies Act.

Non-executive board members

Terms of service

Other than the CEO and the Executive Director Corporate Services, the remaining SAICA board members are independent non-executive. (Refer Governance section.)

Fees

Non-executive board members are not remunerated for their services to the Board, except for re-imbursing costs relating to travel and accommodation to attend board meetings and related activities. The Board makes use of the services of independent advisors in the DTGC, HR and Remuneration committees. The advisors are paid an

hourly rate in line with the standard rates for the specialist functions they are in.

IMPLEMENTATION OF REMUNERATION POLICY

Guaranteed pay increases paid in 2017 (excluding CEO)

In deciding on the salary increases in 2017, the committee looked at two scenarios which took the following factors into account:

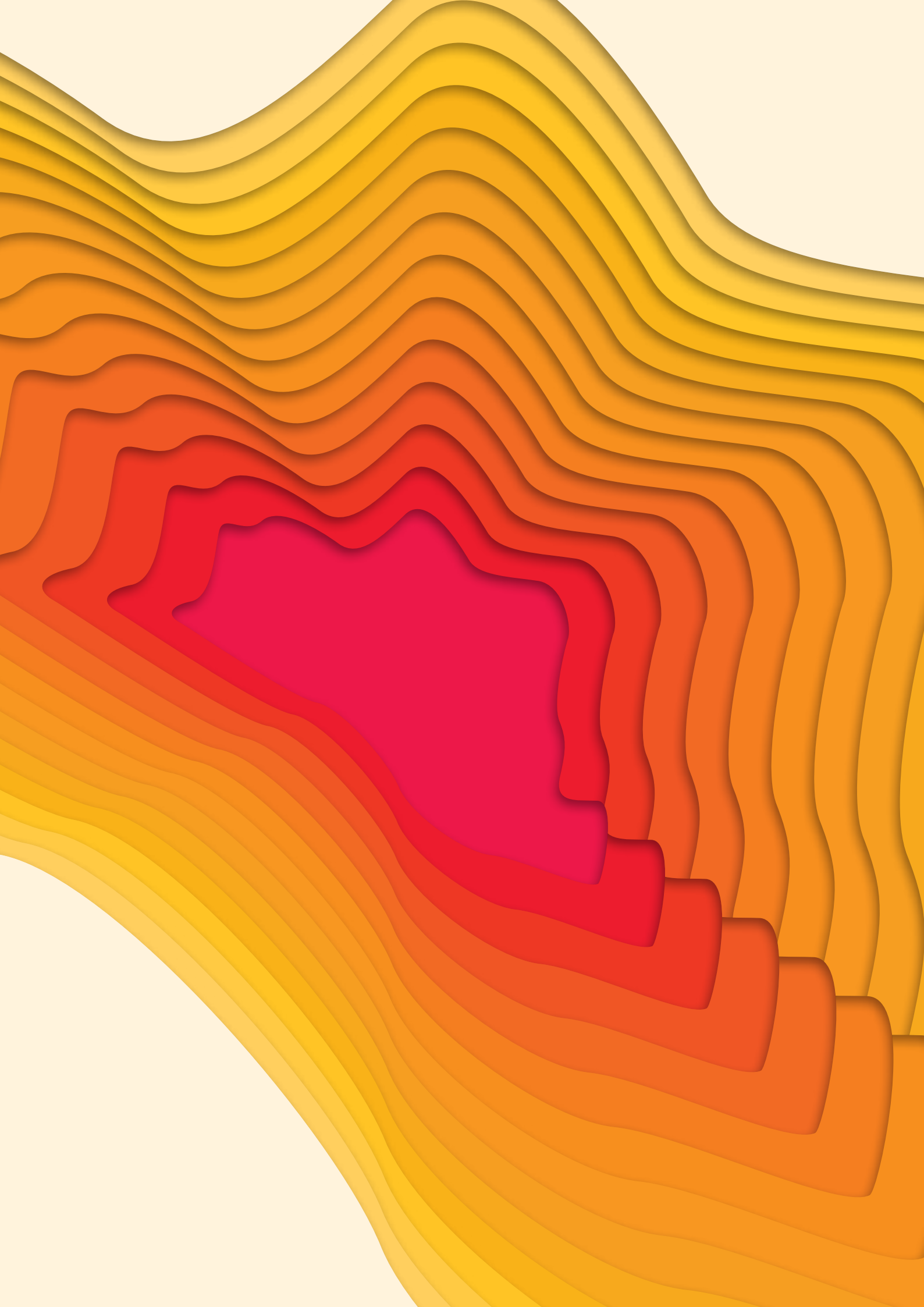
- A SAICA-defined inflationary adjustment
- Overall organisational performance score for 2017 was 3,56 (3,67 in 2016) which is independently assured by SAICA's external audit. Internal audit reviewed the performance management process with no findings.
- Pay differentiation based on the individual weighted average score, and
- Approved budget

Short-term incentives paid in 2017 (excluding the CEO)

In deciding on the appropriate short-term incentive for all staff (excluding the CEO), the committee also considered:

- With the assistance of the HR Committee, the employee performance evaluation process and the resultant outcome of the weighted average score
- The overall organisation performance for the current and prior years, and
- The weighted average score of individual employees, as the appropriate differentiation between employee performance

REMCO undertook to keep the short-term incentive percentages unchanged from 2016 as per the benchmark exercise conducted by the independent remuneration firm in the same year.





06

**EXTERNAL
ENVIRONMENT**

EXTERNAL ENVIRONMENT

This is an overview of the external environment in which SAICA operates. It includes the significant global and local external factors that affect or can potentially affect SAICA's strategy, business model, and performance in the short, medium and long term.

SAICA continues to enhance the integrated manner in which it addresses all these matters including those identified through SAICA's enterprise risk management practices and by stakeholders. SAICA's actions in response to the above are described in its strategic objectives, business model, responses to issues raised by key stakeholders and its risk mitigation actions.

SAICA is acutely aware that it cannot address all issues on its own and requires the support of likeminded stakeholders with whom we can collaborate to collectively find solutions to the challenges and prospects that present themselves. (Refer to all the sections referenced above.)

SOCIAL

South Africa still ranks as one of the most unequal (there still exists abject poverty and imbalanced income distribution) countries in the world as a result of the pre-1994 apartheid system.

Huge skills shortages in many areas including science, engineering and accounting, are critical problems in South Africa (Refer to occupations in high demand <2015> <http://www.dhet.gov.za/Gazette/Government%20Gazette%20No%2039604,%2019%20January%202016.%20List%20of%20Occupations%20in%20High%20Demand%202015.pdf>)

Service delivery protests continue in certain areas of the country as a result of a lack of some basic services. Student activism in South Africa and globally due to the rising costs of tertiary education continued to escalate #FeesMustFall.

Corruption in both the public and private sectors is hampering social and economic initiatives to address the above social challenges. This has resulted in a heightened spotlight on ethics and integrity within society, government and business.

ECONOMIC

It is expected that South Africa's economic growth for 2018 will be 1,1%, with a growth of 1,7% expected in 2019, supported by an improvement in commodity prices and strengthening balance sheets of households.

South Africa's productivity growth is diverging from global growth and risks falling further behind its peers. This would be to the detriment of the poor, for whom a growing economy is necessary for jobs, and a sustainable system of social grants.

Statistics South Africa (StatsSA) also believes that South Africa's weak economic growth, high

unemployment, and greater household dependency on credit and policy uncertainty forced 30,4 million people into poverty between 2011 and 2015.

South Africa has many strengths on which to build including a strong institutional framework which promotes accountability and transparency. Prudent fiscal and monetary policies anchor a sustainable approach to the public finances. The private sector is innovative and the sophisticated services sector supports growth. There is wide consensus that South Africa must leverage on the above and encourage private innovation through investments in technology and the small medium micro enterprise (SMME) environment as a means to improving the lives of the poor.

LEGAL AND REGULATORY

The profession is likely to experience many changes in the legal and regulatory environment in the foreseeable future. We are likely to see changes in several auditing standards, changes to the Companies Act of 2008 and a renewed focus of regulators on ethics and independence of the profession.

One of the key changes is a proposal from the Monitoring Group (MG) to the global standard-setting process. The MG was established in 2005 to advance audit quality and the public interest in international audit standard-setting and consists of the following seven organisations: the International Organisation of Securities Commissions; the Basel Committee on Banking Supervision; the European Commission; the Financial Stability Board; the International Association of Insurance Supervisors; the World Bank Group; and the International Forum of Independent Audit Regulators.

The MG is responsible for the overall governance of the international audit-related standard-setting process and the review of its effectiveness.

On 10 November 2017 the MG issued a consultation paper, *Strengthening the governance and oversight of the international audit related standard-setting boards in the public interest*, suggesting significant changes to the way that international audit-related standards will be set in future. This affects the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA). It is of particular relevance to South Africa, where the full suite of IAASB standards have been adopted and prescribed by the Independent Regulatory Board for Auditors (IRBA) for use by registered auditors, and where both the IRBA and SAICA Codes of Professional Conduct are consistent with the IESBA Code of Ethics.

The three main reasons for the changes described in the consultation paper are to enhance the independence of the standard-setting process; to better

ensure that standard setting serves the public interest and to improve on the relevance and the timeliness with which new standards are developed.

Some of the options for reform that are being proposed and on which comments are:

- Establishing one board, fully self-supporting and independent of the International Federation of Accountants (IFAC), that will be responsible for auditing and assurance standards and ethical standards, that is, merging the current IAASB and IESBA. IFAC will continue to set ethical standards for professional accountants in business and educational standards.
- Reducing the number of board members and increasing multi-stakeholder representation of the board/s.
- Focusing the board/s' attention on strategic issues and challenges.
- Increasing the permanent professional technical staff to undertake detailed technical work in support of the strategic objectives of the board/s.
- Separating those who fund the board/s' work from those who determine who will be board members and ultimately be responsible for the adoption of new and revised standards, including that funds should be collected and allocated independently from the standard-setting board/s through a contractual levy on audit firms.

The proposals will affect the role of IFAC, who is the current owner of the intellectual property contained in the IAASB standards and IESBA Code of Ethics. This could have unintended consequences for IFAC member bodies like SAICA and its members and associates. SAICA has commented on the original proposals and will continue to monitor the progress and impact on our members.

The King Committee published the King IV Report on Corporate Governance for South Africa 2016 (King IV) on 1 November 2016. King IV is effective in respect of financial years commencing on or after 1 April 2017 and it replaces King III in its entirety. The new code is principles and outcomes based and further supports the value that good governance principles and practices can create in any organisation. SAICA will continue to play a leadership role in promoting the principles of good governance enshrined in King IV to its members and stakeholders and internally.

During August 2016, the Independent Regulatory Board for Auditors (IRBA) announced their intention to implement Mandatory Audit Firm Rotation (MAFR). MAFR refers to the rotation of an audit firm, that is, a different audit firm is appointed after the prescribed rotation period and the new firm designates the new key audit partners, including the engagement partner,

for the audit. It is SAICA's view that MAFR in isolation cannot address transformation, market concentration and auditor independence. A level of certainty was brought to the various discussions and debates when the IRBA's MAFR rule was gazetted on 5 June 2017.

SAICA continues to monitor the impact and implications of the above regulations and legislation on the profession and the Institute and implements mechanisms to respond in the public interest. Furthermore, SAICA constantly enhances its business processes to ensure its own compliance with legislation.

ENVIRONMENTAL

Issues of environmental sustainability, specifically water scarcity, and South Africa's goal to close the gap between business-as-usual carbon intensity from 4,7% a year to 1,5% a year is a challenging one. This target is the highest of the Group of 20 (G20) countries. The profession has an opportunity to be at the forefront on issues of measuring, reporting and assuring information of environmental sustainability.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND CA(SA) CHARTER CODES

The disempowerment systems and mechanisms used under apartheid purposefully restricted the majority of South Africans from meaningful participation in the economy. This has resulted in massive economic imbalances with the majority of South African citizens being excluded from the economic mainstream and the creation of wealth being confined to a racial minority. The process of economic empowerment and the redress of economic inequalities have been much lower than desired. This saw the introduction of the B-BBEE codes to address these challenges. The vision of its sector codes, which is aligned to the generic B-BBEE Code of Good Practice, is to grow the number of black people in the CA(SA) profession to reflect the country's population demographics and to empower and enable them to meaningfully participate in and sustain the growth of the economy, thereby advancing equal opportunity and equitable income distribution. The CA(SA) profession has a huge opportunity to play a leadership role in redressing these inequalities. This can only be achieved through the effective integration of the principled objectives of the CA(SA) sector codes into the businesses, strategies and models of our members and reporting meaningfully on the progress made to date.

CA CHARTER

The CA Charter Council deliberated for four years and had a signing ceremony of the revised Charter. One of the requirements for the gazetting of this charter is a letter of support from the relevant line ministry, being

National Treasury. Unfortunately this letter was not forthcoming due to the IRBA not being satisfied with the Ownership targets which were agreed to by all. The Chair of the CA Charter Council, Sindi Koyana, has been having numerous and lengthy discussions with the affected parties. Meetings were set up for April/ May to see if this matter can be resolved.

TECHNOLOGICAL

Technology continues to advance with speed, and only the businesses that acknowledge, embrace and transform in accordance with these new technologies will remain sustainable into the future. Technology, if leveraged appropriately, can help organisations communicate, collaborate, and provide checks and controls within and across all aspects of business. Creating value through governance and intelligence gained from 'big data' aids strategic decision-making. Our ability to respond to the members' and stakeholders' requests and to have access to relevant information on demand using relevant technologies can also be addressed if leveraging off the right technologies. Furthermore, there is a need to find innovative delivery channels to communicate and engage with members. Opportunities to automate processes also exist through the application of suitable technology.

Mature processes and systems is a key enabler to the creation of value for stakeholders and members. As such, SAICA is investing in its processes, people and IT infrastructure to tap into the opportunities that arise due to these and other technological advancements.

CA2025

In response to the global need for the Chartered Accountancy profession to reinvent itself, SAICA has embarked upon an initiative called CA2025. This is a study that aims to construct competency frameworks

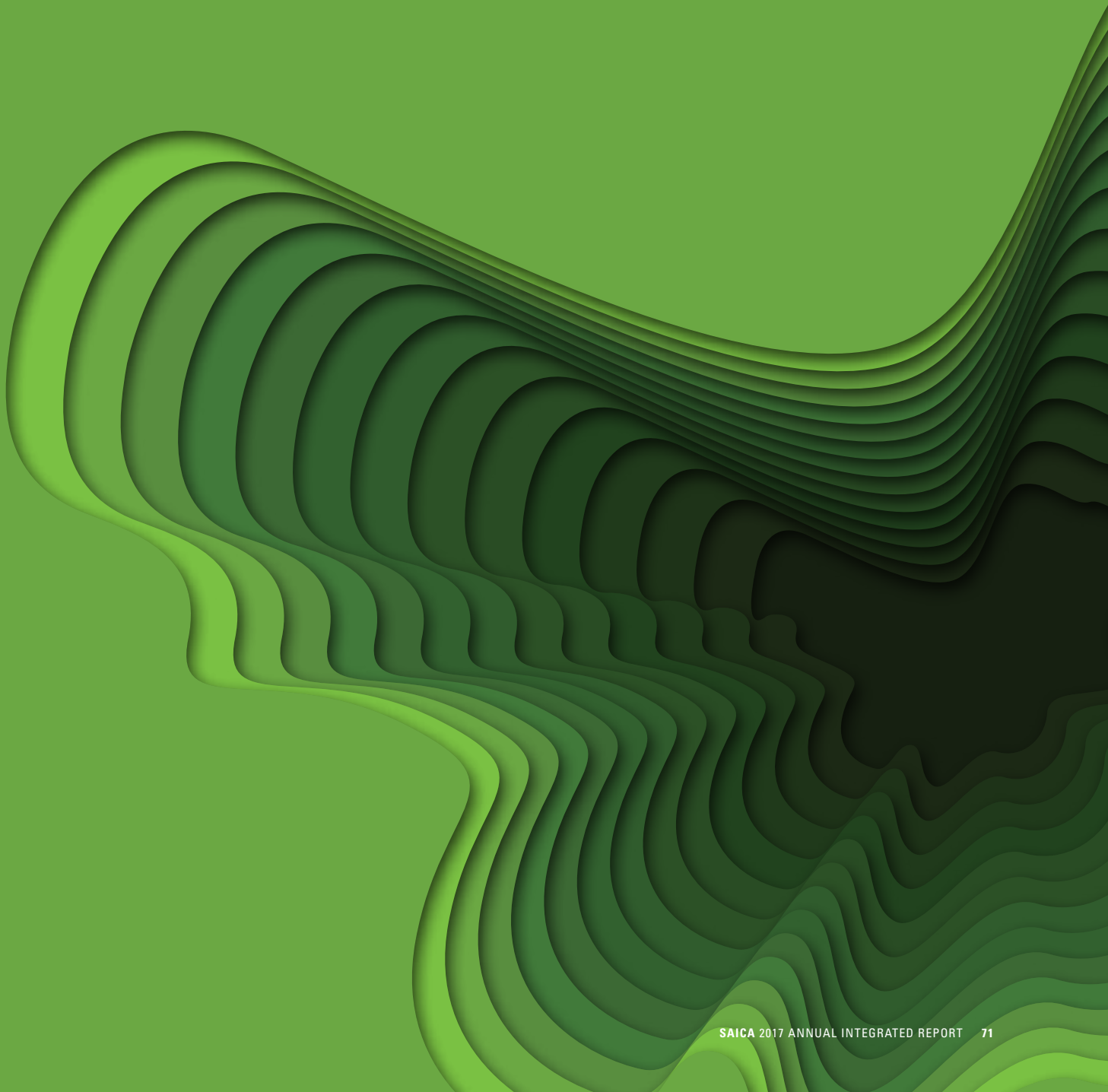
to ensure CAs(SA) and RAs at present in practice continue to demonstrate the necessary skills and competencies.

It will enable SAICA to direct its development and its response to changes in its members' work environment from insights drawn by its stakeholders. In addition, it is aimed at keeping SAICA relevant to present stakeholders' needs and allow SAICA to align its education and training requirements and its CPD offering with current and future skill and competency expectations of its members and their clients.

With regard to registered auditors (RAs) registered with IRBA, the proposed competency framework would also address the social responsibility aspects of quality audits.

PROFESSIONAL ACCOUNTANCY ORGANISATIONS – TRENDS

Essential to the business model of any professional institute is growth. Without a healthy growth rate, institutes will stagnate and become too expensive for members. Institutes therefore have to look at alternative strategies, which can include mergers, alliances and recruitment in other countries. Within South Africa, the CA(SA) designation is the most admired professional designation and SAICA is the largest accountancy body in the country. Other institutes which operate in South Africa include the Chartered Institute of Management Accountants (CIMA), which focuses on accountants in industry, the Association of Chartered Certified Accountants (ACCA), which has a similar profile to that of SAICA and a significant footprint in the rest of Africa, and the South African Institute of Professional Accountants (SAIPA), which focuses on accountants who service SMMEs.





07

**STAKEHOLDER
RELATIONSHIPS**


STAKEHOLDER RELATIONSHIPS

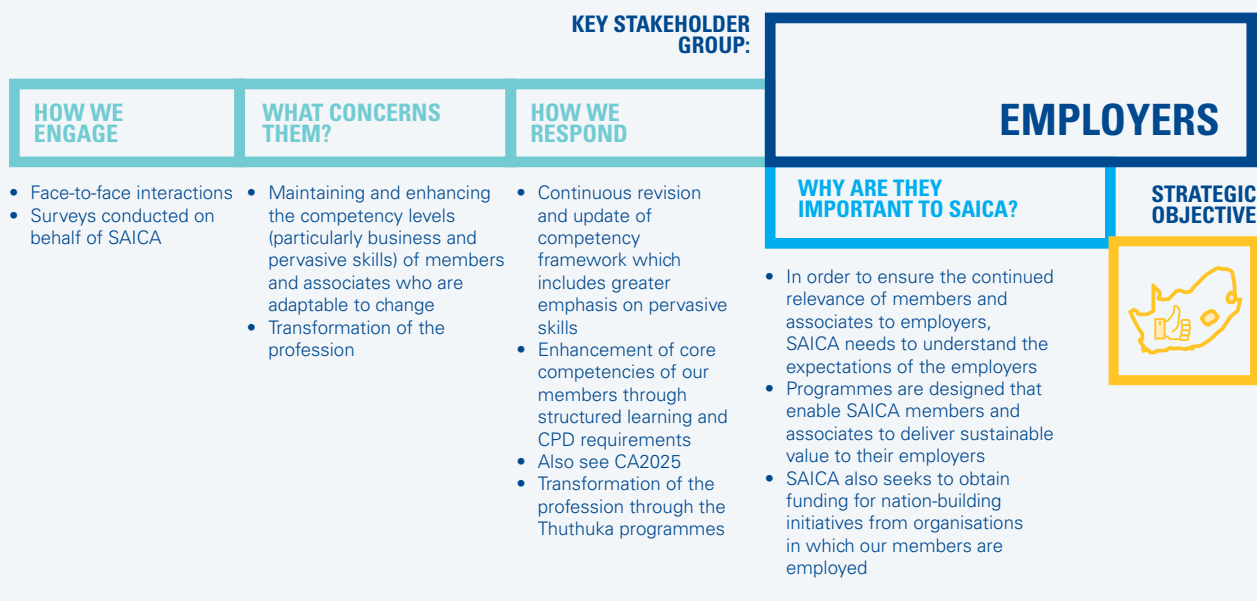
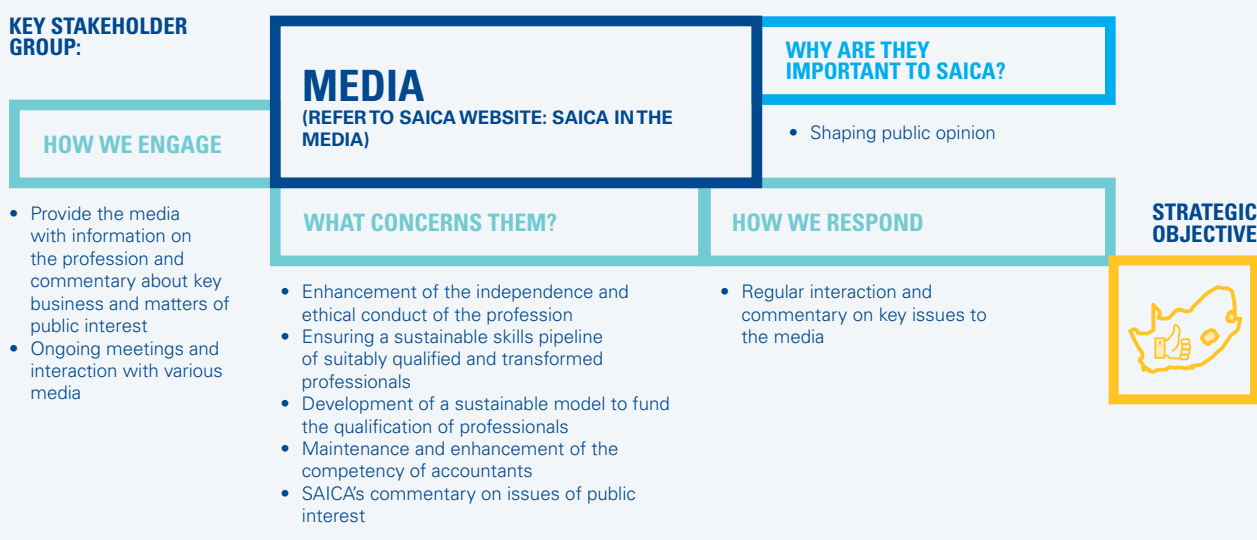
Stakeholder issues are identified through a continuous engagement process during which we affirm our understanding of stakeholder needs and interests. The graphic below highlights the major issues raised through SAICA's engagements, SAICA's response and the related strategic objective(s) that are impacted. A major theme across the entire stakeholder community is the concern about the perceived lowering of ethical standards by certain CAs(SA) and the negative impact it has had on the profession and society. SAICA's response to these have been multipronged and are described in the Governance section of this report. The other stakeholder issues are all similar to those reported in the 2016 Annual Integrated Report.

SAICA's performance in 2017 includes the achievement of strategic objectives in relation to key stakeholders. SAICA continuously measures the quality of the relationships with key stakeholders, through the work done by an independent research supplier as well as through internal processes which record the impact it has created through its advocacy efforts.

These evaluations focused on the majority of its key stakeholders in 2017. SAICA will continue to increase the scope of this stakeholder evaluation process. In addition, an independent specialist assessed the level of alignment between SAICA's advocacy strategy and organisational strategy as 'Outstanding', the highest rating according to its benchmarking scale.

KEY STAKEHOLDER GROUP:

<p>ALL MEMBERS AND ASSOCIATES INCLUDING THOSE REPRESENTED ON VARIOUS STRUCTURES BUT NOT LIMITED TO REGIONAL COUNCILS AND CONSTITUENCY-BASED COMMITTEES</p>			<p>WHY ARE THEY IMPORTANT TO SAICA?</p> <ul style="list-style-type: none"> To understand their needs and expectations To encourage and empower them to contribute to the ongoing development of the profession, South Africa's economy and society
<p>HOW WE ENGAGE</p> <ul style="list-style-type: none"> National boards and regional councils National and regional constituency-based committees Interest groups Road shows Networking and events and seminars Member communications Face to face Online 	<p>WHAT CONCERNS THEM?</p> <ul style="list-style-type: none"> Perceived lowering of ethical standards within the CA(SA) profession SAICA's inability to deal swiftly with members who are being investigated for transgression of the Code of Professional Conduct Enhancement of their own professional competencies CA(SA), AGA(SA), AT(SA), brand enhancement SAICA and member relationships with key government agencies Value of the SAICA membership Sustainability of the accountancy profession 	<p>HOW WE RESPOND</p> <ul style="list-style-type: none"> SAICA provides learning and many other enabling interventions for the refinement and showcasing of member skills and competencies SAICA plays an active leadership role in the profession and the community seeking to enhance the image and standing of the SAICA designations SAICA engages with government stakeholders on behalf of members Through engagement with government, SAICA identifies opportunities for our members and contributes to the development of South Africa's economy and society 	<p>STRATEGIC OBJECTIVE</p> 




KEY STAKEHOLDER GROUP:

<h2 style="text-align: center;">GOVERNMENT, GOVERNMENT AGENCIES AND GOVERNMENT REGULATORS</h2>			<p>WHY ARE THEY IMPORTANT TO SAICA?</p> <ul style="list-style-type: none"> SAICA engages with government and its agencies, identifying opportunities where SAICA and its members can contribute positively to the development of the South African economy and society SAICA also seeks to obtain strategic partnerships for nation-building initiatives
			<p>STRATEGIC OBJECTIVE</p> 
<p>HOW WE ENGAGE</p> <ul style="list-style-type: none"> Meetings with various representatives across different government departments and related entities 	<p>WHAT CONCERNS THEM?</p> <ul style="list-style-type: none"> Identify and implement leadership 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 Professionalising the PFM through the development of accounting and governance skills, particularly in the public sector Providing accounting support for black entrepreneurs and emerging black business 	<p>HOW WE RESPOND</p> <ul style="list-style-type: none"> Thuthuka Enterprisation TVET project Active participation and commentary on proposed legislation and regulations 	


KEY STAKEHOLDER GROUP:


<h2 style="text-align: center;">REGULATORS AND STANDARD SETTERS</h2>			<p>WHY ARE THEY IMPORTANT TO SAICA?</p> <ul style="list-style-type: none"> SAICA needs to understand the regulatory requirements to ensure that its programmes and members continue to meet these
			<p>STRATEGIC OBJECTIVE</p> 
<p>HOW WE ENGAGE</p> <ul style="list-style-type: none"> Face-to-face meetings and through SAICA committee structures 	<p>WHAT CONCERNS THEM?</p> <ul style="list-style-type: none"> Advice and commentary on regulations to assist in their development SAICA member compliance with regulations 	<p>HOW WE RESPOND</p> <ul style="list-style-type: none"> Acting in the public interest through participation and commentary on proposed legislation and regulations 	

KEY STAKEHOLDER GROUP:


<h2 style="text-align: center;">REGIONAL AND INTERNATIONAL ACCOUNTANCY BODIES AND ACCOUNTING ALLIANCES</h2>			<p>WHY ARE THEY IMPORTANT TO SAICA?</p> <ul style="list-style-type: none"> To contribute actively towards the establishment and sustainability of strong and stable accountancy institutes that support the public and private sector in Africa and globally
			<p>STRATEGIC OBJECTIVE</p> 
<p>HOW WE ENGAGE</p> <ul style="list-style-type: none"> Representation on various regional and international accountancy and related bodies and attendance of meetings and other formal interactions with them Frequent submissions to international accountancy and related bodies Regular engagement with other professional bodies through membership of GAA, CAW, IFAC and related meetings 	<p>WHAT CONCERNS THEM?</p> <ul style="list-style-type: none"> Compliance with international professional and related standards in South Africa Reciprocal membership agreements A unified African profession Development of an international brand Input from South Africa on key professional and technical issues 	<p>HOW WE RESPOND</p> <ul style="list-style-type: none"> Through representation on these bodies and actively contributing to and responding to requests for comments, SAICA plays a meaningful role in influencing local and international regulation 	

KEY STAKEHOLDER GROUP:		WHY ARE THEY IMPORTANT TO SAICA?		
TRAINING OFFICES		<ul style="list-style-type: none"> The training element of the CA(SA) competency framework is delivered through accredited training offices. It is therefore critical that there is frequent engagement with training offices to ensure key issues are communicated and that quality is maintained 		
HOW WE ENGAGE		WHAT CONCERNS THEM?	HOW WE RESPOND	STRATEGIC OBJECTIVE
<ul style="list-style-type: none"> Training office site visits and accreditation meetings Training office workshops Online surveys 		<ul style="list-style-type: none"> A suitable supply of and retention of trainees Training administration systems that are easy to implement, administer and which are fit for business Effective application of SAICA accreditation criteria in order to ensure the quality of the programme 	<ul style="list-style-type: none"> Maintenance of training office standards and quality of the training programme through active monitoring of accreditation criteria Monitoring and constant enhancements to training contract management systems (TCMS) Regular review of training regulations Development of guides to assist training offices 	


KEY STAKEHOLDER GROUP:		WHY ARE THEY IMPORTANT TO SAICA?		
TRAINEES		<ul style="list-style-type: none"> Trainees represent the future of the profession and are ambassadors for the profession. It is vital to understand their expectations and needs 		
HOW WE ENGAGE		WHAT CONCERNS THEM?	HOW WE RESPOND	STRATEGIC OBJECTIVE
<ul style="list-style-type: none"> Trainee workshops Roadshows and networking events Online surveys 		<ul style="list-style-type: none"> Through the exposure gained during the training programme, the trainee expects to have developed a set of skills that would increase their employability and contribution to society 	<ul style="list-style-type: none"> Through the maintenance of standards and the quality of the training programme, SAICA ensures that on successful completion of the training programme, the trainee has developed a set of skills needed to increase their employability and can demonstrate the competencies set out in the competency framework 	

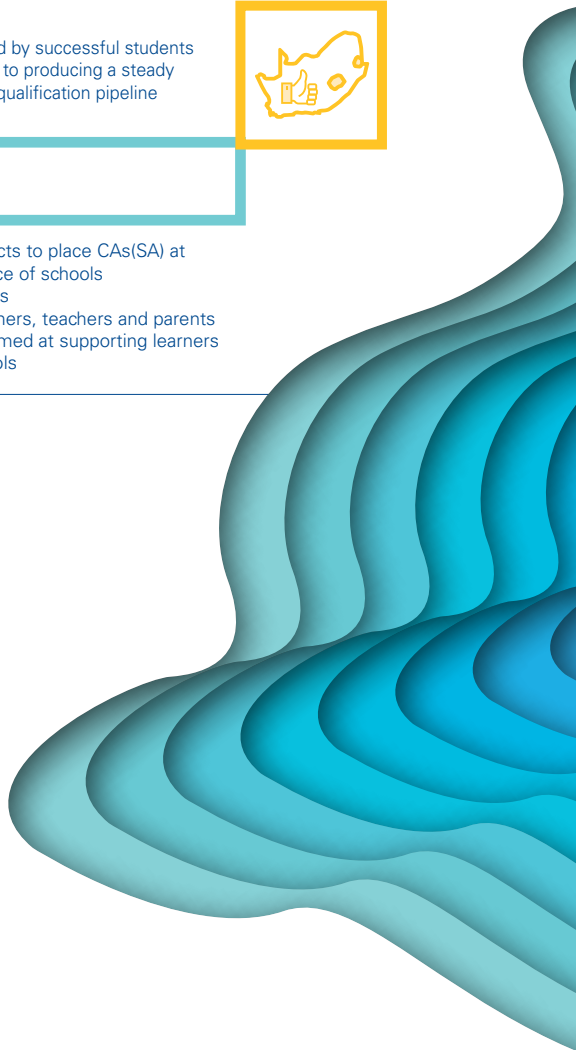
KEY STAKEHOLDER GROUP:			DEPARTMENT OF HIGHER EDUCATION AND TRAINING AND TERTIARY INSTITUTIONS	
HOW WE ENGAGE	WHAT CONCERNS THEM?	HOW WE RESPOND	WHY ARE THEY IMPORTANT TO SAICA?	STRATEGIC OBJECTIVE
<ul style="list-style-type: none"> Meetings with the Department of Higher Education and Training and related standard-setting authorities Annual meetings with the vice-chancellors of institutions Regular meetings with heads of accounting departments Regular meetings with subject heads Regular visits to promote quality and improve relationships Direct meetings with the DG, DDGs and the Minister 	<ul style="list-style-type: none"> An appropriate funding model to address rising costs of tertiary education #FeesMustFall Effective application of SAICA's accreditation requirements Changes to the CA(SA) competency framework Resource and capacity constraints including availability of lecturers and demand for skilled labour outside the university Transformation and growth of the profession Adherence to South African and international education standards and qualification criteria Governance within the tertiary institutions 	<ul style="list-style-type: none"> See ISFAP Regular refinement of competency framework Communication and support to universities for the application of the competency framework Accreditation of previously disadvantaged institutions Work with universities to identify interventions to increase throughput as the majority of them are at full capacity Thuthuka programmes to support qualifying students at universities Adherence to education standards through annual declarations to education authorities Placement of qualified CAs(SA) and human resource professionals within the management team of the university 	<ul style="list-style-type: none"> SAICA's education programme is delivered through universities and it is therefore critical that there is continuous engagement to ensure key issues are communicated and that the quality of the programme is maintained Intake and throughput at universities impact the growth transformation of the profession 	

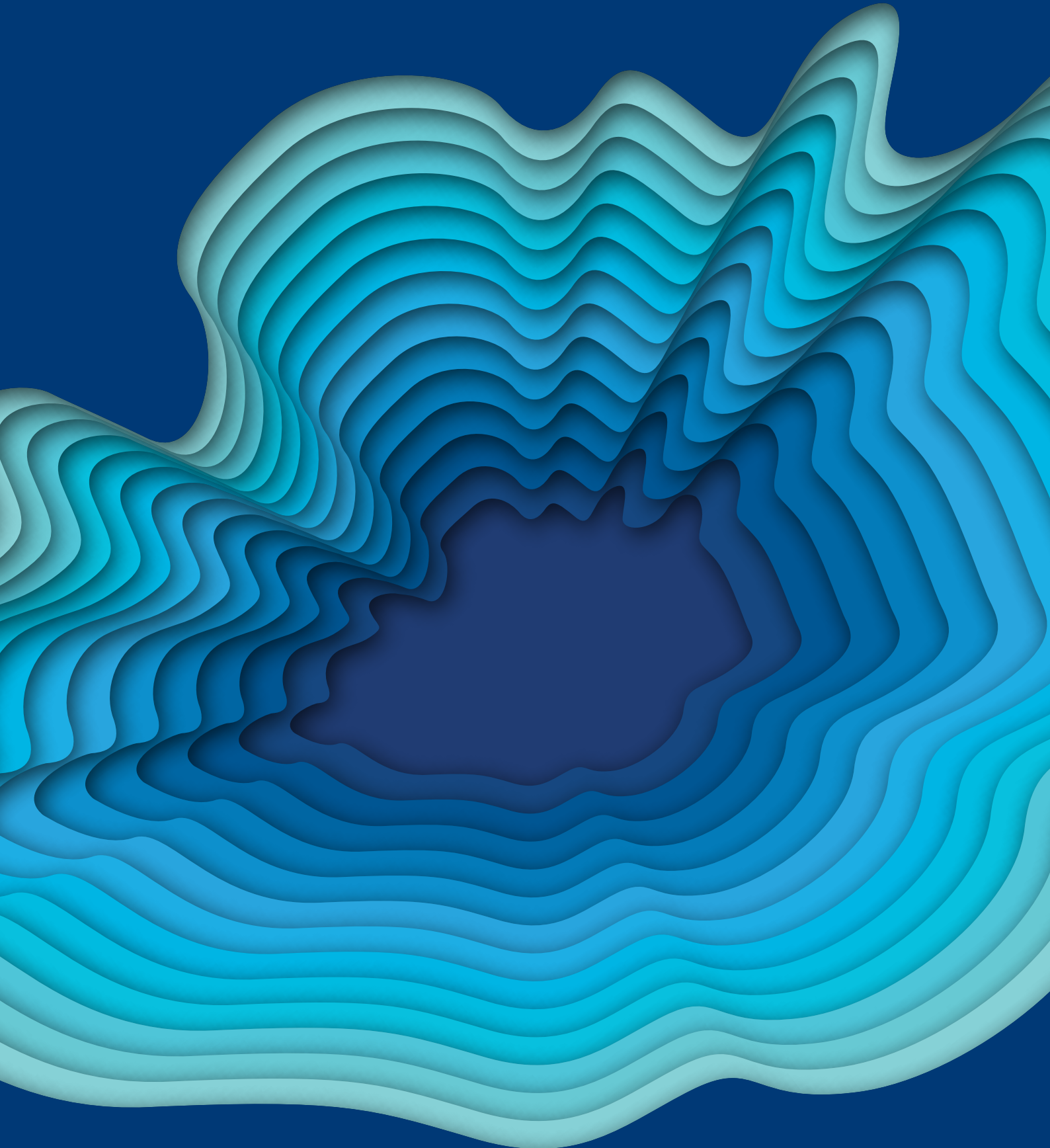
KEY STAKEHOLDER GROUP:

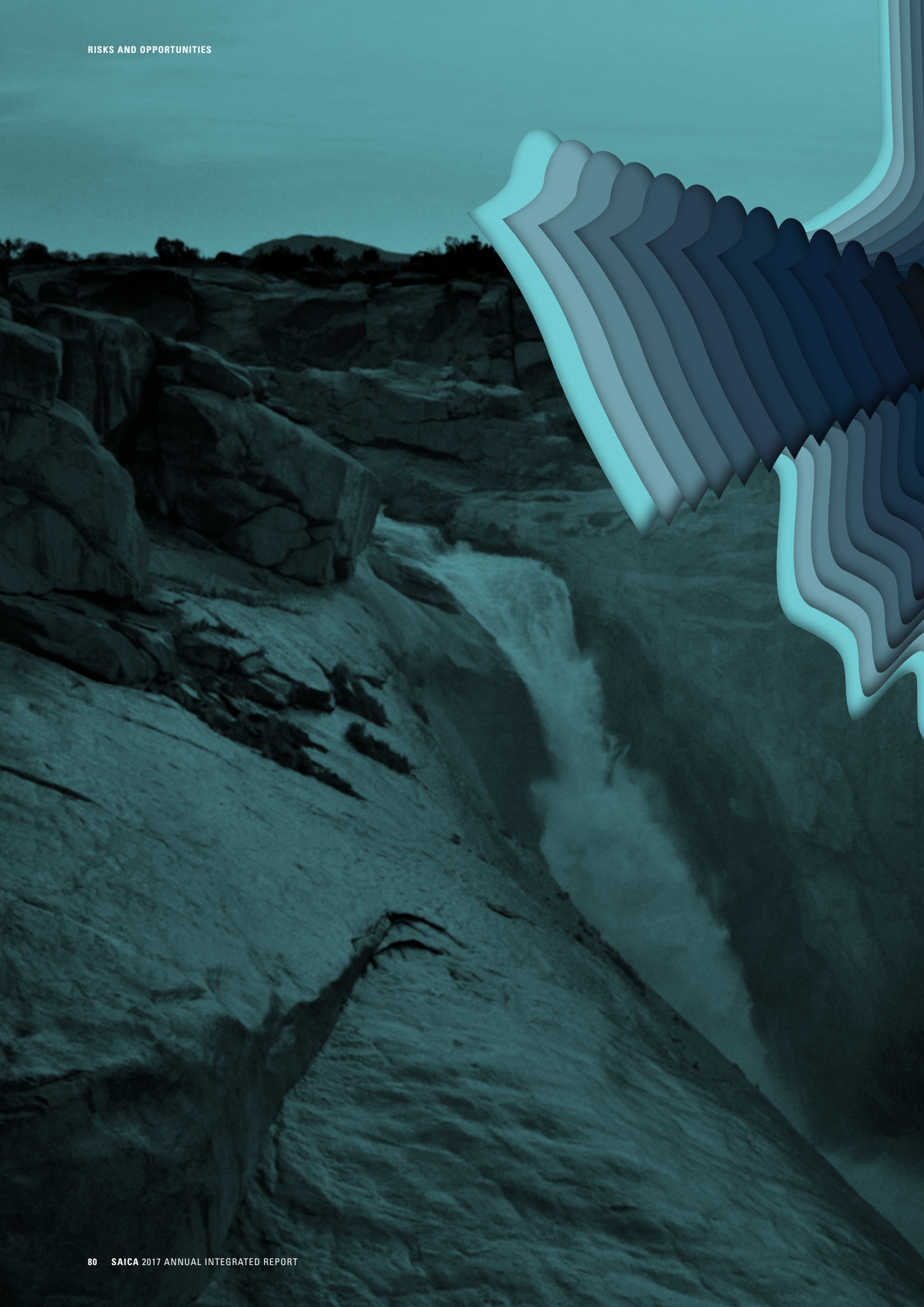
STUDENTS			WHY ARE THEY IMPORTANT TO SAICA?
			<ul style="list-style-type: none"> Students represent future members and it is therefore critical to understand their needs and interests
HOW WE ENGAGE	WHAT CONCERNS THEM?	HOW WE RESPOND	STRATEGIC OBJECTIVE
<ul style="list-style-type: none"> Meetings and roadshows with students at universities as part of career awareness and support initiatives Engagement with student representative bodies 	<ul style="list-style-type: none"> Rising costs and funding of university fees (#FeesMustFall) Students look to SAICA as the custodian of the profession. They require a high-quality programme that ensures their employability after successful completion of their education and training. 	<ul style="list-style-type: none"> SAICA provides financial support to eligible students through the Thuthuka Bursary Fund (TBF) SAICA regularly reviews and, where appropriate, updates the competency framework and provides additional academic and social support to students who are eligible and demonstrate potential Through various initiatives SAICA also provides career guidance and motivates students to complete their programmes 	

KEY STAKEHOLDER GROUP:

DEPARTMENT OF BASIC EDUCATION, SCHOOLS AND SCHOOL GOVERNING BOARDS			WHY ARE THEY IMPORTANT TO SAICA?
			<ul style="list-style-type: none"> A sound schooling system characterised by successful students with good maths marks is fundamental to producing a steady inflow of learners into the professional qualification pipeline
HOW WE ENGAGE	WHAT CONCERNS THEM?	HOW WE RESPOND	STRATEGIC OBJECTIVE
<ul style="list-style-type: none"> Face-to-face meetings Support the delivery of curricula Partnering on learner campaign initiatives 	<ul style="list-style-type: none"> Governance and funding of schools Improved pass rates Career choices 	<ul style="list-style-type: none"> School governing board projects to place CAs(SA) at schools to assist in governance of schools Promotion of maths at schools Support programmes for learners, teachers and parents The Thuthuka programmes aimed at supporting learners and building capacity at schools 	







08

**RISKS AND
OPPORTUNITIES**

RISKS AND OPPORTUNITIES

(Refer to Business Model, Value Creation and Resource Allocation section)

SAICA's strategy defines the future direction of the organisation. Risk is inherent in the business activities and in achieving the strategic objectives and maximising the opportunities that arise.

The Board is responsible for determining SAICA's risk tolerance level.

Management is responsible for the implementation of the risk management process, which involves the identification, evaluation, prioritisation, mitigation and monitoring of risks throughout the organisation.

Risk matters are discussed at management meetings. For the risk management process to be effective and practical, risks are linked to performance management processes, resulting in risks being integrated and accounted for both at strategic and operational levels.

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).

Significant risks are reported to and approved by the Audit and Risk Committee and the Board on a quarterly basis.

ENTERPRISE RISK MANAGEMENT (ERM)

Enterprise risk management (ERM) is governed by the ERM policy and framework adopted by the Board, the objective of which is to embed the risk culture throughout SAICA and its structures.

The ERM policy and framework further defines the roles and responsibilities of the Board, board sub-committees, and various lines of assurance.

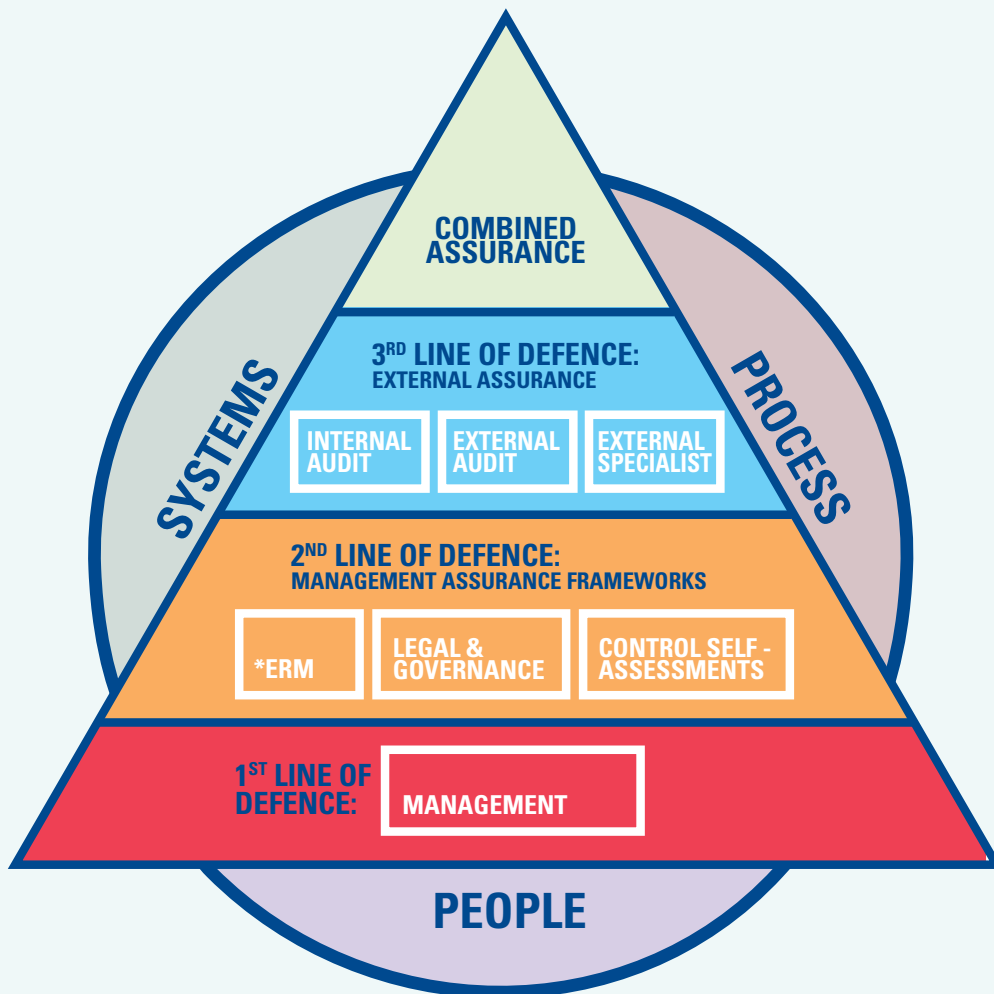
Risk assessment considers both the internal and external environment. Appropriate responses to these risks have been identified and implemented.

Internally, focus has been given to the strengthening of controls of the following significant operational processes.

COMBINED ASSURANCE

The ERM policy and framework identifies three lines of assurance as a model to provide assurance of the effectiveness of internal controls through a combined assurance model which informs the Audit and Risk Committee of the assessment of internal controls. The combined assurance model ensures a holistic view and integrated approach to the assurance of key risks and actual performance of SAICA and its entities. The following diagram describes SAICA's combined assurance model that informs the Board and Audit and Risk Committee's assessment of internal controls.

COMBINED RISK ASSURANCE MODEL



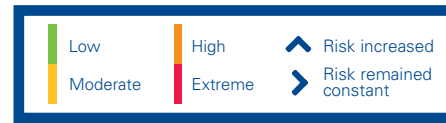
*Enterprise Risk Management

RISKS AND OPPORTUNITIES

Risks, if not managed effectively and responded to timeously, could have a material impact on the achievement of SAICA's strategic objectives.



There exists significant opportunities to enhance the value created by SAICA when risks are managed proactively. In identifying our risks, we have also assessed the impact on the capitals.

KEY: INHERENT AND RESIDUAL RISK RATING AND TREND



2017 COMBINED ASSURANCE COVERAGE

The combined assurance plan is premised on key risks facing SAICA and its entities and provides the Board with credible information for decision-making and reporting to stakeholders. Below is a combined assurance overview for 2017:

STRATEGIC OBJECTIVE STRATEGIC RISKS	RISK RATING		1ST LINE OF ASSURANCE	2ND LINE OF ASSURANCE		3RD LINE OF ASSURANCE		
	Inherent	Residual	Management	Risk & Assurance	Compliance	Internal Audit	External Audit	External Specialist
 PROMOTE AND ENHANCE THE VALUE OF THE PROFESSION								
Leadership skills shortage and reputational damage to the brand	Extreme	High	✓			✓		
Negative rating of the impact of the profession	Extreme	High	✓			✓		
Decreasing number of eligible learners to attract into/retain in the pipeline and throughput into the profession	Extreme	High	✓	✓		✓		
Perception and expectation of the lowering of qualifying criteria and standards	High	Moderate	✓			✓		✓
Inability of the profession to make a positive contribution to the SA economy and society	Moderate	Low	✓			✓		
Lack of appreciation by members and stakeholders of the profession's constitutional mandate	High	Moderate	✓			✓		
 SUSTAINABLE FUNDING								
Decline in member fee revenue	High	Low	✓			✓	✓	
Decline in income received from public private partnerships	High	High	✓			✓		
Economic slowdown	Extreme	High	✓	✓		✓	✓	

MITIGATING ACTIONS AND MAXIMISING OPPORTUNITIES	RESIDUAL RISK RATING AND TREND	CAPITALS
<ul style="list-style-type: none"> • Continuous in-depth monitoring of the strength of SAICA designations through independent feedback • Constant, effective, and differentiating marketing, communication and public relations activities • Effective collaboration with relevant institutes in offering the skills development • Develop continuous thought leadership material and facilitate dialogue with members and stakeholders • Constant in-depth monitoring and tracking of member and stakeholder feedback and profile through the real-time Professional Health Index and timely intervention on emerging trends 	➤	
<ul style="list-style-type: none"> • Facilitate proactive engagement of members with rating agencies and strategic partners • Develop continuous thought leadership material and facilitate dialogue with members and stakeholders • Constant in-depth monitoring and tracking of member and stakeholder needs and profile through the real-time Professional Health Index and timely intervention on emerging trends 	➤	
<ul style="list-style-type: none"> • Raise sustainable funding to expand the tried and tested Thuthuka model to all students following the SAICA route • Mobilise members, trainees and stakeholders for increased participation in profession-wide career awareness • Formalise the recognition criteria to acknowledge the impact of active participation in career awareness • Constant in-depth monitoring of the effectiveness and impact of marketing, communication and public relation activities 	➤	
<ul style="list-style-type: none"> • Constant tracking of perceptions of members and stakeholders of the SAICA education and training process • Proactively engage with members and stakeholders on the credibility of SAICA's education and training process 	➤	
<ul style="list-style-type: none"> • Mobilise members, trainees and stakeholders for increased participation in nation-building initiatives in response to economic slowdown, accounting and leadership skills shortages, unemployment of accounting graduates, socio-economic inequality, etc. • Formalise the recognition criteria to acknowledge the impact of active participation in nation-building 	➤	
<ul style="list-style-type: none"> • Constant engagement of members and stakeholders • Constant in-depth monitoring and tracking of effectiveness and impact of marketing, communication and public relation activities 	➤	
<ul style="list-style-type: none"> • Constant monitoring and tracking of membership trends and timely intervention on lead indicators • Proactive engagement with members and stakeholders on the credibility and benefits of the CA(SA) designation 	➤	
<ul style="list-style-type: none"> • Mobilise stakeholders for increased donor funding of nation-building initiatives • Proactive engagement with existing stakeholders on the impact and benefits of public private partnerships • Formalise the recognition criteria to acknowledge the impact of partnerships 	➤	
<ul style="list-style-type: none"> • Constant in-depth monitoring and tracking of membership trends and timely intervention on negative trends • Develop and deliver new and innovative membership offerings and responsive funding models 	⬆	

ERM GOVERNANCE

The objectives of the SAICA Group ERM policy are achieved through a structure that supports a risk culture with clearly defined roles and responsibilities and ensures accountability for risk management.

The revised ERM policy and framework integrates risk with performance management. This principle demonstrates the alignment of strategic objectives, performance goals and measures to related processes, risks and controls. It further fosters the culture of managing risk on a day-to-day basis and reduces the likelihood of any surprises. Performance outcomes, where applicable, are supported and evidenced by credible risk information including key risk indicators (KRIs). In addition, individual performance contracts align key performance indicators (KPIs) to related processes, risks and controls.

SAICA's risk practices assigns 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

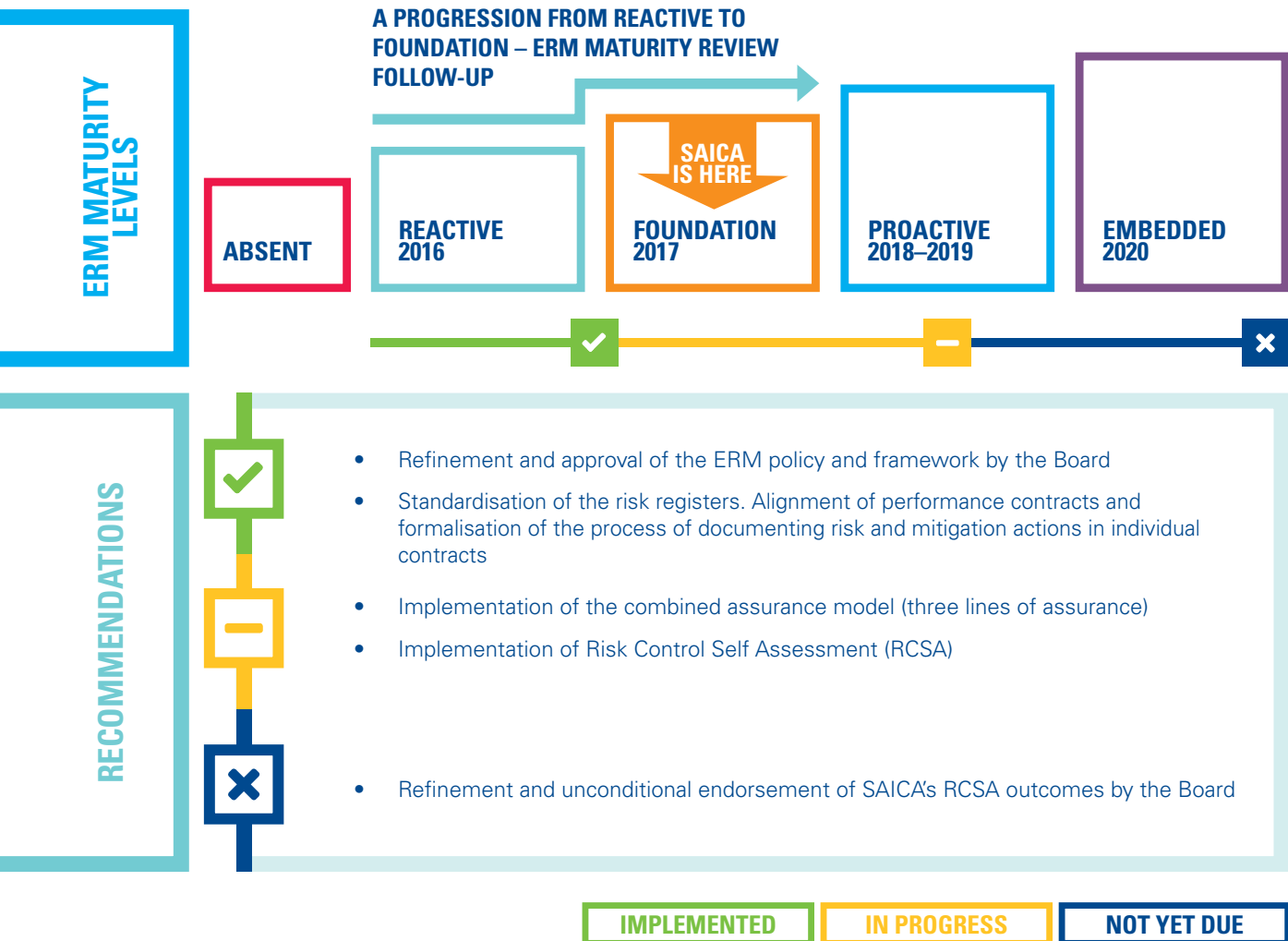
meetings. Significant risks are reported to and approved at every Audit and Risk Committee meeting and reported at every board meeting.

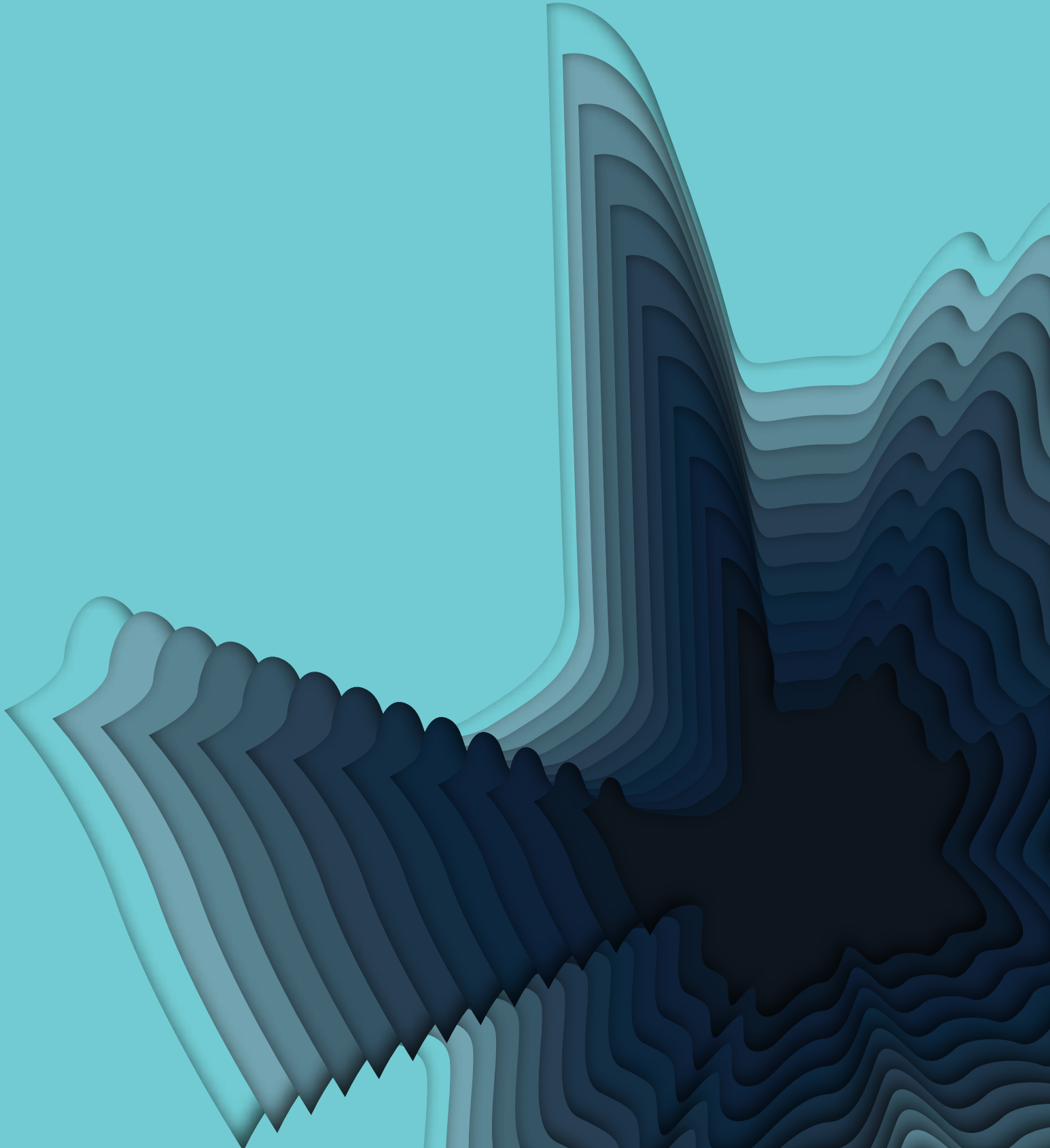
To assist management and the Board in ensuring that the control environment improves and both strategic and operational objectives are achieved, internal audit and other appointed assurance providers are contracted to provide independent assurance. (Refer Organisational Overview and Governance sections)

MATURITY OF ENTERPRISE RISK MANAGEMENT

In 2016, management contracted an independent risk specialist to assess SAICA's risk management process maturity level. SAICA's risk management process was assessed to be at a maturity Level 2 (Reactive). In order to achieve the next levels of maturity, findings and recommendations were considered and an action plan documented and implemented.

In 2017, internal audit performed a follow-up review of the risk management process maturity level and the outcome of the review placed the SAICA risk management process at Level 3 (Foundation). The maturity level and the way forward are illustrated in the diagram below.







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PERFORMANCE
2017

PERFORMANCE 2017

The key performance indicators, measures and targets for each strategic objective have been considerably refined for 2017 to ensure that they measure the outcomes and impact of our activities in relation to the achievement of our strategic objectives.

An additional measure introduced during 2017 relates to the extent to which SAICA's key internal (IT, Finance, HR, Organisational Risk and Governance) and external (Advocacy) strategies are aligned to the achievement of its business strategy as assessed by independent specialists. These are referred to as 'alignment indices'. Organisational Risk and Governance was introduced as a separate strategic objective during 2017.

For these reasons, detailed KPIs, targets and measures are not comparable to those measured in 2016.

The weighting of the strategic objective is applied to the actual performance score to calculate a weighted average score. The total SAICA score is calculated by adding the weighted average scores of all strategic objectives. SAICA still measures its performance out of a score of 5. Our performance in relation to the strategic initiatives and activities in 2017 of **3.56** is provided in the narrative that follows. The external auditors have provided limited external assurance on the performance information in relation to the achievement of SAICA's strategic objectives. For a detailed understanding of the assurance obtained, our assurance statements are available online.

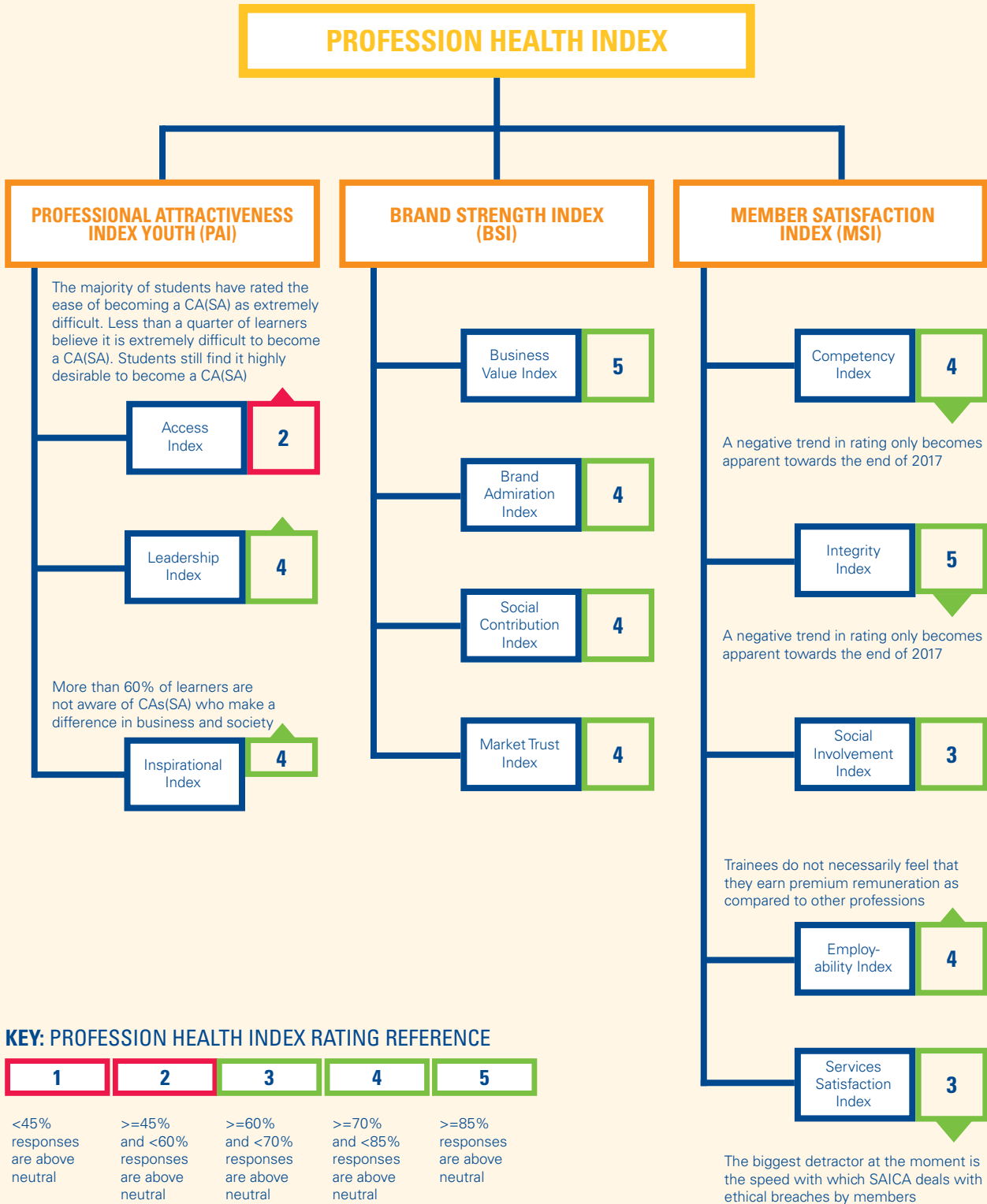
PROFESSION HEALTH INDEX (PHI)

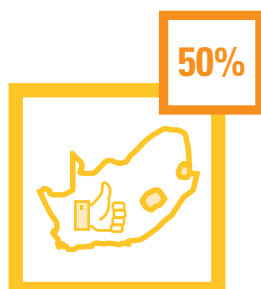
The PHI is the measure by which SAICA assesses the extent to which it has achieved its strategic objective to 'Promote and enhance the value of the profession'. The PHI is made up of three main indices, namely the Professional Attractiveness Index, the Brand Strength

Index, and the Member Satisfaction Index. Each index consists of sub-indices which are measured through the results of questions asked of a wide range of members and stakeholders throughout SAICA's value chain, as well as business decision makers in the market.

INDEX	SUB-INDEX	STAKEHOLDER GROUPING	DESCRIPTION
PROFESSIONAL ATTRACTIVENESS INDEX	Access	Learners and students	The extent to which becoming a chartered accountant is achievable
	Leadership	Learners, students and trainees	The extent to which chartered accountants are recognised as leaders in society The extent to which the CA(SA) designation assists them in attaining a leadership position
	Inspiration	Learners, students and trainees	The extent to which the CA(SA) designation will help them to have an impact in society
BRAND STRENGTH	Business value	Business decision makers	The extent to which the CA(SA) designation is most desired
	Brand admiration	Business decision makers	The extent to which the CA(SA) profession contributes positively to society in driving national imperatives
	Social contribution	Business decision makers	The extent to which the CA(SA) profession demonstrates ethical behaviour, integrity, honesty and trust
MEMBER SATISFACTION	Competency	Stakeholders, trainees and business decision makers	The extent to which CAs(SA) are able to fulfil their roles with high levels of competency
	Social involvement	Members	The extent to which the CA(SA) profession contributes positively to society in driving national imperatives
	Integrity and ethics	Members	The extent to which the CA(SA) profession demonstrates ethical behaviour, integrity, honesty and trust
	Employability	Members, trainees and business decision makers	The extent to which CAs(SA) are employable and earn a premium on their remuneration compared to other professions
	Member satisfaction	Members	The extent to which members are satisfied with communication, services and disciplinary processes within SAICA

PROFESSION HEALTH INDEX (PHI) CONTINUED





PROMOTE AND ENHANCE THE VALUE OF THE PROFESSION

COLLABORATION WITH MEMBERS AND ALLIANCES FOR:

- Enhanced value of the profession for the benefit of all members and stakeholders
- Optimal use of our global footprint to support the development of the South African economy and society



MEASURE	TARGET	RATING
Profession Health Index (PHI)	60% – 70% of responses above neutral	3,83
Advocacy – Alignment Index	Independent measure of alignment of approved advocacy strategy to approved business strategy	5

ADVOCACY – ALIGNMENT INDEX

An independent specialist provided the level of alignment between SAICA's advocacy strategy and the organisational strategy.

SAICA has multiple engagements with various stakeholders. It has identified different key contacts for each of their stakeholders and has formal and informal programmes to manage the stakeholder

relationships. Through its contributions and strong relations with key stakeholders, SAICA has contributed to the achievement of its value proposition to promote and enhance the value of the profession.

Based on the work done by the independent specialist, SAICA's advocacy strategy was found to be 'outstanding', the highest rating. This equals a score of 5. (Refer Stakeholder Relationships section)



SUSTAINABLE FUNDING

A RESPONSIVE FUNDING MODEL AS AN ENABLER TO ACHIEVE THE BUSINESS MISSION ON A SUSTAINABLE BASIS



MEASURE	TARGET	RATING
Achievement of desired levels of reserves	25% variance of cash reserve target (R109 million) Actual = R132 million	4
Alignment index	Independent measure of alignment of approved finance strategy to approved business strategy	4,25

RESERVE TARGET

The SAICA Finance Committee approved a targeted variance measuring the extent to which SAICA is within a 25% of the cash reserve target of R109 million. SAICA achieved a reserve of R132 million by year end, which equates to 4 out of 5. (Refer to Summary Financial Information section for more information.)

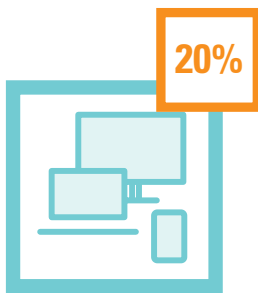
ALIGNMENT INDEX

An independent specialist provided the level of

alignment between SAICA's finance strategy and the organisational strategy.

This was assessed through a detailed independent review of current strategy documents, balanced scorecards and key performance matrixes, as well as interviews with key members of finance management.

Based on the work done by the independent specialist, SAICA's finance strategy was found to be 85% aligned with SAICA's strategy, which equated to a score of 4,25 out of 5.



DIGITAL TRANSFORMATION

ENHANCED INTEGRATED THINKING CAPABILITIES SUPPORTED BY CREDIBLE DATA AND SYSTEMS AS AN ENABLER TO ACHIEVE THE BUSINESS MISSION ON A SUSTAINABLE BASIS



MEASURE	TARGET	RATING
Strategic programme milestones in terms of time, cost, quality and scope	3 = Achieved	3,46
Alignment Index	Independent measure of alignment of approved IT strategy to approved business strategy	3

STRATEGIC IT PROGRAMME MILESTONES

SAICA has many organisational projects in support of continued enhancement of its processes and systems. These are aimed at optimising delivery across the organisation. These projects are measured through project milestones in terms of project metrics of time, cost, quality and scope.

In 2017 SAICA has made significant inroads in formulating and approving the digital transformation programme. Internal business requirements were revisited, and business processes documented. The programme was refined to cover SAICA's digital needs and a service provider was formally appointed and contracted. The programme is currently in 'stage 0', a discovery phase, which is due to be completed mid-2018.

The key outcome from the discovery stage of the Ushintsho Programme should be a blueprint of the transformed environment. This should include re-designed processes, greatly reduced number of applications/systems, streamlined architecture, CRM system, and cost per function to be delivered. Based on

this blueprint, we will be in a position to plan the phased implementation of a de-scoped, affordable solution. Also, we will be able to establish functional solution synergies that can be leveraged from The Institute of Chartered Accountants in England and Wales (ICAEW) and their related cost.

ALIGNMENT INDEX

An independent specialist provided the level of alignment between SAICA's IT strategy and the organisational strategy.

A strategy alignment maturity model (SAMM) was used to guide the IT business alignment process using a wide variety of touchpoints with the organisation to determine the alignment including, but not limited to, a review of strategic and policy documents and interviews with staff and governance structures across the organisation.

Based on the work done by the independent specialist, SAICA's IT strategy was found to be at a maturity Level 3. This equals a score of 3 out of 5.



CULTURE OF COLLABORATION

ENHANCED COLLABORATIVE LEADERSHIP AS AN ENABLER TO ACHIEVE THE BUSINESS MISSION ON A SUSTAINABLE BASIS



MEASURE	TARGET	RATING
Collaboration Index	>=60 and <70% respondents are above neutral	2
Alignment Index	Independent measure of alignment of approved HR strategy to approved business strategy	2

COLLABORATION INDEX

SAICA introduced a collaboration survey to all staff in August 2017. The purpose of the collaboration survey is to measure the extent to which SAICA employees work together to achieve a common goal. Collaboration is defined as working cooperatively with others as opposed to working separately or competitively.

The results of this survey indicate that there are areas of improvement which will be a focus in 2018. A number of initiatives to address these areas of improvement have been identified with many already being put in place.

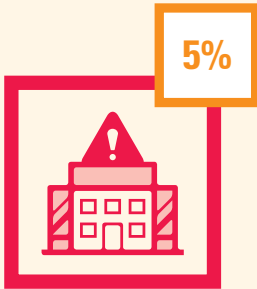
ALIGNMENT MEASURE INDEX

An independent specialist provided the level of alignment

between SAICA's HR strategy and the organisational strategy.

The request to the independent service provider was to assess how leadership and HR are supporting the strategic, structural and cultural alignment of SAICA in achieving its business goals and propose action plans to address weak areas. As a result, several areas that require attention were identified. Based on the work done by the independent specialist, SAICA's HR strategy was found to be at a maturity level of 1,8. This equals a score of 2 out of 5.

The results were analysed and action plans to address low-rated items by identifying 'quick wins' and medium- to longer-term plans are currently being implemented.

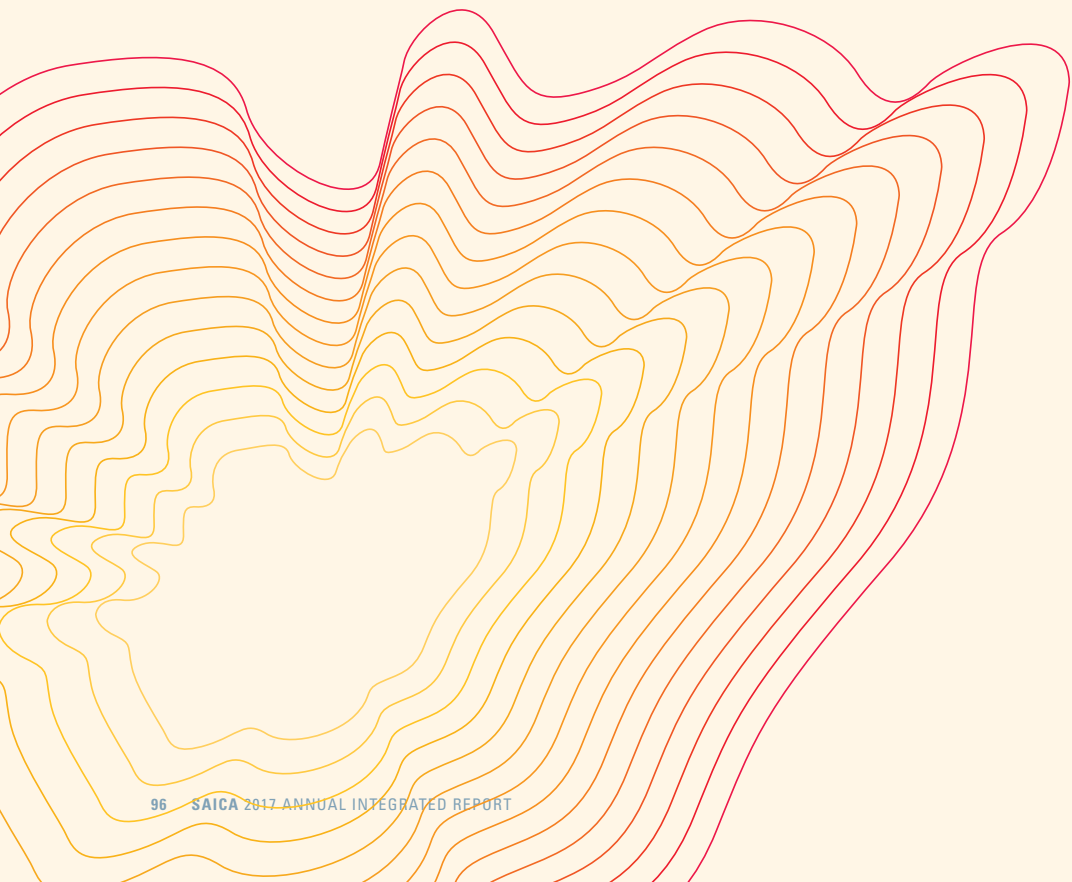


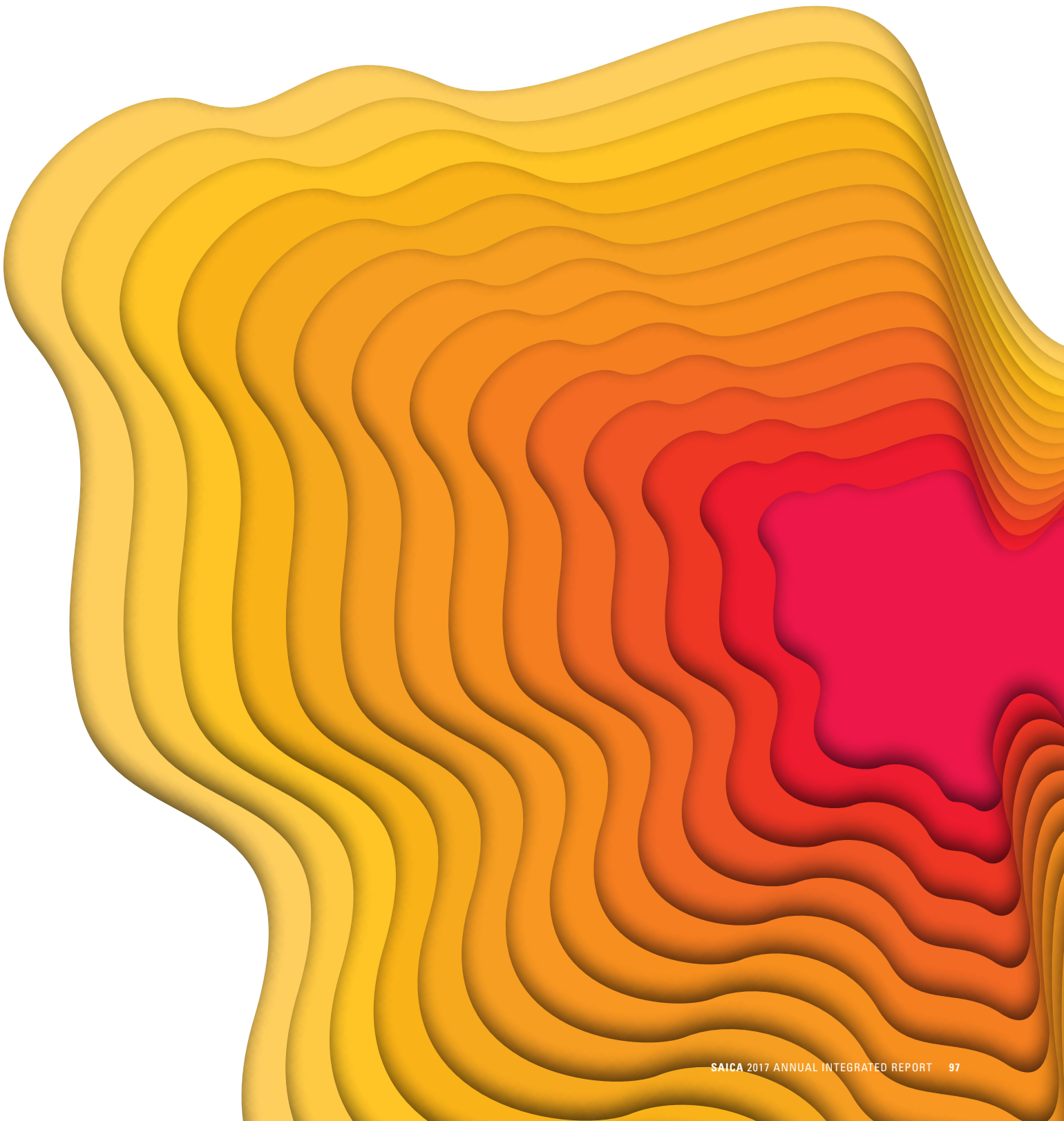
ORGANISATIONAL RISK AND GOVERNANCE

ENHANCED ORGANISATIONAL RISK AND GOVERNANCE PROCESSES AS AN ENABLER TO ACHIEVE THE BUSINESS MISSION ON A SUSTAINABLE BASIS



MEASURE	TARGET	RATING
ERM Maturity Index (Refer Risk and Opportunities section)	3 = Foundation	3



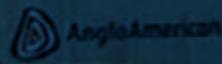




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SUMMARY FINANCIAL INFORMATION

HOUSING SUPPORT
FOR 25 000 EMPLOYEES
OUR CHANGE IS FOR
THE BETTER



Real Mining. Real People. Real Difference.

SUMMARY FINANCIAL INFORMATION 2017

SUMMARISED STATEMENT OF FINANCIAL POSITION

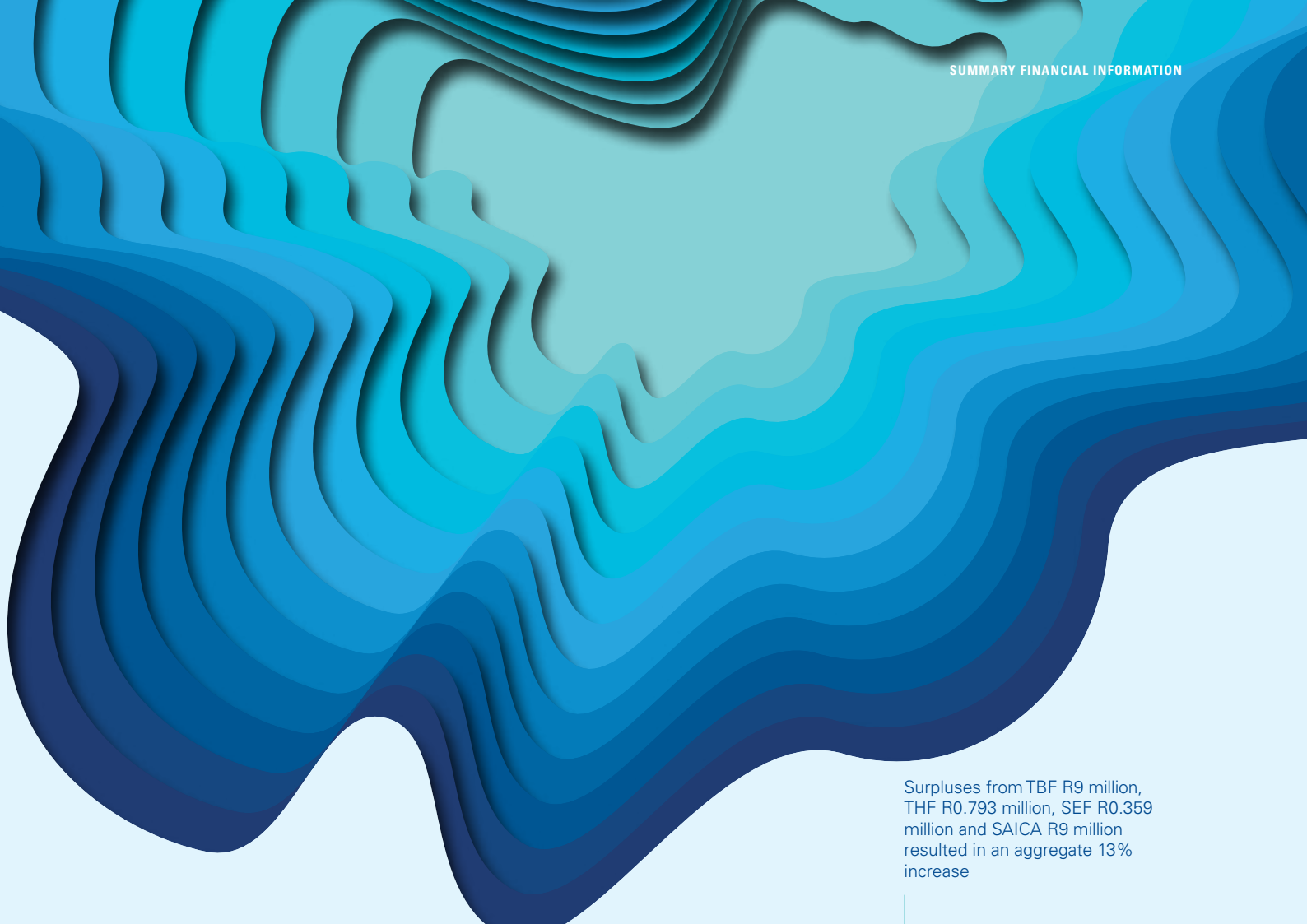
	GROUP	GROUP	MOVEMENT
	2017 R'000	2016 R'000	2017/16 %
Assets			
Non-current assets	39 987	45 031	-11
Current assets	425 006	264 811	60
Non-current assets classified as held for sale	-	20 500	-100
Total assets	464 993	330 342	41
Reserves and liabilities			
Reserves	162 382	144 300	13
Current liabilities	302 611	186 042	63
Total reserves and liabilities	464 993	330 342	41

SUMMARISED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR END

	GROUP	GROUP	MOVEMENT
	2017 R'000	2016 R'000	2017/16 %
Revenue	355 060	322 656	10
Other income	443 343	292 343	52
Expenses	(797 384)	(613 804)	30
Operating surplus	1 019	1 195	-15
Net finance income	17 441	13 783	27
Other gains/(losses)	178	(1 350)	-113
Share of (loss)/profit of investments using equity method	(556)	310	-279
Surplus for the year	18 082	13 938	30
Other comprehensive income for the year	-	-	
Total comprehensive income for the year	18 082	13 938	30

SUMMARISED STATEMENT OF CASH FLOWS FOR THE YEAR END

	GROUP	GROUP	MOVEMENT
	2017 R'000	2016 R'000	2017/16 %
Surplus for the year	18 082	13 938	30
Working capital changes	62 346	48 361	29
Cash generated by operating activities	80 428	62 299	29
Net finance income	17 441	13 783	27
Net cash from operating activities	97 869	76 082	29
Net cash from/(used in) investing activities	13 886	(15 953)	-186
Net increase in cash and cash equivalents	111 755	60 129	86
Cash and cash equivalents at beginning of the year	223 440	163 311	37
Cash and cash equivalents at end of the year	335 195	223 440	50



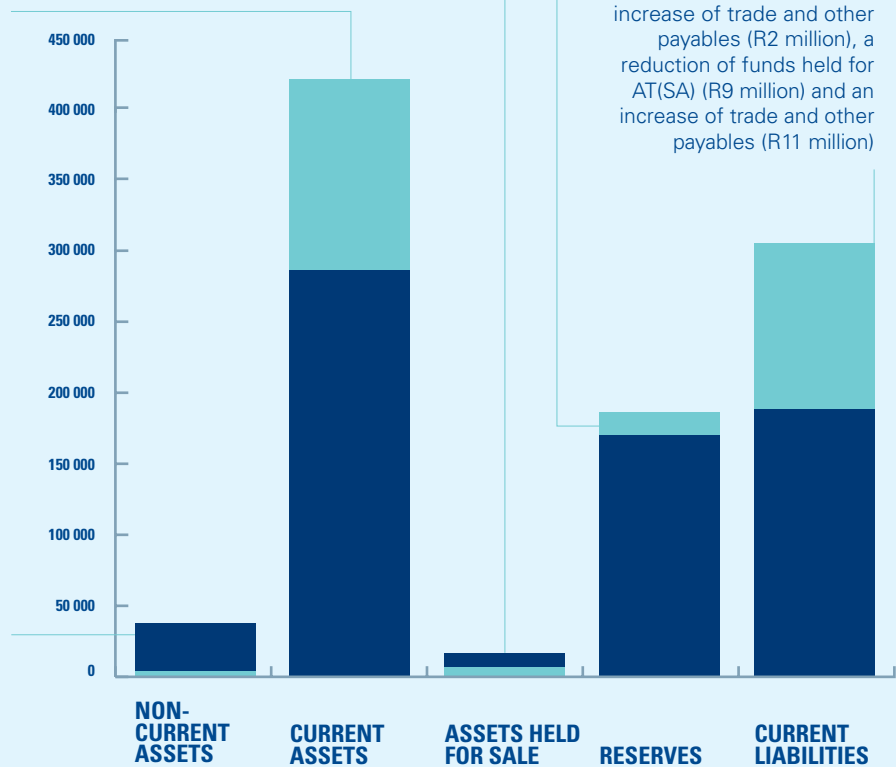
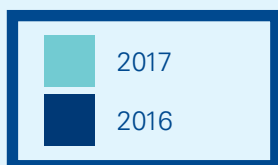
Surpluses from TBF R9 million, THF R0.793 million, SEF R0.359 million and SAICA R9 million resulted in an aggregate 13% increase

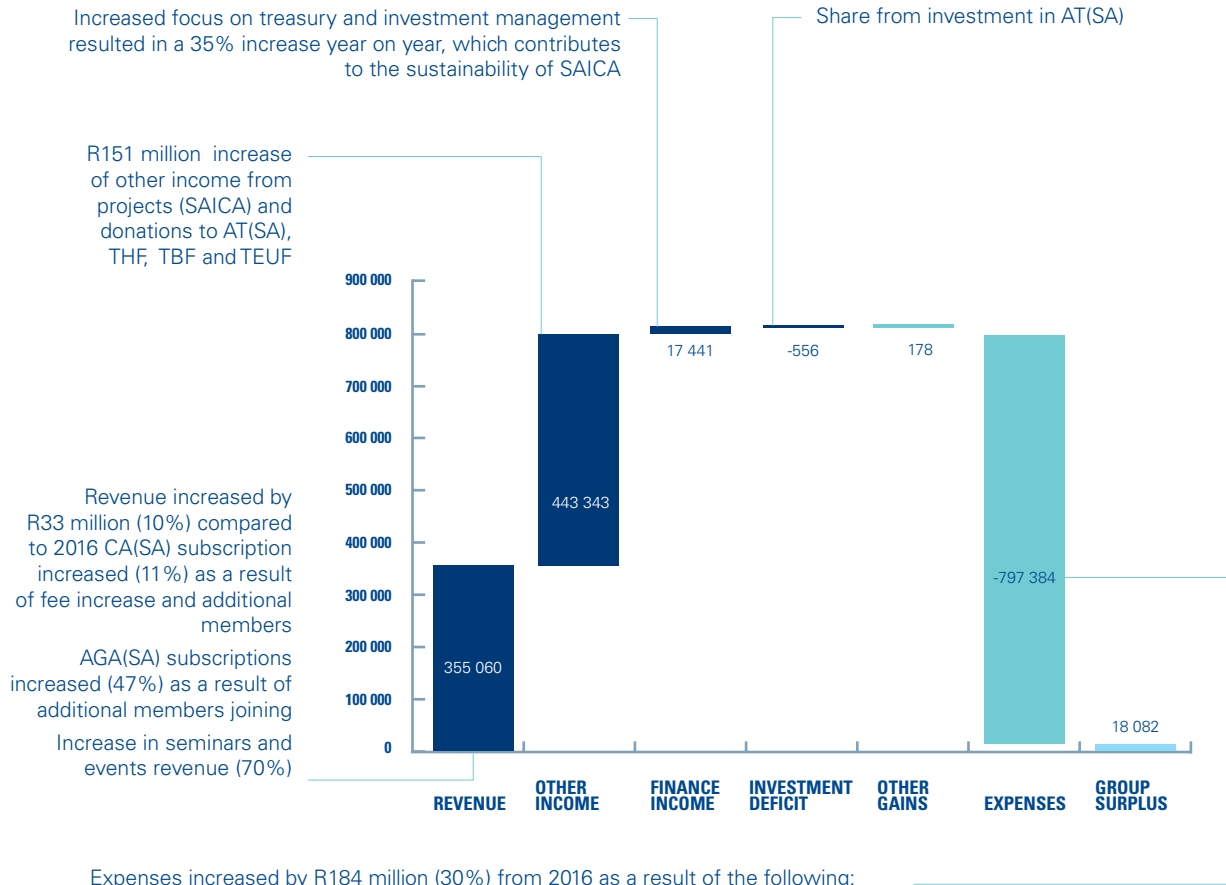
Increase in cash and cash equivalents of R112 million and of trade and other receivables R48 million resulted in an increase of 59% of current assets compared to last year

The assets held for sale was sold during the current year, resulting in the reduction of assets held for sale

61% increase of current liabilities in comparison to prior year is a result of an increase of Revenue in advance (R111 million), which is primarily funds for the ISFAP pilot project, an increase of trade and other payables (R2 million), a reduction of funds held for AT(SA) (R9 million) and an increase of trade and other payables (R11 million)

11% decrease in non-current assets in comparison to prior year as a result of increased equipment and software purchases of R7 million, change in control of R2 million of AT(SA), depreciation of R8 million and amortisation of R2 million

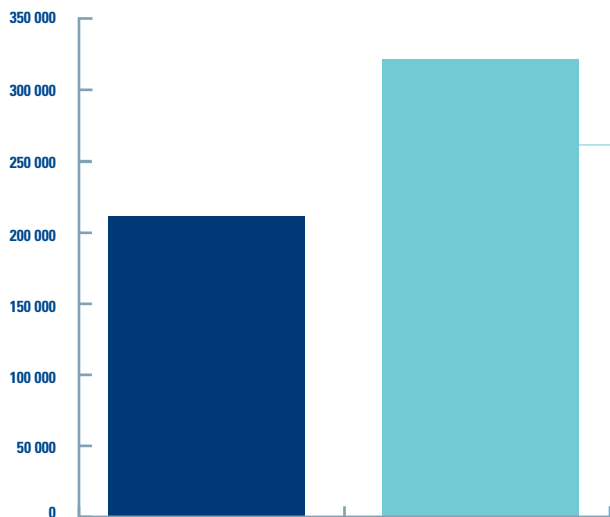
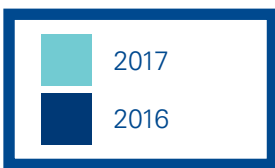




Project income increased by R129 million with a commensurate increase in project costs for the THF, TBF, TEUF and SAICA

Staff costs increased by R21 million (15%). This was due to the AT(SA) consolidation of R4 million, an increase in short-term incentives of R6 million, an increase in leave pay of R1 million and an annual increase to staff of R8 million. The balance is made up of new positions and a general increase in expenses due to inflation

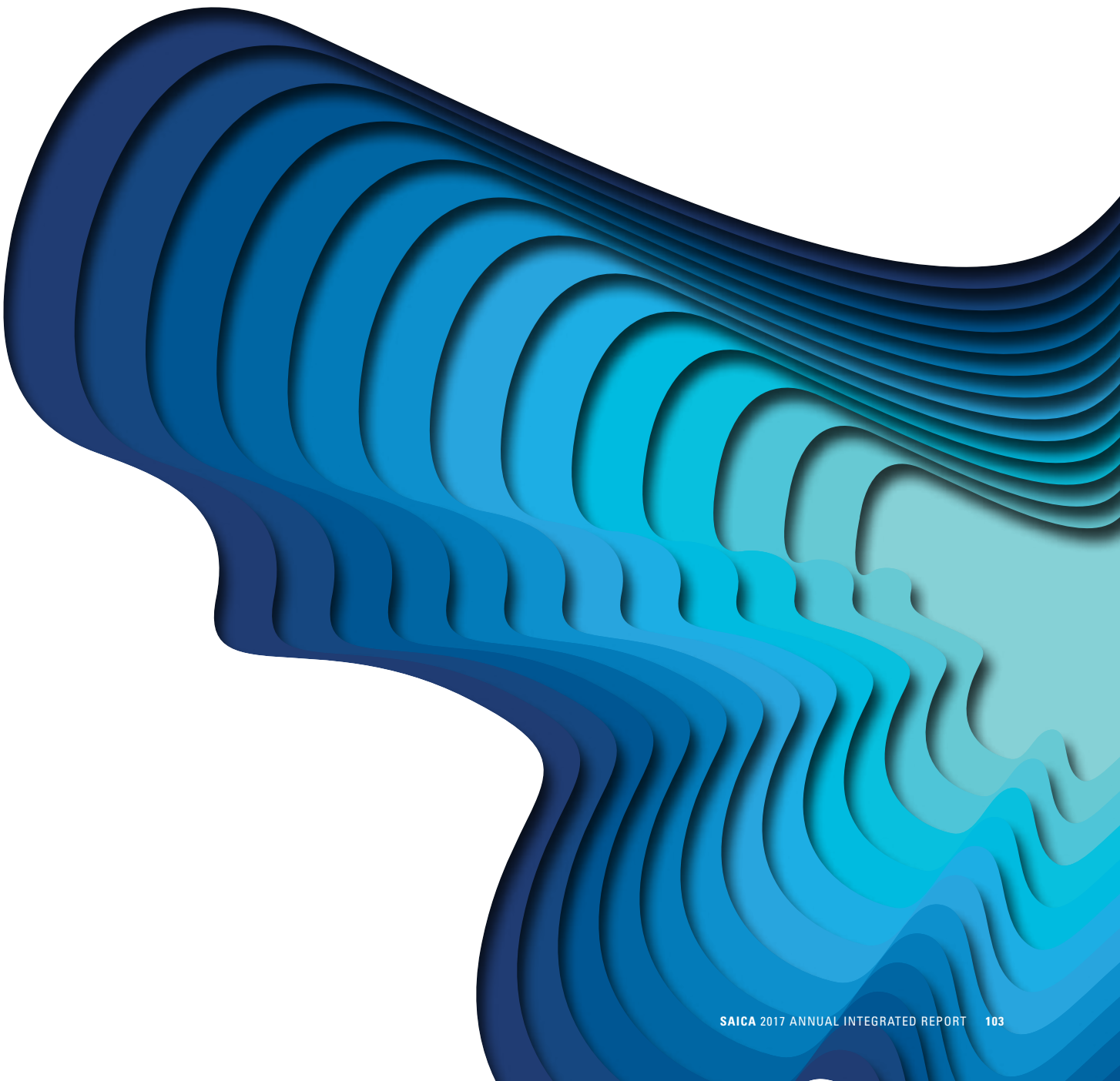
CASH FLOW 31 DECEMBER 2017



Cash increased by R112 million (50%)

This was due to:

- 30% increase in operational surplus in comparison to prior year
- 29% increase in working capital, increase of revenue in advance of which ISFAP has significant impact on the increase and the reduction of trade and other receivables
- Better investment and treasury management resulted in a 37% increase in finance income
- Decrease in investing activities of 186% in comparison to prior year due to the sale of assets held for sale





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