

CEO ROADSHOW – South Africa

19 August 2022

The questions below were raised by members during the CEO roadshow in South Africa, which took place on 19 August 2022.

The relevant SAICA executives provided the answers.

MEMBER VALUE

1. How can SAICA regulate differentiation of Chartered Accountants by the world (big 4 trained and non-big 4 trained)? How can SAICA regulate the salaries for the Chartered Accountants and AGAs(SA) in South Africa?

SAICA has reciprocity agreements in place with several countries where the CA designation is offered. It's also important to note that various designations are used globally within the accountancy space, for example the American and Canadian CPAs (who we have reciprocity agreements with). In the agreement process, we have a framework and set of criteria we need to report against.

The Global Accounting Alliance (GAA) bodies undergo a renewal process every five years and we are all allocated a country to review their qualification and to establish whether it's a substantial equivalent to other institutes' standards. This year SAICA is being reviewed by the Scottish institute and we are reviewing the Canadian institute.

In terms of salaries, we work in a free market and the market determines the salaries. The theory is that if you're a professional, your designation should enable you to access opportunities where job payment is fair rather than set in stone.

SAICA cannot control the salary levels of our CAs(SA) and AGAs(SA), given that our members operate in so many different industries and roles and therefore one cannot determine a set amount of remuneration. It would also constitute anti-competitor behaviour if SAICA were to do so.

2. What is SAICA's message to its members regarding pursuing careers in the public sector and contributing to the welfare of the country by providing skills to the public sector? Is training in the public sector a well-recognised route for trainees by SAICA? Is it encouraged?

SAICA has acknowledged the need of our members who work in the public sector, especially in supporting them to implement stronger controls in financial reporting from a public interest and economic point of view.

We have embarked on several initiatives to ensure that our members do consider the public sector as a viable career choice.

One initiative in particular, is SAICA's response to the government's "Professionalising the Public Sector Framework". SAICA responded to this Framework by mentioning that to get professionals into the public sector, there needs to be an environment that fosters ethical conduct and avoids intimidation threats. We are advocating for a better environment for our members to work in, whether they are CAs(SA), AGAs(SA) or ATs(SA).

SAICA further recognises accredited training offices within the public sector, for example the AGSA, National Treasury, and SARS. Some of our best training programmes can be found within the public sector. The first training office to use our electronic assessment tool within the CA2025 programme was the KZN Treasury. Training for all SAICA trainees is the same; there is no differentiation in training regardless of where our prospective members plan to work once they have qualified.

It is therefore clear that SAICA is working with various entities within the public sector to ensure that our members do get proper training and are successful.

3. SAICA is and always has been a member body - that means it is for the members, by the members. Over the past few years this has however changed substantially with the SAICA board members being appointed even if they are non-CA members. We have no issue with appointing non-CA advisory members to the board if they can bring specific skills to the table, but merely appointing a non-CA board to diversify the board and over and above that, paying exorbitant salaries or fees to keep these non-CA members, does not make commercial sense. The same can be said of appointing people from different religions to serve as board members in the Vatican or a local church.

The abovementioned board membership changes was brought into effect with the change in the constitution. At the time the changes were communicated, it was said that there was consultation with members on the proposed changes, I for one cannot remember any roadshow, regional meeting or any other consultations taking place with members in general.

The decision to change SAICA's governance structure was taken to the AGM in 2019 and it was approved by members.

The issue from the member who asked this question underscores the importance of member attendance at the AGM to cast their votes. The CEO cannot reverse a decision that members voted on.

SAICA communicated the abovementioned board membership changes at numerous roadshows, which were hosted by Fanisa Lamola, the Acting CEO at the time, as well as at various council meetings and via several bulk emails.

SAICA encourages members to engage with its communication and attend roadshows and AGMs to ensure they stay abreast of all changes within the organisation.

4. Regarding the former TOPP/TIPP streams in the profession (TOPP financial management and TIPP auditing and financial management), what is the quickest way for TOPP members to register for auditing with IRBA?

There used to be two separate exams (at the time known as the second board exam), namely the Public Practice Exam set and assessed by the IRBA, which was used to assess competence of auditors at entry-level and the exam for candidates choosing to not work in public practice.

Currently, everyone writes the same exam. Given that the APC is a professional assessment and not for auditors per se, the IRBA has now introduced the Audit Development Programme (ADP), which is a work-experience programme that candidates need to complete once they have completed training. This programme is 18 months long and you need to submit a portfolio of evidence.

You can therefore still apply with the IRBA to join the ADP and include your portfolio of evidence, but this means you will also need to join an audit firm for 18 months to complete the necessary audit competencies.

Members who are interested in the ADP, can visit IRBA's website for more information.

5. The majority of newsletters and communication from SAICA always relate to financial reporting standards, audit, compliance, tax, i.e. aimed at accounting firms. Most SAICA members are in business and likely have minimal involvement with these types of information, and are thus likely to find a lot of the communications from SAICA not applicable. What is SAICA doing to address this and remain relevant to its paying members?

Thank you for noting the technical correspondence that SAICA sends out. A lot of effort goes into providing quality content in this regard.

In the Accountancy SA magazine (ASA), there is extensive communication of articles with a commercial application for our members. The content also includes Integritax, which is proving to be really popular, especially for our tax practitioners. The ASA content is in line with the changing landscape of the accounting profession. There is a move towards content

with an overall impact on our members and we are open to suggestions from members if they feel we can add more.

The ASA has an average of 110 and 120 pages per issue with content that reflect the range of topics that are applicable to our various constituents.

If members in business feel it is necessary to include a specific newsletter just for them, we encourage them to reach out to our technical team or the ASA editor in this regard and we'll look at how to package content specifically for them.

In addition, we provide events related to 4IR CPD opportunities, as well as the CA of the Future events, and the Chief Value Officer training in collaboration with Wits University especially for our members in business.

6. Please confirm if SAICA has had discussions with the Consumer Goods and Service Ombud regarding registration requirements of accounting and auditing firms. Should we register with them or not? Are we excluded because we fall under SAICA? The CGSO could not answer this question.

We have not engaged with the CGSO in this regard yet. We have a model of regulating our members already, and we cannot dictate to another body to accept our regulation. We will engage with the CGSO and will thereafter personally respond to the member who asked this question.

7. One of your stated aims is to promote SMMEs. SMMEs are mostly serviced by small practitioners yet small practitioners are finding it extremely difficult to remain sustainable due to the ever-increasing regulatory requirements imposed by both the IRBA and SAICA. What are your views on this?

SAICA has a limited mandate to regulate our members and we are also regulated by the IRBA. We are aware of the requirements to comply with the regulations relevant to member activities and focus on supporting our members where we can.

In this regard, we engage regularly with regulators, for example the IRBA, the Council of Medical Schemes and SARS, to share our input and perspective on new regulations and legislation and subsequently regularly issue guidance documents to assist our members with their concerns regarding compliance.

8. One of the major challenges for Small & Medium Practices is being able to source good quality trainees. What can / is SAICA doing to assist SMPs with this?

The issue of the environment the SMPs work in has been partially covered in question 7 above and SAICA recognises the need from our members.

From a training contract perspective, we engage more with the relevant SMPs to determine exactly what the challenges are. This is the only way to find solutions that will be practical and make a difference.

We need to find a balance between maintaining a high-quality training programme and finding a way to support the SMPs in this regard.

Looking at the value proposition an SMP offers, we can potentially market that to trainees with a view to encourage trainees to move to SMPs. However, in certain circumstances trainees are subject to additional training time penalties if they move to a different training provider.

In addition, we are also promoting various members in the SMP space in the ASA magazine and external media to further promote the value of exposure and experience in an SMP to our trainees.

This is an area which SAICA will continue to work on.

9. Do we have members in the public sector? If so, are we actually doing what needs to be done or are we just there for the “paycheck” (*sic*), given the disastrous state of these institutions?

Not only are there members in the public sector, but there are also several members in leadership positions in public entities, particularly CEOs and CFOs. The Auditor-General herself is a SAICA member.

We have the following initiatives to support and promote the work our members in the public sector are doing:

- i. We have been actively profiling our members in the public sector in the ASA magazine and in external media.
- ii. Our public sector committees (national and regional) comprise members [CAs(SA) and AGAs(SA)] who are contributing to the profession and society and are achieving good results.
- iii. SAICA actively advocates for the professionalisation of the public sector. We encourage our members to engage with our communication in this regard.

We further acknowledge the challenges our members in the public sector face, and we therefore have a few initiatives to support these members, for example a LinkedIn community specifically for them, providing guidance documents and giving members an opportunity to discuss matters among each other. We also have a quarterly newsletter, regular seminars,

events and social media updates as well as workshops to assist members in the public sector. Our career mobility project that supports members that are moving from the private sector to the public sector is also proving to be popular.

It is also important to note that we should not underestimate the personal danger that is attached to acting ethically and doing the right thing within the public sector. We know of a member who works for the Auditor-General that survived a shooting as well as a member who sadly lost her life while investigating matters at one of the local municipalities.

The ineffectiveness of the public sector is not usually a reflection of our members' skills or capability, but rather fear for their lives and livelihoods. We should not forget that working in the public sector and pointing out malfeasance regarding what is being done, do pose a personal safety risk to them and their families. SAICA will continue working to support these members.

RELEVANCE AND REPUTATION

10. Is SAICA considering a closer association/interaction with the Department of Trade and Industry and Competition (dtic) and the Auditor-General (AG)?

SAICA continuously engages with the AG and the dtic to strengthen our working relationships with them. In particular, we work closely with the AGSA in the following ways:

- SAICA hosts the PFMA audit outcomes with the AGSA to enable our members to understand what is happening in the public sector. This event is always marked by great conversations and strategic planning to determine how we can contribute to improve the public sector.
- The AGSA is part of various SAICA committees, including the national and regional Public Sector committees, and the foundational committees for auditing and accounting within SAICA.
- We have monthly meetings with the AGSA to determine how we can support our members from a learning and development perspective.

11. The sanction of cancelling membership seems not to be a deterrent to persons transgressing the SAICA Code of Professional Conduct. SAICA will not restore the public's faith in our profession, given the lack of action against several high-profile cases which the board is aware of.

The ultimate penalty that one can enforce as a membership body is to remove membership. SAICA cannot act beyond that.

If one considers the overall number of complaints we receive annually, which stands at approximately 500 cases a year, the number of matters we deal with remains fairly constant and presents a small part of our membership falling foul of good ethics and compliance with the Code of Professional Conduct.

We are also assisting law enforcement agencies with their cases.

Unfortunately, there will always be a few bad apples, regardless of the industry.

Regarding the mention of ‘rebuilding the public’s faith in our profession”, it appears that trust in chartered accountants is moving on an upwards trajectory based on recent independent research. This has been discussed in detail in the questions raised before the roadshow. The written answers can be found [here](#).

12. Can SAICA members assist the Hawks, National Prosecuting Authority (NPA) and the Special Investigating Unit (SIU)?

Yes, we can, and we do. The NPA often has cases that require interpretation of financial information and financial reports and they come to SAICA for an expert opinion.

We have also recently signed a memorandum of understanding with the SIU which seeks to help the SIU to grow its own team of forensic accountants, which is done in collaboration with North-West University.

13. Did SAICA finalise consequence management of members implicated in the Steinhoff saga?

All disciplinary matters regarding members involved in the Steinhoff matter are still ongoing. SAICA has no powers of search, seizure or subpoena, so we need to rely on good relationships with prosecutorial bodies and individuals willing to assist in all our matters.

SAICA was the second institution in South Africa to succeed in issuing a charge sheet to one of the members involved and there has been an appeal in this regard, which is causing a delay.

SAICA reiterates that it will hold all members accountable that are alleged to have contravened the Code of Professional Conduct, regardless of how long the process takes.

14. Why is there such a delay in the handling of disciplinary matters at SAICA? Trainees’ and other members’ lives are on hold as a result of the delays.

SAICA finalised 281 cases in 2021, which means we are focused on finalising cases as soon as possible, given that this is a legalistic process that requires fair administrative justice. We

have seen a significant increase in complaints and we are getting additional resources to help with the increase in cases.

Where there are complex cases, we need to make sure that we have a comprehensive bundle of information and evidence, to put our professional conduct committee (PCC) or disciplinary committee (DC) in a good position to make the correct decisions based on proven facts. In many cases, the written submissions between the complainant and respondent can take several months to be ready to set in front of a committee for adjudication.

SAICA disciplinary procedures take time given that we do not have the powers of search, seizure or subpoena, as mentioned in the answer to the question above.

15. How active is SAICA in raising its concern towards the deeply concerning morals and ethics issues impacting the governance of the country? The very foundation of an institute like SAICA should be aligned with leadership ethics, morals, and values.

SAICA actively participates in forums regarding the governance of the country. We believe that by raising the issues where it matters most and supporting the arms of government where we can, we are making a positive contribution.

We have mentioned our work with the NPA, the SIU, as well as our work within the public sector space.

One of the key SAICA committees is the Ethics committee (as per the SAICA Constitution), which has the responsibility to consider and address issues that are relevant to the public interest.

Through this committee we have identified various initiatives which include, among others:

- Public sector
- Supporting members who receive intimidation threats
- Discussion on how to better support whistle-blowers
- Advocacy submissions

SAICA will continue engaging with the government to make a difference where we can.

GROWTH AND TRANSFORMATION

16. What is being done about the current low pass rates at ITC level amongst the formerly disadvantaged students?

The low pass rates at ITC level are a concern for SAICA. We analyse the results to determine where the challenges lie. We use this information to then engage with the relevant institutions

to decide which interventions they need to make. The most impactful way to deal with a problem is to go to the institutions that are preparing the candidates for the ITC.

This is done through our monitoring and accreditation processes. We visit more frequently with universities that have challenges with ITC results. We believe the universities have an obligation to put together a transformation plan and they are subsequently monitored against these plans. These plans need to address why students aren't performing the way they are expected to and SAICA will then support and assist the universities where possible to address these challenges and create solutions.

We also work with AWCA and ABASA to find ways of mentoring, coaching and supporting the ITC candidates to help them on their path to success.

17. I would like to know whether SAICA is considering changing the attempts for ITC in the future for candidates not going back to doing CTA again. Considering the times and the economy we live in, could we introduce workshops for these candidates when they have exhausted their attempts at the ITC?

We are aware that candidates are concerned about repeating the ITC. SAICA is considering ways in which to address this matter in a sensible way and will not dilute the quality and standard of the ITC.

18. As a trainee accountant who is excited about the opportunities that this profession could offer, I sometimes get two conflicting views about the demand for CAs(SA). The most common is that the demand is very high, at the same time I have often heard of newly qualified accountants who struggle to find work. What do the actual statistics look like in terms of the demand for chartered accountants, and not just for the short term but in the medium to long term?

When one looks at the pure unemployment statistics of CAs(SA), it has remained fairly consistent at around 1,5% of all CAs(SA) for many years.

We are seeing a differentiation between members in practice and members in commerce and industry. Firms in practice are saying there is a shortage of CAs(SA), but when you look at the members in business space, the supply of CAs(SA) seems to be satisfactory.

Based on the conversations we've had with unemployed members, it is often the case that they are holding out for a specific role or a specific remuneration level and it's not necessarily due to a shortage of roles.

Having said that, we have had feedback from some larger businesses that say they have seen CAs(SA) apply for roles they would not typically apply for.

SAICA will continue to monitor this as part of our member engagement activities.

19. What are SAICA's objectives regarding clear communication and collaboration with academic institutions and employers (companies in industry) regarding how to implement the CA2025 syllabus?

From an academic perspective, we have been working for several years with the universities on the implementation of the CA2025 framework.

We ran a series with academics and set up “communities of practice” so academics can share among each other the implementation of the framework, for example around ethics.

The digital acumen “community of practice” is being run by an individual from the University of Stellenbosch and these sessions are proving highly engaging and successful.

We have also looked at what international universities are doing in this space.

We further monitor the implementation of CA2025 through a monitoring and accreditation process. We offer support to the Historically Disadvantaged Institutes and run specific workshops to support and assist them with the implementation of CA2025.

Our training offices will continue to receive support, which range from online videos, complimentary one-on-one consultations and guidance documents. There is a transition period for trainees to be migrated to the new framework and SAICA will continue assisting in this regard. We also realise that it is a lot harder for small and medium firms given that they need to do a lot more work upfront, but we do have processes in place to provide additional support in this area.

The implementation process will only really come to a conclusion in 2025, so there is still a lot of work to be done until then.

20. Why are we not naming the institutions with poor pass rates? What about the pass rate for everyone else or do they not matter?

The pass rates per institution are made public on the SAICA website and anyone can access the information. We don't publish the university pass rates in the media, because it is not our pass rates to publish. Our focus remains on providing the information at the ITC level, which is where our responsibility lies. It is not common practice for any university to publish pass rates.

In 2020, we allowed candidates an additional attempt at the exam, provided that they participated meaningfully in a support programme. We run programmes through Thuthuka that are specifically supporting our African candidates, and we measure their throughput

pass rates. Generally, students who participate in these programmes are far more successful than candidates who don't take part in any support programmes.

21. If the pass rates are <50% for B.Com, <50% for CTA, <50% for ITC and <50% for APC, the average is below a 5% chance of becoming a CA(SA). And then ADP as well. Trying to convince good students to follow the path to becoming a CA(SA) is very difficult.

The pass rates mentioned in the question are not accurate. Pass rates are communicated on the SAICA website and we encourage members to engage with this content – the pass rate is higher than 50%.

One of the challenges we do see is that there is a drop in the number of students who are eligible for the Post Graduate Degree in Accounting (PGDA), but it is not necessarily that they do not have the right marks, as other factors also impact on their decision to continue with their PGDA or not.

Pass rates also differ between the various providers, but the majority of them have a higher than 50% throughput at PGDA level.

Our profession takes in many students, but they don't always complete their degrees in the required time, with some taking up to five years to complete their degrees.

The perception that only about 5% become CAs(SA) is also not accurate; this is proven by the number of new members we see annually.

Regarding whether accounting is an attractive profession to enter into, there is a specific group within Chartered Accountants Worldwide that looks at attracting people into the accounting profession globally. These are the types of activities SAICA will continue to engage in to explore opportunities to improve the attractiveness of the profession.

The fact that SAICA is trying to develop responsible leaders who create sustainable value for organisations, will hopefully attract people to continue with the CA stream. We will continue to promote our profession to ensure we have a sustainable pipeline of prospective members.

The Audit Development Programme (ADP) is unique, given that it is specifically for auditors, and this falls under the IRBA's remit.

OPERATIONAL SUSTAINABILITY

22. In the remuneration policy at 1.3 and 2.1 SAICA states that it is interested in the performance and skills of employees, and having the right people in the right

positions. However, this does not appear to be happening during recruitment of employees, or board and committee memberships. It appears far more interested in race and gender than in skills, competence or qualifications. Further at 2.7 it states SAICA is a non-discriminatory organisation, however it appears that it is mainly interested in race, gender, age, religion, and marital status, and ethnic and social origin.

The CEO cannot speak about the appointment of the Board members, given that SAICA members voted on these matters as mentioned above in question 3.

The appointment of employees, while we are mindful of the demographics and transformation imperatives of the country, we are guided by people presenting themselves for each opportunity, competency and whether they are a good fit for a role.

SAICA does consider transformation, but the institute still needs to deliver on the mandate that we have, and that can only be done by having the correct balance of skills in each team across SAICA.

SAICA committees follow the same principle, and we consider the people who say they are available to serve. At times, even if we wanted to implement a transformation approach, we can only work with those who are making themselves available.

23. Why is SAICA unable to issue a critical skills letter for an AGA(SA) and to one who is currently busy with their CTA whilst being employed in an audit firm and working towards being a CA(SA) with over 7 years' experience in the audit/accounting and tax industry?

The issue of critical skills letters is a problem at the moment and SAICA apologises for the inconvenience. We do issue letters primarily for trainee accountants, because we can verify where they are working. The process is more difficult for existing members, because it is not as easy to verify where they are working.

A further challenge is that the critical skills list is based on occupations and being a CA(SA) is not an occupation. The list requires that the professional body for the various occupations need to issue the critical skills letter.

We've been trying to engage with the department of home affairs to clarify their criteria, given that some trainees' letters are accepted while others' letters are not.

Home affairs will be setting up an engagement session with various professional bodies to give clarification. This matter is high on SAICA's agenda and we hope to clear it up soon.

24. Is SAICA not able to count votes? Why are we using outside companies and paying them to do this incorrectly?

The practice has always been that an impartial party facilitates and verifies the voting process. This is best practice with most companies for their AGMs. It is not just about counting votes, but also the platform they provide, and the certification of the outcome of the votes.

The supplier we use has been providing this service for SAICA for a long time and they have a good reputation across the country.

We are looking at alternatives going forward, given that they have made a mistake this year. Given that we need to be responsible with the votes, we will investigate ways of getting the best possible service provider.