

## SAICA CEO ROADSHOWS EMEA ROADSHOW – 5 AUGUST 2021

### QUESTIONS RAISED BY MEMBERS BEFORE THE EMEA ROADSHOW

The questions below were raised by members before the EMEA roadshow, scheduled to take place on 5 August 2021. The answers were provided by the relevant SAICA executives.

#### MEMBER VALUE

1. It has become increasingly evident with social unrest, a global pandemic and a climate crisis that businesses, corporates and professionals cannot exist in isolation and cannot be driven solely by profit or personal gain (and even if they could; it would not be sustainable). What do you think is the role of SAICA and the CA profession in alleviating the key socio-economic issues (youth unemployment; poverty; COVID-19; climate change; etc.) that we face as a country as well as a global society?

As a profession that prides itself on being a critical player in creating value, the chartered accountancy profession in South Africa has always contributed its time, and other resources, to projects focused on making South Africa and the world better.

SAICA is active and successful in its transformation activities in the form of Thuthuka, and SAICA has three different designations. Aside from the CA(SA) designation, the AGA(SA), which is an intermediate-level designation as well as AT(SA), an entry-level designation, are job creation vehicles, which serve to create employment and thus help to alleviate poverty.

In addition, our stated purpose of 'responsible leadership' acts as a continuous challenge for us as practitioners and firms, but also as SAICA, to understand that our work has an impact that extends beyond business.

As SAICA, we believe that the profession doesn't exist for itself, it exists to serve society. As such, it is imperative that we find a very good way to anchor all of this good work in the idea that the profession needs to be in a position to be able to solve some of society's most pressing problems. It is for this reason that SAICA has united around the United Nations' Sustainable Development Goals (SDGs) to deepen the country's understanding of the challenges, opportunities and dynamics that can be leveraged to accelerate and prioritise the delivery of the SDGs.

As an organisation, SAICA primarily focuses its efforts on projects that speak to issues of quality education (SDG 4), no poverty (SDG 1) and decent work and economic growth (SDG 8). We also create platforms for members to collaborate in projects that speak directly to the 17 SDGs.

In addition, through an annual call to our members and associates, SAICA determines what projects, outside of those run by SAICA, the profession is working on that has a direct impact on reaching the goals set out in the SDGs. This information is consolidated into an annual report that can be found on the SAICA website:

<https://www.saica.org.za/initiatives/sustainability/sustainable-development-goals/sdg-reports>.

**2. How can CAs(SA) improve and build their global network amongst each other and use it for the benefit of SA and the profession? Can we see more online virtual training sessions being offered by/through SAICA so that CAs(SA) outside of SA can easily have access to relevant training? Can we also get a status update on the proceedings against certain members regarding fraud, corruption and contravention of the code of conduct?**

SAICA has established committees in countries where there is a significant number of CAs(SA). These committees are one of the primary drivers of activities that SAICA hosts in each respective country. Activities include recommending networking functions (which include cocktail evenings and golf days), learning opportunities that members would find of interest, and other relevant member-related activities. SAICA has dedicated resources based in London to roll out these activities to our international members.

SAICA is a founding member of the [Chartered Accountants Worldwide \(CAW\)](#) organisation which aims to promote the CA designation on an international level.

The overall objectives of CAW are to:

- Promote, protect and develop the Chartered Accountant brand for the benefit of our members worldwide
  - o Clearly identify what sets Chartered Accountants apart and create a consistent narrative and experience around the world amongst our target audiences
  - o Build awareness and preference in accountancy, finance, business and public sector in target markets
  - o Promote and demonstrate the value of Chartered Accountants as 'Difference Makers'
  - o Work together to protect and uphold the integrity of the Chartered Accountancy brand

- o Raise awareness and position Chartered Accountancy as the qualification of choice for the brightest and best talent
- Support and connect our members wherever they are working globally
  - o Support and engage with members wherever they are working through CAW, individual institute events, member services and activities
  - o Facilitate global connectivity and greater networking opportunities
  - o Enable greater marketability, employability and career mobility
- Strengthen the CAW family, by sharing expertise and experience and maintaining the status and relevance of Chartered Accountancy
  - o Build strong relationships between member institutes, support associates on their path to full membership, and encourage other chartered accountancy institutes to join
  - o Increase awareness and promote the value of Chartered Accountants worldwide to individual institute members and staff
  - o Protect and develop the quality and relevance of the Chartered Accountancy qualification
  - o Promote as a premium qualification in major capital markets with business leaders and key influencers

CAW has an active website and social media presence, and their objective from 2020 going forward is to position chartered accountants as difference makers across the world. To do this, they use the resources from the 14 member institutes of CAW to showcase that chartered accountants create value.

CAW also introduced a global network identifier logo for all CAs who are part of the CAW network. Members can [download this logo](#) and use it on their social media profiles and business signatures to show that they form part of a global network.

SAICA members can also access the [Global Accounting Alliance Passport](#), which enables members to attend networking and learning activities of several CA or CPA Institutes at the same price as the home institute's members.

In addition, with the onset of COVID-19, the majority of SAICA's seminars and events are available on the [SAICA website](#) and can be viewed for free at a time which is convenient to each individual member.

Regarding an update on disciplinary matters, SAICA shares a quarterly report on disciplinary hearings outcomes on the SAICA website, in the CA World newsletter as well as in ASA magazine. The latest update can be found on the [Governance and Discipline page](#) on the website.

As underlined in the SAICA by-laws, the institute does not comment publicly on ongoing investigations as this may obstruct the administration of justice. Once the charge sheets have been issued to members that are being investigated, the disciplinary process becomes public.

Regarding well-publicised cases, we can share the following update:

- **Steinhoff:** A charge sheet was issued in June 2021 and a legal response from the member's legal representatives is being considered.

- **Tongaat Hulett:** Draft charge sheets to the implicated members will be issued in the second half of 2021.
- **VBS Mutual Bank:** Two members implicated were found not guilty by the PCC. One of these members was sanctioned and debarred by the FSCA, and the member is currently in the process of appealing this matter. SAICA will follow the outcome of the appeal before the FSCA and will take the appropriate action.  
A draft charge sheet was issued in one other matter and has been referred to the Disciplinary Committee for hearing.  
The PCC pended another matter for a legal opinion.
- **SAA:** Following media allegations against the SAICA member at the Zondo Commission of Inquiry into State Capture, SAICA requested a response from member. No response was received from the member. SAICA is investigating the allegations arising from the Zondo Commission and will issue a charge sheet in late 2021.

In Q1 and Q2 of 2021, 553 cases were logged and approximately 399 of these matters are related to non-compliance by tax practitioners. These non-compliance matters are being given a priority focus for the remainder of 2021.

## RELEVANCE AND REPUTATION

- 3. What signs are there that the Management and the Board of SAICA are being successful in restoring the integrity of the body to being truly ethical, following the unfortunate incidents over the last couple of years?**

### **SAICA's Trust Reconstruction Strategy**

SAICA takes the perception and reputation of the profession seriously, which is why we have continued to implement a consolidated Trust Reconstruction plan for 2021. This plan, which is now called the Integrated SAICA Brand Management and Communication Plan, focuses mostly on key initiatives which are underpinned by the SAICA strategy and the current media landscape. The key initiatives include, among others, an Integrated Ethics initiative, an Audit Reform initiative, as well as an initiative to professionalise the public sector.

The Integrated Ethics plan in particular, is aimed at starting critical ethics conversations in SAICA's various spheres of influence, while taking into consideration the four pillars that impact the development of ethics competence:

- Ethical leadership
- Ethical organisation culture
- Professionalism
- Ethics education aimed at cultivating necessary knowledge, skills, and behaviours (attitudes)

To further demonstrate SAICA's commitment to support those that do the right thing even when no one is looking, SAICA has recently launched an [Ethics podcast](#). The podcast is hosted by Mpho Mookapele, 2019 Top 35 under 35 winner, where she talks to whistleblowers about the courage it took to do the right thing in the most challenging and sometimes life-threatening circumstances.

In addition, in April 2021 SAICA implemented a compulsory CPD requirement for members to undertake reflection on the competency area 'Ethical values and attitudes' on an annual basis and record this on their reflective plan. This was communicated to all members on 6 April 2021 in a bulk email, via a [Circular](#) and in the April ASA magazine.

SAICA further has an Ethics committee which provides leadership and guidance on ethics-related matters to SAICA and its members, so that they are able to comply with their responsibilities to act in the public interest, with integrity, objectivity, professional competence, due care, confidentiality, and in compliance with all relevant laws and regulations. Members can read more about the Ethics Committee on the [SAICA website](#).

In 2020, the SAICA CEO met with various media editors and senior journalists to ensure that SAICA's work and approach to rebuilding trust in the profession was properly communicated. SAICA achieved a total of 1725 external media exposures in 2020, of which 92 exposures were negative, meaning that the 1633 positive exposures far outweigh the negative.

### Measuring trust and admiration

Furthermore, SAICA monitors, on an annual basis, the impact of external market factors as well as the effect of its own brand reputation management on the reputation of the CA(SA) designation, using independent brand research conducted by Ask Afrika among business decision makers across all sectors of the business market in South Africa.

The lead indicators and lag measures to monitor the market standing of our designations are:

- Lead Indicators:
  - Spontaneous Awareness
  - Preference in employers
  - Net promoter score (NPS) (NPS is the rating of respondents to encourage their children to become a CA(SA))
- Lag measures:
  - Trust Index
  - Admiration Index

Here is a breakdown of the performance of these lead indicators and lag measures from 2017 before any alleged malfeasance, and how these criteria have moved since:

Criteria	2017	2018	2019	2020	Target 2025
Spontaneous awareness	86%	85%	87%	90%	90%
Preference in employees	72%	68%	67%	74%	75%
Net promoter score	45%	28%	36%	37%	45%
Trust Index	Not measured	75%	80%	84%	85%
Admiration Index	76%	66%	68%	68%	75%

What these criteria illustrate are that from 2017 to 2018 when all the negative publicity started occurring, all the indicators, except awareness, have declined. Since 2019, the lead indicators

have recovered as a result of SAICA's Trust Reconstruction Strategy which constitutes our brand reputation management activities.

The important lead indicators have risen since 2018 despite ongoing historical and new negative publicity.

The lag measure that has not indicated satisfactory growth in the last two years is the admiration index which is arguably the most important measure of the standing of the CA(SA) brand among business decision makers.

This is because the historical and new negative publicity still impacts on the CA(SA) designation's admiration measure despite the positive trend in the other lead indicators.

SAICA has also taken part in an international Trust survey with Chartered Accountants Worldwide, which was conducted by Edelman International. The survey evaluates the trust in the accountancy sector for chartered accountants among business decision-makers on a global basis.

The 2021 survey was the third wave of the survey that Chartered Accountants Worldwide took part in, with the first two waves taking place in 2018 and 2019. SAICA participated in the 2018 survey, but did not partake in the 2019 survey and no survey was done in 2020.

The 2021 survey was conducted amongst 1 450 business decision makers within businesses in the following countries: England, Scotland, Wales, Northern Ireland, Republic of Ireland, South Africa, Australia and New Zealand.

The South African survey was done among 200 business decision-makers. Globally, South Africa was the strongest performing country.

- **Trust in Chartered Accountants** proves more resilient than the profession more broadly, strengthening across most markets. The global average for trust in chartered accountants was 78%, while trust in South African CAs(SA) improved to 85% from 81% in 2018.
- **Trust in CA bodies** also remain high across markets, with a global average of 77% trust in CA bodies, with SAICA coming out on top with 86% (from 78% in 2018).

SAICA will communicate more information regarding the outcome of the Edelman survey towards the end of September.

### Looking ahead

SAICA is confident that over time the CA(SA) brand admiration will improve due to its trust reform promotion activities. This will however be slow or static while new negative publicity continues to surface on an ongoing basis.

Therefore, SAICA believes that the perception of the CA(SA) brand is improving and is not as dire as members may believe. SAICA will continue to pro-actively manage the reputation of the CA(SA) designation. It is also important for members to be positive about their designation, as members are the most powerful drivers of the CA(SA) designation's positive brand reputation.

It remains SAICA's priority and responsibility to do all we can to ensure our members can deal with the ethical situations they may face and that members are properly supported and to hold to account those who bring the profession into disrepute. Secondly, we must create a positive perception of the institute and the CA(SA) designation in the marketplace, by ensuring the role the profession plays in society and the fact that SAICA members are true difference makers in the South African economy, is communicated effectively and that the positive publicity will always outweigh the negative publicity.

SAICA prides itself on the fact that the CA(SA) designation compares with the best in the world. Judging by the work we've done through the [CA2025 programme](#) to ensure our CAs(SA) are fit for the future, as well as our reciprocity agreements with international accountancy bodies and our work with IFAC, as well as the results of the Edelman research, we undoubtedly compare favourably against the world's best.

**4. How is SAICA addressing unemployment, the designation doesn't seem to be all that desirable anymore. Is SAICA not concerned about the hundreds of unemployed members?**

Currently, 1,4% of SAICA members are indicated as unemployed on our database. This is due to various reasons and not just because they cannot find work.

Therefore, SAICA is concerned but does not agree that the CA(SA) designation is no longer desirable in the marketplace, and our annual local and international research results, as outlined in the answer to question 3, show that the designation still enjoys high levels of trust as well as market admiration.

However, SAICA agrees that we are faced with an exceptionally tough challenge, given not only the alleged malfeasance by a small number of our members, but also the onset of the global pandemic which has negatively impacted the South African economy significantly.

In this regard, it is important to note that SAICA has completed an agreement with SARS to identify members with suitable qualifications to assist them with capacitation to improve tax collection in South Africa. We are awaiting job outlines of their requirements but this initiative will provide employment opportunities for underemployed and unemployed members.

## **TRANSFORMATION AND GROWTH**

**5. If South Africa is to thrive, education is a key component, possibly the most important component. How do we as members and SAICA help make education truly effective throughout the country? There are some very innovative programs in India and probably many others elsewhere. How do we work together to help make education truly effective throughout the country?**

Thank you for this valuable question. As SAICA, it is extremely difficult for us to really play meaningfully in the wider education space. We do what we can with very limited resources as we cannot use membership fees for this type of work.

From a pre-qualification education perspective, SAICA raises funding from external stakeholders, which means that everything we put in place or implement needs to be sustainable and to the benefit of many, not just a few. A number of years ago SAICA started getting involved,

through the Thuthuka initiative, in the teaching of mathematics and English. Unfortunately, this was not sustainable given our limited resources and we therefore had to stop.

We have been in a long-term discussion with the Department of Basic Education. They have asked us to digitise the accounting curriculum, which we agreed to do but only if we could amend what was being taught in order to ensure long-term sustainability. We are still in the process of finalising this agreement.

We have also started producing mathematics videos to assist learners who have mathematics as a subject. These videos will be made available on SAICA's Learner Management System (LMS), which can then hopefully reach as many learners as possible.

SAICA also works closely with the Provincial Departments of Education in an effort to provide support where we can.

However, we remain positive and it is pleasing to note that as a profession, we still get the lion's share of African learners getting 60% and above for mathematics. Education will remain the bedrock of getting rid of poverty and creating a better future for all and SAICA encourages all its members to get involved in any way they can.

## **ORGANISATIONAL SUSTAINABILITY**

No questions were asked in this category.

