

Questions raised by members during the SAICA AGM, which took place on 27 May 2021

The questions below (in bold) were raised by members during the Annual General Meeting, which was held on 27 May 2021. The answers (in standard font) were given by the relevant executives during the meeting.

In instances where similar questions were asked by different members, the relevant question and answer will only appear once.

MEMBER VALUE

- 1. Are there arrangements in place to support members who experience financial distress due to the impact of the pandemic?**

SAICA does have a process in place for members to pay a reduced fee. This process is based on the Concession Policy and members can apply for a concession on their fees by getting in touch with the Membership department through logging a query on the [Member Portal](#) or sending an email to saica@saica.co.za.

- 2. If you are going to cancel membership for unpaid fees, please fix the finance department so that they can allocate payments far more efficiently than is currently the case. I would appreciate the CEO's comments on this.**

SAICA engages with all members before membership is cancelled. Cancellations will only happen as a last resort or as a last step in a detailed engagement process with each individual member.

In terms of payment allocations by the Finance team, SAICA has changed banks and a part of the specification of our relationship with our bank is to reduce the unallocated deposits.

In addition, the new Member Portal also enables us to track all engagements we've had with members, which means the risk of miscommunication between various SAICA departments relating to membership cancellations are also minimised.

- 3. It seems to me that most of the questions focus on the poor quality of the services offered. As a large firm practitioner I also find that SAICA provides no value to me other than the ability to register with IRBA. In fact, I get more value from the ICAEW free offerings than from SAICA.**

SAICA concentrates on the large strategic issues at the expense of quality service offerings to members. Nero fiddles whilst Rome burns. I would appreciate the Chair's response to this.

The experience this specific member has had may suggest that SAICA doesn't focus on quality service offerings to members. One of the four key pillars in the SAICA strategy is organisational sustainability, which is aimed at making sure that SAICA has sufficient capacity to deliver on and respond to members' needs. We are also positive that the Member Portal will further deliver on improving member service.

- 4. What proportion of the SAICA fee is paid for GAA membership?**

SAICA paid US\$44 000 (R772 596) for GAA membership for the 2020/2021 financial year. As SAICA has over 47 435 CA(SA) members (as at end January 2021), this represents a small proportion (R16,28) of every member's 2021 subscription.

RELEVANCE AND REPUTATION

- 5. Regarding Special Resolution 11 about the changes to the Constitution, we as the East Rand Member District were dismayed to find that Roy Andersen was appointed to run the IRBA in the absence of the IRBA Board. We feel that this puts the legitimacy of the Constitutional review of SAICA at risk. Roy Anderson represented himself to members as independent, only for us to find out that he is the Minister's man in the IRBA. He failed to disclose his close ties to the government and therefore misled members and SAICA. We were further dismayed that he shot down relatively straightforward suggestions. We now feel that he was biased in his decisions and therefore the Constitutional review was biased. Furthermore, PAJA requires parties to have access to decision-making committees such as the one that has made the latest recommendations regarding the Constitution. We were not involved. Please postpone the vote on this Special Resolution and give an opportunity to the East Rand to address in person the SAICA individuals that are making these decisions on the Constitution.**

Roy Andersen was not involved in the Constitutional Review, he was only involved in the first part of SAICA's Governance Review. If he did comment on the Constitution, he would have made that comment purely from his position as a SAICA member.

His appointment to be a caretaker of the IRBA in the absence of an IRBA Board happened long after he concluded the SAICA Governance Review that he reported on in 2019.

There is no link between the Constitutional review and his appointment at IRBA. Therefore, there is no reason to postpone the vote due to the perceived involvement of Roy Andersen. He was not involved and his participation in the Governance Review in 2018 and 2019 has not at all contaminated the second phase of the Constitutional Review which took place in 2020.

- 6. What is the progress on the Constitutional Review of the new Constitution adopted 3 years ago on condition that members review certain clauses that the members were not happy with? This review process was re-opened 2 years ago and we submitted comments and had no further feedback.**

The process of reviewing the Constitution came as a result of the Governance Review which commenced in 2018 and led to an amended Constitution in 2019, as well as a further review by members in June and July 2020.

The latest review has culminated in the amendments to the Constitution we are dealing with at this AGM. All of the issues in the latest review have been adopted into the Constitution and that is what members now need to vote on. The process gave all members an opportunity to submit comments.

Members had two months to contribute, from 1 June 2020 to 31 July 2020. All input was logged and all comments were considered in the context of SAICA and its mandate, the SAICA strategy as well as best practice from a governance perspective.

The input was further considered by the Board sub-committees as well as the Board. On the [SAICA AGM webpage](#), there is a list of amendments and motivations of why the chosen recommendations have been incorporated.

7. It would be helpful if the Constitutional changes document mentioned which proposals were not adopted and why. The document published on the website is thus deficient regarding the suggestions made that were not adopted.

The Executive Director: Legal and Governance has explained the intensity of the Constitutional Review process. There were many suggestions that simply didn't carry any weight and didn't fit into the general pattern of what we wanted to achieve in terms of SAICA's strategy and objectives. From there onwards it was a question of using the acceptable proposals and putting them into language befitting the SAICA Constitution. It might be a nice to have to say why the other comments and recommendations were rejected, but in summary, it was just not found acceptable by management and the Board who gave input to the Constitutional Review.

We will however keep this in mind for the future and inform members' whose comments were rejected and why they were rejected.

The notice that was uploaded to the website also included track changes, so members could clearly see the amendments to the Constitution.

8. I am concerned about the tallying of votes for the Constitution. This vote needs a Special Resolution which means that we need 75% voting in favour by those present in person or by proxy at the AGM.

The voting platform we use is supplied by INCE, a well-recognised administrator of meetings for listed entities. They run the voting platform, and ensure that it is secure and effective. We also do a third-party check on the platform in terms of security, and they have confirmed that they are satisfied with the system.

The member is correct that 75% of members who are present in person or by proxy need to vote for the new Constitution. We can confirm that 88,9% of members voted for the resolution, which means it is well and sufficiently passed.

During voting abstentions are not taken into account, but we still make sure that we have a quorum during voting.

9. Advocate Johan du Toit's comments about the new Constitution seem to imply a predetermined outcome for the Constitutional Review and that any suggestion that did not contribute to this outcome was rejected.

There was no predetermined outcome for the Constitutional Review. The Social, Ethics and Transformation Committee (SETCO) provided oversight and spent a great deal of time on reviewing members' suggestions.

The outcome of this work sits in the proposed amendment to the Constitution and the results of the members' votes will assist us in determining whether the Constitution is approved or not. If more than 75% of members present in this meeting do not approve the Constitution, we will go back and work on it again. But if it is approved, the Constitution will continue to be effectively implemented by SAICA management and the Board.

10. Can the CEO please give us an update on the Eskom unbundling that SAICA was taking part in? Is it still ongoing and what was the total cost of the initiative? Please

also advise on what action is being taken on PWC and Deloitte who have been implicated in State Capture?

The participation in the Eskom unbundling was only for a period of six months, which came to an end in January 2020 and SAICA has not been involved since then. The initiative cost just over R1 million.

Regarding the PWC and Deloitte matters, it has to be noted that SAICA only has jurisdiction over individual members and not firms. The IRBA has jurisdiction over firms. SAICA investigates all cases allegedly involving our individual members and they are dealt with accordingly, without fear or favour. SAICA does not investigate firms.

11. What steps has SAICA taken against the partners of Nkonki, the previous auditors of SAICA, which went into liquidation?

SAICA deals with all matters without fear or favour. It has to be noted that SAICA does not have jurisdiction over firms, and therefore cannot investigate firms, but only individual CAs(SA).

Seeing as the members referred to in the Nkonki matter are also Registered Auditors, the IRBA needs to conclude its disciplinary process first, as per the SAICA by-laws. SAICA meets with the IRBA regularly to discuss disciplinary matters that relate to both IRBA and SAICA.

In addition, IRBA's finalisation of the Nkonki matter happened prior to the implementation of SAICA's revised by-laws. As prescribed in that process, IRBA will first take on the disciplinary process, and SAICA notes those findings against individual SAICA members as per the IRBA disciplinary proceedings.

Under the new by-laws, IRBA will refer the matter to SAICA, after which we will convene a fit and proper hearing to decide in the view of the IRBA sanction whether a member should receive an additional or revised sanction from SAICA.

In summary, the IRBA finalisation of matters will be noted by SAICA as a previous disciplinary record.

12. Most SAICA members are trustworthy and difference makers. The issues faced by the profession are caused by fewer than 5% of the members. Can SAICA change the messaging around this? Most SAICA members are living by the values of the Code and therefore the CEO saying members will start to be difference makers is misleading. SAICA members run thousands of organisations, and are making a big impact every day. Why is it so difficult to convey this message?

Since the first corporate scandals hit in 2017, SAICA has been working on a trust reconstruction programme to ensure that our messaging focuses on the positive contributions SAICA members are making. This includes profiling members, showcasing SAICA's thought leadership and also publishing quarterly disciplinary hearings outcomes to ensure that the public knows that the majority of SAICA members are, and have always been, trustworthy individuals who make a significant impact not only in the organisations where they work, but also in the societies where they live.

The Difference Makers organising concept which was launched to members on 25 May 2021, and is aligned to the work Chartered Accountants Worldwide is doing, is part of SAICA's global effort to restore trust in the profession and the individuals who hold the CA(SA) designation.

Unfortunately, bad news will always sell, but rest assured SAICA will continuously focus on spreading the good news. Our public relations efforts in 2020 are a testament to this approach:

SAICA achieved 1 725 external media exposures in 2020, of which 92 exposures were negative, meaning that the 1 633 positive exposures far outweigh the negative.

In 2020, the SAICA CEO also 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.

In 2021, the promotional plan will mostly focus on key initiatives that are underpinned by the SAICA strategy and the current media landscape. The key initiatives include, among others, an Audit Reform plan, an Integrated Ethics plan, as well as a plan to professionalise the public sector. We will continue building our media relationships to ensure SAICA is presented fairly in the marketplace.

TRANSFORMATION AND GROWTH

13. What are the intentions and aims behind the probe into why African students are failing the APC? This needs to be clearly established to ensure that resources are not allocated to a task that won't yield the desired results.

We are planning to work with a number of our stakeholders to ensure the SAICA investigation achieves the desired results.

We have already contacted one of our members who works on an international education platform and we're also working with a representative of an institute we have a reciprocity agreement with. In this regard, this member and representative have already agreed to give of their time freely.

In an investigation like this one, independence and objectivity are also of significant importance. We therefore need someone outside of SAICA to look at the concerns from an objective point of view. In this regard, a number of stakeholders have already offered their services free of charge. All other initiatives relating to this investigation will be funded through donors and stakeholder activities.

SAICA undoubtedly has to have a deeper reflection on this matter. A probe like this will take a bit of time to ensure we get the necessary outcomes.

In the meantime, SAICA is working on a project to support the candidates who will be writing the APC exam at the end of 2021.

14. APC candidates received emails that their assessment results for tasks G & H were swapped around. This raises issues with regards to the internal processes when it comes to auditing and verifying the assessment outcomes prior to release of the results. Can the CEO explain how this happened, and what steps are being taken to ensure it does not happen again?

On Friday, 23 April 2021, SAICA issued the results of the December 2020 APC examination. Following the release, SAICA sent unsuccessful candidates APC results letters which included a breakdown of the level of competence they achieved in each task. On Friday 21 May 2021, it was brought to SAICA's attention that there was an error in the issued results letters in that the competence outcomes for Tasks G and H which form part of the exam, had inadvertently been swapped around in the process of exporting the results from the exam marking system to the MS Word mail merge.

The 2020 APC exam was composed of eight tasks (A to H). When it came to marking, SAICA combined Task F and H into one marking team. This change meant that the sections were marked in the following order: A, B, C, D, E, F, H and then G. As the marking system report

extracts candidates' results by sections, this means Task A was labelled as section 1, Task B as Section 2 and so on.

In reviewing the results, each candidate's marks were verified from marking grids against those captured on the system. Results were then finalised based on this order of tasks to ensure that the system correctly identified Task H as Section 7 and Task G as section 8.

However, upon drafting the results letters, SAICA drew the report from the exams marking system and wrote a mail merge formula that matched the results of Task G as Section 7 and Task H as section 8 instead of Task H being Section 7 and Task G being section 8.

Although we have already communicated with candidates to clarify where the error occurred and to apologise for any confusion caused by the matter, SAICA would like to assure its members that this error in no way affects whether a candidate was deemed successful or unsuccessful in the APC.

We further provide members and stakeholders with our assurance that no errors were made in

- the APC marking process;
- capturing of the final competence outcome by task; or
- the overall result which was verified through a number of internal assurance processes.

We therefore further confirm that the error in drafting the results letters emanates from the mail merge process and thus has no impact on the overall results outcome of the APC and that further controls will be put in place to ensure that this does not happen in the future.

15. We can put the APC failure rate directly at the door of the Education department of the government. If they don't get the basic education standards up, instead of degrading it, we won't be able to get our profession transformed nor be able to maintain or improve on our standards.

SAICA is in an advanced stage of procuring the services of an independent researcher who will focus on a review of the full value chain to better understand where there could be blockages. Even though the research will focus on the full value chain, the study will pay particular attention to why the African candidates are so significantly affected. The researcher will, at the end of the research, present a report identifying the possible root causes and recommendations on how these could be addressed. The research will entail a qualitative and quantitative research methodology and will most likely encompass engagements with several of our stakeholders, including the APC candidates themselves.

Overall, the research will focus on the following aspects of the value chain:

- Basic and Tertiary education.
- The Initial Test of Competences and the relevant Board courses.
- The Training Programme.
- The Assessment of Professional Competence and the Professional Programme Providers.
- SAICA's internal professional development processes.

As can be seen above, we will also consider basic education elements in the commissioned research. We will then engage with all our stakeholders to share the results of the research. This will include the government's departments of education.

16. To the SAICA CEO and Board members, I believe that the training contracts should still remain at three years, with training offices signing off on the training. Then, a

further 12 months of practical experience in the business environment is needed with the candidate having to submit a portfolio of evidence which has to be signed off by the relevant company director. The APC should then only be held at the end of this practical experience period, and both the APC results and portfolio of evidence should be considered before a candidate can register as a CA(SA). What are your thoughts?

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As this research will look at the full value chain, once the research has been completed, we will review all aspects of the value chain. Where improvements are necessary, based on the outcome of the research, these will be considered for implementation by SAICA.

We note your recommendation, and we will ensure that these are forwarded to the appointed researchers for consideration and engagement with the stakeholders.

17. Has SAICA done any research on the current shortage / oversupply of CAs(SA) in the country? In my personal opinion, there are too many CAs(SA) which is diminishing an entry-level salary benchmark. I recently advertised a junior position and received 32 applications from CAs(SA) alone.

Some years ago SAICA did do research on this matter, but the research is now outdated. However, the training numbers have been increasing over the last few years and similarly we have seen the demand for CAs(SA) also increasing.

We do acknowledge that some of our members are searching for opportunities and SAICA will look into this matter further. SAICA is continuing to build the pipeline, as we trust that the market conditions will improve over time.

SAICA will also keep the CA2025 process in mind to ensure that our members remain relevant for the future of work circumstances.

ORGANISATIONAL SUSTAINABILITY

18. Please explain why SAICA, from a members' perspective, was effectively closed for a large portion of last year. The telephone system was shut down and email queries took weeks to be responded to.

As indicated in the CEO's presentation, SAICA was not closed at all. Initially, just before the country went into the national lockdown, all SAICA employees started working remotely in an effort to prioritise everyone's health and safety. This move to remote working understandably

caused a few challenges, including some concerns with the contact centre. These challenges were resolved within a period of two months and the contact centre employees have since returned to the office.

19. Can the CEO please advise how he engages with members, because I sent an email to Robert Zwane in October 2020 and copied the CEO. In the email I talked about the reputation of the profession as well as how SAICA can help uplift the profession and assist public entities. I have offered my services to SAICA free of charge to help Government during these times of corruption. I have not had a response.

We presume your email was in response to the work of our Special Projects unit. Due to COVID-19, there has been a limited number of projects.

SAICA receives a number of CVs and offers of support and we do engage with members in the order of which we receive these CVs and offers, but since we've had COVID-19 restrictions, our projects had to be postponed until it becomes safe to carry these forward. Therefore, we have not been able to take our members up on their offers to support.

We apologise to the member for not responding to him, and we have reverted to him personally.

20. None of the Board candidates seem to provide detail as to why they should be elected and what value they would specifically bring to SAICA.

The Chairman provided biographical detail of the candidates. Ms Babalwa Bekwa asked to be reappointed and she was given an opportunity to speak during which she explained why she wanted to be re-elected to serve on the Board.

21. I don't agree that members of the IRBA should be on SAICA management.

All Registered Auditors (RAs) with the IRBA are SAICA members as well, which deems it appropriate that they fill management positions within SAICA.

22. The onset of the global pandemic has caused many individuals' salaries to drop. I suggest that SAICA also adjusts salaries down.

It is illegal to unilaterally reduce the salaries of employees, but it can be done with consultation or through negotiations with a worker representative body, like a union. Companies that decreased salaries at the onset of the pandemic did it due to various reasons, including to save jobs and the livelihood of employees rather than having to retrench their staff.

SAICA did not adjust salaries, because we reviewed and implemented cost-savings and thus the Institute was not unduly negatively impacted from a financial perspective by the onset of COVID-19.

23. Is there a channel for SAICA members to contact the SAICA Executive management without being blocked at the call centre?

Members are encouraged to log all their queries via the [Member Portal](#), where it will be assigned to the appropriate executive. The Member Portal gives a clear indication of member queries and responses as well as the employees who responded.

SAICA aims to respond to all queries within three business days.