

## **SPECIAL DISCIPLINARY REPORT: ASSESSMENT OF PROFESSIONAL COMPETENCE (APC) 2015 INVESTIGATION**

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1. The Training Office from which the confidential information was extracted, “Main Training office” provided SAICA with information in Q1 of 2016 to enable SAICA to commence with its investigations into the matter. The large volumes of e-mail threads provided to SAICA were analysed and grouped into various offences. From this evidence SAICA noted that candidates from several other Training offices were also involved, to a lesser degree.
2. In order to obtain more comprehensive information, SAICA drafted declarations, setting out the various possible transgressions related to the APC 2015 assessment and circulated this to the 2200 (two thousand and two hundred) candidates who had sat for APC November 2015 assessment. SAICA then had to analyse the high volume of responses and attachments received as well as to liaise with the other Training Offices for further information where one or more of their trainees had been implicated.
3. It became evident that several confidential documents had been extracted from the audit files of the Main Training Office and distributed to other APC candidates during the preparation period for the November 2015 APC assessment. The confidential documents ranged from documents recognisable as audit working papers; documents only recognisable as audit working papers with significant further investigation; documents which were audit working papers but which also contained information already available in the public domain, to audit working papers which were not recognisable as an audit working paper.

4. The different sets of transgression are identified below:

4.1 Candidates alleged to have extracted and distributed confidential information:

SAICA identified **19** (nineteen) alleged acts of extracting confidential information directly from audit files or seeking assistance to extract said information from non-APC candidates and distributing same to APC candidates who were not authorised to receive the information.

**16** (sixteen) of these candidates were found guilty and the Disciplinary Committee imposed sanctions of disqualification or suspension ranging from **3** (three); **6** (six); **9** (nine) to **12** (twelve) months together with cost contributions ranging from **R2500** (two thousand and five hundred rand) up to **R50 000** (fifty thousand rand).

**2** (two) candidates in the above category launched Review Applications in the High Court for review of the decisions of the Disciplinary Committee.

One of above reviews was successfully defended at Court by SAICA and the other review was withdrawn by the candidate after the pleadings stage.

SAICA was able to recover costs in respect of both Review Applications.

Where appropriate to do so, certain cases were referred back to the Initial Professional Development (IPD) Committee to consider whether to disqualify guilty candidates from the exam or not (as this sanction was not within the ambit of the PCC or the DC). SAICA retains the discretion under the APC regulation 14.5 to disqualify the candidate from the exam (Legal confirmed the IPD Committee to be the appropriate Committee to exercise this discretion).

The IPD committee then considered the outcome of each case on a case by case basis having requested the candidate to submit further information as to why they should not be disqualified.

Of the 16 cases heard, 15 were disqualified from the APC for a period of 1 or 2 years and 1 candidate was not disqualified.

#### 4.2 Candidates alleged to have received confidential information second hand and then further distributed the information:

SAICA identified **72** (seventy-two) candidates, who had allegedly received the confidential information second hand and then distributed the information to other APC candidates who were not authorised to receive it.

Many of these candidates were found to not have been aware of the confidential nature of the information received however, they then went further by distributing the confidential information without properly checking said information before distributing from their employers' e-mail facilities,

**55** (fifty-five) candidates were found guilty of negligence and fined an amount of **R20 000** (twenty thousand rand) with suspended portions depending on mitigating or aggravating circumstances;

**8** (eight) candidates under this category were found to reasonably have known they were distributing confidential information and these candidates were suspended for periods of between **2** (two) to **6** (six) months with costs contribution orders of up to **R5000** (five thousand rand); and

**9** (nine) cases were dismissed as no improper conduct could be proven.

The PCC found one of the above cases appropriate to be referred back to the IPD Committee to consider whether to disqualify this specific candidate from the exam or not. The candidates case was heard by the IPD Committee and the candidate was disqualified from the exam from a period of 1 year.

#### 4.3 Candidates alleged to have received confidential information second hand:

**241** (two hundred and forty-one) candidates were alleged to have received the confidential information second hand and SAICA needed to investigate whether these candidates were aware that the information was confidential and whether there was a duty on the candidate to maintain confidentiality of the information.

**25** (twenty-five) candidates were issued with cautions; and

**216** (two hundred and sixteen) cases were dismissed as no improper conduct could be proven.

SAICA investigated and finalised **332** (three hundred and thirty-two) disciplinary cases related to the APC 2015 Assessment.

The Project Director: Legal and Discipline

SAICA Legal and Governance

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