



DIFFERENCE # MAKERS

**INFORMATION GATHERING QUESTIONNAIRE:
THE REGULATION OF THE SOUTH AFRICAN
ACCOUNTANCY PROFESSION**

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only. Responses to the survey should be submitted
electronically.*

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 SAICA
DIFFERENCE MAKERS™



INFORMATION GATHERING QUESTIONNAIRE: THE REGULATION OF THE SOUTH AFRICAN ACCOUNTANCY PROFESSION

Dear SAICA members and associates,

SAICA is issuing this survey in response to questions that have been posed to SAICA by a representative of National Treasury.

Background

What is the meaning of a “Professional Accountant”, the “Accountancy Profession” and “Professional Accountancy Organisations (PAOs)”?

The International Federation of Accountants (IFAC) International Education Standards:

- Define “Professional accountant” as “an individual who achieves, demonstrates, and further develops professional competence to perform a role in the accountancy profession and who is required to comply with a code of ethics as directed by a professional accountancy organization or a licensing authority.”
- Indicate that:
 - The accountancy profession includes but is not limited to:
 - Preparing, analyzing, and reporting relevant and faithfully represented financial and non-financial information;
 - Partnering in decision-making, and in formulating and implementing organizational strategies;
 - Auditing financial and non-financial information, and providing other assurance and advisory services; and
 - Preparing and analyzing relevant tax information.

The accountancy profession serves the financial and, in some circumstances, the non-financial information needs of a broad range of decision-makers including, but not limited to (a) the public, (b) present and potential investors, (c) management and employees within organizations, (d) suppliers and creditors, (e) customers, and (f) government authorities. The accountancy profession’s ability to satisfy users’ information needs contributes to an efficient economy that creates value to society.

IFAC regards a Professional Accountancy Organization (PAO) as an organization, with a core focus on the accountancy profession such that its members who hold a certification, license, or authorization to practice are subject to:

- (a) Education requirements, including examination of professional competence, practical experience requirements, and continuing education;
- (b) Ethics; and
- (c) Enforcement (investigation and discipline (I&D) system

Recent developments regarding recommendations made by the World Bank in 2013 on the regulation of the accountancy profession in South Africa

The South Africa Report on the Observance of Standards and Codes, Accounting and Auditing (ROSC A&A) [795010ESW0ROSC0official0use0only090.pdf](#) issued by the World Bank in 2013, contained the following policy recommendations:

“A. Provide Comprehensive Arrangement for Supervision of Accountancy Profession

8.2 Appropriate legislation should be enacted to provide for the regulation of both professional accountancy organizations and an audit regulatory body. While the auditing profession is regulated, there is no national supervision over the professional accountancy bodies. The proposed act should provide the mandate to an institution (regulatory body) that would be responsible for defining and categorizing the education and training (framework) requirements for different accountancy services (e.g., audit, independent review, accounting officers, bookkeepers) and respectively align the PAO

qualifications to these categories (i.e., align a PAO qualification to services that members can offer). In addition to promoting qualifications and supporting strengthening all professional accounting organizations, the regulatory body would accredit, register, monitor, and sanction the PAOs: an action that would contribute in developing accountants required to meet the demand in private and public sector. While each PAO would continue to support and regulate its members, the proposed regulatory body should ensure that the education and training offered by professional accountancy organization is appropriate to the types of services being offered by the PAO membership. The regulatory body should have stringent PAO accreditation criteria. The accreditation criteria should take into consideration the Statements of Membership Obligation of IFAC that provide a framework for high-quality accountancy profession. More specifically, these criteria should require PAOs to adopt high-quality membership requirements set in accordance with the IES, and adopt and implement high level ethics standards such as the IESBA Code of Ethics for Professional Accountants, and establish effective investigation and disciplinary mechanisms. The regulatory body should monitor compliance in accordance with the accreditation criteria on an ongoing basis. This would promote and strengthen the profession and reinforce the supervision of the profession, which is now fragmented among numerous professional accountancy organizations, and would further ensure that providers of different accountancy services are suitably qualified to undertake and provide quality services. The regulatory body should also support promotion of all the qualifications in partnership with the PAOs: an initiative that would increase the visibility of all qualifications to all prospective accountants, employers, tertiary institutions and public. The regulatory body should also promote an initiative, in partnership with PAOs, to ensure most, if

not all of, accounting service providers are registered with a PAO to ensure the highest-quality accountancy countrywide. Similar practices have been adopted in Australia and the United Kingdom, which has a Financial Reporting Council.

8.3 An independent board should govern the proposed regulatory body with support from a secretariat that has adequate capacity in financial and human resources.

In essence, the regulatory body would continue with the existing IRBA functions in addition to the proposed oversight function over PAOs. In summary, the regulatory body would provide oversight to both accounting and auditing services and promote the provision of the standards, quality, and credibility of financial and non-financial information by entities, including public interest entities. Therefore, it would be prudent to ensure the regulatory body remains independent in its governance and operations—a principle that should be considered when drafting the proposed Accountancy Profession Act. Similarly, to ensure independence, it would be ideal for the regulator to be adequately funded mainly by the Government, although some areas of its operations may be self-funded through, for example, registration fees. The board should operate in an environment of transparency and open consultation with stakeholders and should employ staff who have the competence to carry out the necessary regulatory duties.”

National Treasury, supported by the World Bank, has commenced a project to gather views on operationalising the ROSC proposals above in order to strengthen the financial reporting ecosystem in South Africa. This survey includes questions that National Treasury has asked of SAICA and other stakeholders as part of their consultation

process (questions 12 to 32). Responses to this survey will inform SAICA's response to National Treasury.

SAICA acknowledges that the terms “accountant” and “accounting services” are not currently defined in South African legislation.

In the South African context, accountants perform a number of services, including those traditionally linked to financial reporting, and services linked to non-financial reporting and assurance, such as sustainability / ESG.

Questions 13 to 32 explore the following regulatory model:

- Regulation of Professional Accountancy Organisations (PAOs) (for example SAICA) by a regulatory body.
- PAOs would be accredited by a regulatory body in terms of accreditation criteria.
- Education Standards for specified accounting services (for example the preparation of financial statements) will be standardised and prescribed by the regulatory body, to be applied by all accredited PAOs.
- Individuals who perform a regulated accounting service will be required to belong to a PAO.

Survey Questions

No.	Question
1	Your name and email address
2	<p>Indicate where you currently work:</p> <ul style="list-style-type: none"> ▪ Audit /accounting firm – large firm (250+ partners) ▪ Audit /accounting firm – medium firm (51 to 249 partners) ▪ Audit /accounting firm – small firm (1 to 49 partners) ▪ Auditor-General South Africa ▪ Public sector organisation (other than the AGSA) ▪ Commerce & Industry ▪ Internal audit ▪ Forensic audit ▪ Auditing/ accounting consulting firm ▪ Tax consulting firm ▪ Academia ▪ Charitable organisation ▪ Not-for-profit organisation ▪ Regulatory or professional body ▪ Other (please specify)
3	<p>Indicate the type of work that you currently do:</p> <ul style="list-style-type: none"> ▪ Audit engagements ▪ Independent review engagements ▪ Assurance engagements other than audits/reviews of financial statements (including sustainability assurance / ESG assurance) ▪ Compilation engagements ▪ Agreed-upon procedures engagements ▪ Accounting officer of a Close Corporation ▪ Tax and related services ▪ Preparation of financial statements ▪ Preparation of integrated reports ▪ Preparation of sustainability / ESG reports ▪ Bookkeeping services ▪ Payroll services ▪ Secretarial services ▪ Board chair/member ▪ Chair/member of an audit committee ▪ Chair/member of a board committee other than the audit committee ▪ Company Secretary ▪ Auditing/accounting consulting

No.	Question
	<ul style="list-style-type: none"> ▪ Management consulting ▪ Charitable service or volunteering services (paid or unpaid) where advice is offered or where public monies are being handled and managed ▪ Academic ▪ Sustainability / ESG advisory services ▪ Other advisory services (including due diligence assignments and valuations) ▪ Internal audit services ▪ Forensic audit services ▪ Human resources services ▪ IT services ▪ Regulatory or professional body services ▪ I am not currently professionally active ▪ Other (please specify)
4	<p>Indicate the services that are typically performed by accountants (as opposed to auditors) that you believe should be regulated:</p> <ul style="list-style-type: none"> ▪ Independent review engagements ▪ Limited assurance engagements on information other than historical financial information (including sustainability assurance / ESG assurance) ▪ Compilation engagements ▪ Agreed-upon procedures engagements ▪ Accounting officer services performed for a Close Corporation ▪ Tax and related services ▪ Preparation of financial statements ▪ Preparation of integrated reports ▪ Preparation of sustainability / ESG reports ▪ Bookkeeping services ▪ Payroll services ▪ Secretarial services ▪ Board chair/member ▪ Chair/member of an audit committee ▪ Chair/member of a Board committee other than the audit committee ▪ Company Secretary services ▪ Auditing/accounting consulting ▪ Management consulting ▪ Charitable service or volunteering services (paid or unpaid) where advice is offered or where public monies are being handled and managed ▪ Academics ▪ Sustainability/ESG advisory services ▪ Other advisory services (including due diligence assignments and valuations) ▪ Internal audit services

No.	Question
	<ul style="list-style-type: none"> ▪ Forensic audit services ▪ Human resources services ▪ IT services ▪ Regulatory or professional body services ▪ Other (please specify) ▪ Accounting services should not be regulated
5	<p>If a policy decision is made in South Africa to introduce the regulation of the accountancy profession, do you believe regulation should be aimed at:</p> <ul style="list-style-type: none"> ▪ Accounting services (which would need to be defined) provided to publicly traded entities (which includes listed entities). ▪ Accounting services (which would need to be defined) provided to public interest entities. For this purpose, a legislated definition of "PIE", that will lead to consistent application, would be necessary. ▪ Accounting services (which would need to be defined) provided to all organisations/entities. ▪ Other (please indicate)
6	<p>If a policy decision is made in South Africa to introduce the regulation of the accountancy profession, do you believe regulation should be aimed at</p> <ul style="list-style-type: none"> • Outsourced services only • Services provided in-house (i.e. by employees) • Services provided in-house and outsourced services
7	<p>If a policy decision is made in South Africa to introduce the regulation of the accountancy profession, do you believe regulation should be aimed at:</p> <ul style="list-style-type: none"> • The <i>service</i> being provided. (The implication would be that any individual who performs a specified service, including individuals who may currently not be members of a PAO as well as individuals from professions other than the accountancy profession would be regulated.)

No.	Question
	<ul style="list-style-type: none"> • The <i>individual</i> performing the service. For example individuals who are "professional accountants" as defined in the IFAC International Education Standards.
8	<p>Do you believe that individuals who are under a training contract should be subject to regulation?</p> <ul style="list-style-type: none"> ▪ Yes, if a service is regulated all individuals performing those services should be regulated. ▪ No (please see next question) ▪ Not sure
9	<p>If you selected "No" in Question 8, please explain your answer</p>
10	<p>What is your view of a regulatory model where a PAO (for example SAICA) would also perform a regulatory function of its members/associates who perform defined accounting services?</p> <ul style="list-style-type: none"> ▪ I support such a model (Please see next question) ▪ I do not support such a model (Please see next question) ▪ Not sure
11	<p>If you selected option A or B in Question 10, please explain your answer.</p>
12	<p>Has your organisation performed any research with respect to the regulation of the accountancy profession? If so, are you in a position to share the research?</p> <ul style="list-style-type: none"> ▪ Yes, we have performed such research ▪ No, we have not performed such research <p>If Yes and you are comfortable with SAICA sharing the research with National Treasury, please provide contact details of an appropriate person at your organisation whom SAICA can contact in this regard.</p>

No.	Question
13	What do you believe will be the benefits of introducing regulation of the Accountancy Profession?
14	What do you believe will be the disadvantages of introducing regulation of the Accountancy Profession?
15	<p>What form should the regulatory framework take, e.g., should a new or existing regulator be utilised?</p> <ul style="list-style-type: none"> ▪ A new regulator should be established ▪ An existing Regulator other than the IRBA should be utilised (please specify the existing regulator) ▪ The Independent Regulatory Board for Auditors (IRBA) should be utilised ▪ The accountancy profession should not be regulated.
16	What do you perceive as the benefits of your proposed regulatory framework in Question 15 above?
17	<p>Currently, there are multiple Professional Accountancy Organisations (PAOs). Only two of these PAOs have been accredited by the audit regulator (The Independent Regulatory Board for Auditors - IRBA) to perform external assurance services (SAICA and ACCA), with to date 100% of Registered Auditors being SAICA members.).</p> <p>The Accountancy Profession also includes the accounting and auditing firms, and accounting departments in companies where accounting professionals perform various roles, including record-keeping, budgeting, taxation, financial analyses and investigations.</p> <p>PAOs have their own technical standards, codes of ethics and governance arrangements. Only some PAO's are members of the International Federation of Accountants (IFAC), which means that they are required to comply with the IFAC membership requirements.</p>

No.	Question
	<p>The Accountancy Profession in South Africa includes accountants and auditors in the private and public sectors.</p> <p>Should any other role-players be included in the accountancy profession structure in South Africa?</p> <ul style="list-style-type: none"> ▪ Yes, any individual that performs a regulated accountancy service should be included in the accountancy profession structure in South Africa ▪ Yes, the following role-players should be included (please indicate role players that should be included in the accountancy profession structure in South Africa) <ul style="list-style-type: none"> ▪ No ▪ Not sure
18	<p>Would there be any benefits to having fewer PAOs in the country?</p> <ul style="list-style-type: none"> ▪ Yes (please see next question) ▪ No ▪ Not sure
19	If you selected "Yes" to Question 18, please explain your answer.
20	<p>Would there be any disadvantages to having fewer PAOs in the country?</p> <ul style="list-style-type: none"> ▪ Yes (please see next question) ▪ No ▪ Not sure
21	If you selected "Yes" to Question 20 please explain your answer.
22	<p>Would there be any benefits to having a consistent set of standards, code of ethics and education requirements for similar roles?</p> <ul style="list-style-type: none"> ▪ Yes (Please see next question) ▪ No (Please see next question) ▪ Not sure
23	If you selected "Yes" or "No" to Question 22 please explain your answer.

No.	Question
24	What can be done to improve mobility in the profession?
25	What can be done to improve inclusivity in the profession?
26	<p>How should the proposed regulator be structured in terms of its governance arrangements, e.g.:</p> <ol style="list-style-type: none"> Its governing board Committees Reporting arrangements (e.g., to the Minister of Finance through National Treasury) Other governance arrangements? <ul style="list-style-type: none"> ▪ Indicate your proposals ▪ Not sure
27	<p>Which functions should be included under the proposed regulator?</p> <ul style="list-style-type: none"> ▪ Registration / Licensing of individuals ▪ Defining requirements for Education, Competency Requirements and Continuous Professional Development ▪ Accreditation of PAOs ▪ Disciplining members of the PAO ▪ Monitoring of members of the PAO ▪ Compliance with Standards and a Code of Ethics ▪ Enforcement and Sanctioning ▪ Other (please specify) ▪ None of the above
28	What principles and requirements should govern registration of members?

No.	Question
29	What principles and requirements should govern accreditation of PAOs?
30	What form would the Education and Qualifications Framework for the proposed regulator take (e.g. how should the framework distinguish between audit, independent reviews, accounting, bookkeeping etc.?)
31	<p>How should the proposed regulator be funded?</p> <ul style="list-style-type: none"> ▪ State funding ▪ PAO accreditation fees ▪ Member registration fees ▪ A combination of above ▪ Other (please specify)
32	Do you have any other inputs or comments?
33	<p>If the regulation of accountancy profession is introduced in South Africa, would you still promote and recommend the profession to aspiring learners and students?</p> <ul style="list-style-type: none"> • Yes • Yes, under certain circumstances (please see next question) • No (please see next question) • Not sure
34	If you selected Options B or C to Question 33, please explain your answer.

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