

CEO Roadshow EMEA 2 July 2020

The questions below (in bold) were raised by members at the CEO Roadshow for members resident in EMEA that took place on 2 July 2020.

The answers (in blue) were given by the relevant SAICA managers at the event.

1. What is the status regarding SAICA's discussions with the Nederlandse Beroepsorganisatie van Accountants (NBA)? What is the expected outcome of these discussions?

SAICA does not have a mutual recognition agreement with the Netherlands, but we have provided them with relevant, detailed information about our qualification process.

Our members in the Netherlands currently have a challenge as they are required to submit a great deal of information to the NBA in order to register.

Regarding the outcome, SAICA hopes the NBA will in future acknowledge that CAs(SA) have undergone the necessary training and learning interventions and that they will no longer be required to submit such detailed information for registration purposes.

Unfortunately, there is no timeframe from the NBA, except that they have acknowledged receipt of SAICA's documents and they are reviewing them. SAICA will continue following up with the NBA.

2. Regarding the update on the Netherlands, would it be correct to assume that this would allow a CA(SA) to register as a RA, only if they are also a member of IRBA?

Yes, that is correct. The challenge that the NBA have is that you can only be a member of IRBA if you are a CA(SA), and they did not have enough information about the CA(SA) qualification process, hence their request for more detailed documents as mentioned in the previous question's answer.

Going forward, SAICA hopes that the NBA will acknowledge that if you are registered with IRBA, you are a CA(SA) and that they have confidence in your competencies and qualification process in order to make the registration process easier.

3. Please outline in a bit more detail the steps to fixing the reputational damage of the profession in SA. Also, any changes in how we support the challenges around the world, e.g. UK, Germany?

SAICA believes that proper reputation management start from the inside out. As members were informed, in 2018 SAICA embarked on a governance review, led by the Governance Review Task Team (GRTT). The aim of the governance review was to ensure that SAICA's governance structure was independent and could deal with issues more objectively. The following outcomes have been reached thanks to the governance review:

- SAICA has a new Board (as of October 2019) and for the first time there are non-CAs on the Board, which means it is an independent Board, in line with King IV principles.
- In May 2020, SAICA launched new by-laws, which became effective on 1 June 2020. The new by-laws include amendments to SAICA's disciplinary code.

Enhancements to the new by-laws include provisions related to the publication of guilty findings, specific conditions under which the Board may cancel membership, as well as new mechanisms to differentiate between more serious cases of punishable conduct and lesser offences. The new by-laws will allow for disciplinary processes to be resolved speedily.

- As an example, the previous SAICA By-laws granted the CEO the responsibility of announcing the names of members who were being disciplined, if he/she was of the view that the allegations against the member was of public interest. The previous by-laws also granted the head of the Disciplinary Committee permission to announce the outcome of the disciplinary hearings. This meant that if the head of the Disciplinary Committee decided not to announce the outcome of the disciplinary hearing, SAICA could not report or publish any information in this regard. This then led to a disconnect in some instances where the CEO would make a public announcement of a disciplinary hearing taking place, without a final outcome being announced or published once the hearing has been concluded. This obviously led to people's perception that there was a lack of transparency in SAICA's reporting on disciplinary matters. Therefore, the new by-laws make it possible that all outcomes of disciplinary hearings may be published.

Furthermore, the SAICA Brand team has a comprehensive, Board-approved reputation management and communication plan which is built on two key thrusts.

The first one is #trustreconstruction and deals with all the matters relating to discipline and what SAICA can communicate in this regard without obstructing the administration of justice.

The Brand team also focuses on getting the SAICA messaging out there regarding our approach and attitude to ethical matters and how those are dealt with. The team also does a number of member profiles and thought leadership articles, which helps to create the perception that CAs(SA) are trusted, knowledgeable, ethical leaders who make a difference in the communities where they live and work.

The second aspect of the marketing and communication approach is #aprofessionofnationalvalue where we highlight the nation building activities SAICA does in order to improve the situation South Africa finds itself in, as well as what the profession is doing from a Sustainable Development Goals perspective.

SAICA measures its marketing and communication efforts via two external surveys:

1. An independent survey done by Edelman International in five countries where CA institutes operate that business decision makers still indicate a trust index of 80% in CAs in these jurisdictions. The current trust index for trust in CAs(SA) in South Africa is 81%
2. The latest Ask Afrika Brand Admiration Index for CAs(SA) among business decision makers in 2019 is 68%, up 2% from the previous year.

Regarding brand respect, SAICA implements a number of ongoing initiatives around the world to ensure that the CA(SA) designation (our brand) remains respected on a global basis.

Here are a few examples:

1. Reciprocity: SAICA maintains reciprocity with 14 institutes around the world and is subject to peer review from time to time.
2. Participation in International forums: SAICA maintains membership of and is an active participant with a number of global organizations to ensure continued relevance and maintain standards including:
 - The International Federation of Accountants (IFAC)
 - Chartered Accountants Worldwide (CAW)
 - The Global Accounting Alliance (GAA)

Further information on the activities of these bodies is available on page 32 and 33 of the 2019 Annual Integrated Report.

Regarding brand promotion, SAICA, along with 14 other CA member institutes, forms part of Chartered Accountants Worldwide (CAW), which aims to promote the CA designation in the international arena. Further information on the activities of CAW can be found on www.charteredaccountantsworldwide.com.

More information on SAICA's brand promotion activities can be found on page 53 in the 2019 Annual Integrated Report. It should be noted that SAICA members are the greatest brand ambassadors for the CA(SA) designation.

In this light, members are responsible to uphold the highest ethical values as per the SAICA Code of Professional Conduct. The fundamental principles are: integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour and includes the profession's recognition of a chartered accountant's public interest responsibility.

4. The Department of Economy in the UAE currently does not accept SAICA members to register as practitioners. Is there any effort from SAICA to assist members in this regard?

SAICA has contacted SOCPA, which is the regulatory body in Saudi Arabia. SAICA will also make contact with the UAE in the next few weeks. The aim is to enter into reciprocity agreements with the institutes for chartered accountants in both these countries.

5. How does SAICA ensure that members stay up to date with technical matters? I do not think that we can simply trust people to adhere to these updates. Other professional bodies have introduced e-learning platforms. Can SAICA consider this? It may be a strict approach but I feel this can ensure members stay up to date.

SAICA members are subject to the SAICA Code of Professional Conduct, which states among other things that members should comply with Continuous Professional Development (CPD), which include lifelong learning relating to technical competencies. SAICA expects all its members to adhere to this Code.

Member compliance to the CPD policy is monitored in two ways:

All members are required to declare on an annual basis that they have undertaken learning activities and that they are CPD compliant. According to the new CPD policy

which came into effect on 1 January 2020, members need to keep a copy of their reflective plan, which is used to assess areas that require learning and/or development. The reflective plan can be used continuously to reflect and evaluate learning interventions to outline personal growth and development through the following steps:

- Identifying areas for development
- Undertaking the learning interventions
- Reflecting on the effectiveness of the learning interventions
- Assessing progress made and identify interventions not met

There is an example of the reflective plan on the [dedicated CPD website](#).

Our approach particularly in year one of the new CPD policy, is to monitor compliance to the policy by engaging with members and assisting them where necessary. We encourage members who need support regarding the new policy to engage with SAICA's compliance team by sending an email to newcpdpolicy@saica.co.za.

Regarding the question about an e-learning platform, SAICA has a livestream platform, www.livestream.com/saica, where members can access a number of SAICA CPD webinars, which currently also includes content from the *Leadership in a time of crisis* series. SAICA also utilises a video platform called Click2Start where CPD offerings are also available:

<https://www.saica.co.za/Members/OnlineTrainingSSO/tabid/2110/language/en-US/Default.aspx>

At the moment, SAICA is also in the process of working on an internal e-learning platform, but it is still in the foundational stage. The specifications for the learning management system has been put together, and it now forms part of SAICA's digital transformation programme (known as Ushintsho).

6. Can you tell us more about the Ushintsho programme?

The Ushintsho programme is a SAICA initiative to transform and improve the member experience by improving SAICA business processes and implementing a modern Customer Relationship Management (CRM) system. The changes are being implemented in six stages. Currently, stage one of the Programme has been completed which resulted in the implementation of the Member Portal that is being used by members to log queries and service requests and access many of SAICA services such as applying [for CA(SA), AGA(SA) and AT(SA)] through an online platform. As a result, the need to call the contact centre or send an email has been eliminated. In addition, the management of member queries have been improved.

At the moment, post implementation issues from stage one are being addressed to ensure that all intended benefits are achieved. Stage two of the programme will kick off soon and will result in members having access to additional SAICA services on the Member Portal. In addition, a new SAICA website will be launched during stage two to address some of the current shortcomings and ensure that it is less complex and user friendly. Please look out for more communications that will be shared regarding the programme as it progresses.

7. What is the time frame anticipated with the upgrade of the website?

The SAICA digitisation process, known internally as Ushintsho, has prioritised the development of the background IT architecture that will enable SAICA to develop a modern and user-friendly website. The redevelopment of the website is expected to be completed during 2021. We regret the inconvenience of the current website and apologise to members for the sometimes frustrating experience when interacting with the current website. We request your understanding and appreciate your patience during our digitisation drive.

8. What is the expected outcome from disciplinarys? SAICA reports on this, but are we helping individuals and do we perform a root-cause analysis? We can't merely say that all matters relate to unethical behaviour. We need to investigate whether there are also matters of lack of competence/skills, etc.

The disciplinary process does not start with a desired outcome in which we discipline members to penalise them or to exclude them from membership. The disciplinary process is about establishing facts, and each disciplinary matter is unique and therefore the Disciplinary Committee needs to act according to the facts presented in each case, and therefore the outcome of each case is also unique.

SAICA has done a recent analysis of disciplinary matters in an effort to find the basis for concern. During the first quarter of 2020, we noticed that 67% of disciplinary matters dealt with ethics breaches, while 33% had to do with competence failures. When looking at the ethics breaches, almost 70% of them relate to integrity breaches, about 10% to objectivity breaches and about 20% to professional behaviour breaches.

Based on these figures, SAICA is working hard to increase training and learning interventions, for example increased communication on the SAICA Code of Professional Conduct and the fundamental principles of this Code.

Furthermore, SAICA's CA2025 programme is aimed at creating a competency framework which defines what a chartered accountant should be able to do as the base preparation for the roles they are likely to fill in the future. The competency framework includes not only technical competencies, but also business acumen, digital and relational acumen, with ethics and lifelong learning at the basis of this framework. SAICA's new CPD policy, which came into effect on 1 January 2020 has an output-based approach where members need to reflect on their development in line with the framework mentioned above. Members can read more on this at <https://ca2025.co.za/>

SAICA is confident that its approach to training, education and lifelong learning is in line with international standards. Members also need to keep in mind that a small minority of members are being disciplined, while the majority of members are doing good, ethical work, in line with the SAICA Code of Professional Conduct.

9. As part of the disciplinary process, should the member be suspended pending the outcome, so that we are seen to be acting swiftly? In our work environment, an employee is similarly suspended which shows that the company is acting.

SAICA acts on all allegations of contravention of the SAICA Code of Conduct without fear or favour. In 2019, two members were suspended pending the outcome of their disciplinary hearings.

However, as mentioned in the answer to the previous question, each disciplinary matter is unique and SAICA can only act based on the facts presented in each case.

The SAICA disciplinary process must also comply with the requirements of the national legal framework because it is subject to judicial review as part of this system. This requires that SAICA must frame all the charges against members clearly and that charges must be based on well-established facts. SAICA needs to give proper notice of hearings and allow ample time for preparation and representation. We need to present evidence that complies with evidentiary requirements and allow the defendants to do so as well. We need to have the hearings overseen by competent panels who are available when defendants and their representatives are. After a finding is made, we need to provide an opportunity for defendants to prepare and make submissions regarding appropriate sanctions and in the end provide reasons for all findings. Complete minutes must be kept of all of these proceedings. Considering all of this, it is clear that every case managed by SAICA is potentially complex and time consuming. It is also expensive and for that reason, the new By-laws have extensive cost recovery provisions to avoid members in good standing carrying the costs for those bringing the profession into disrepute.

SAICA is confident that we will be in the best possible position to improve on turnaround times going forward, given the provisions in the new by-laws that came into effect on 1 June 2020.

10. How many SAICA members are in the EMEA region?

There are approximately 3 500 members in the UK and about 1 000 in the rest of Europe and Africa. The EMEA region makes up about 7% of the total SAICA membership.

11. What is the membership breakdown between those located in London and those in other areas of the UK? Does SAICA foresee holding events in other major cities in the UK, for example Birmingham or Edinburgh?

If one looks at the breakdown of members in the UK by suburb and extract London as a 'suburb', there are 1 067 members in London alone. This number excludes members who stay just outside of London or within the Greater London area.

In the past, SAICA has organised events in other areas. In one instance, an event in Birmingham had to be cancelled due to lack of interest.

There is an event planned in Edinburgh in November, which will hopefully not need to be cancelled due to COVID-19.

In general, when SAICA executives travel abroad for work or conferences, they do make an effort to meet with members in that specific area. One of our executives was

scheduled to travel to London, the Channel Islands and Dublin in March, but this trip had to be cancelled due to the pandemic.

SAICA will organise more webcast events to reach members who reside outside of the London area.

12. Now that we know that EMEA members make up almost 10% of the total SAICA membership, it is obvious that we are a large minority and therefore deserve more support and visibility. Will SAICA have more engagements with members in this area, for example roadshows, training specifically for this region, etc.?

SAICA is doing as much as it can to ensure that all members are served and supported well. In the past, there have been events in for example Amsterdam, Dubai, and Abu Dhabi. As mentioned, the number of webcast events will also increase to ensure that members who reside outside of the bigger cities are supported.

SAICA is in the process of starting a Middle East committee as well as a committee in the Netherlands. We are keen to start committees in areas where there are a larger number of members, regardless of the location.

13. I am concerned about SAICA being a going concern and collecting member fees. What concern does SAICA have, and how do you address this?

Like any other institute that is dependent on member fees, SAICA acknowledges that we cannot rely solely on membership fees for our sustainability. We are already looking at other options, given the impact the pandemic has had (and will probably continue to have) on SAICA members.

One of the things SAICA is doing, is considering how we can remodel the way in which we are working, for example the use of our office building and how we can potentially generate an income out of the spaces we do not need. We also aim to only embark on projects if we can fully cover the cost of it.

We understand that everyone is facing tough economic times.

Furthermore, we did an in-depth analysis about being a going concern when our financials had to be signed off. At this point, we are satisfied that within the next 12 months we are still in a good position to be a going concern.

14. Should SAICA charge a levy to foreign residents for SAICA to add value to this cohort?

SAICA does not believe that there should be an additional levy charged to members who reside outside South Africa. Aside from the webcasts who are accessible by all members, we also have the following value add for international members:

SAICA implements a number of ongoing initiatives around the world to ensure that the CA(SA) designation (and therefore our members worldwide) remain respected on a global basis.

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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. The logo can be downloaded from the CAW website.

The reason why SAICA is using a part of members' fees to affiliate with all these networks, is to enable our members globally to have access to the offerings of affiliate institutes in their area of residence. Therefore, it is not necessary to charge international members an additional levy.