

CEO Roadshow – Americas region

The questions below were raised during the CEO Roadshow for members residing in the Americas region, which was held on 23 March 2021.

MEMBER VALUE

1. Is the CA(SA) fully recognised in Canada and the US?

There are, in essence, three types of agreements SAICA enters into:

1. Reciprocal agreements – we have a reciprocal member agreement with Australia, New Zealand, Ireland, Canada, Hong Kong Institute, ICAEW and ICAS. A reciprocal membership agreement means that you can become a member of the other professional body with no further requirements. Although, in Canada, you join a provincial body where there is an informal requirement for you to undertake CPD as it relates to regulation and law in the country. This is in line with the Code of Professional Conduct which states that you will not undertake a role for which you are not professionally competent. If you are moving to another country, by virtue of that move, you will need to ensure that you remain up to date with matters specific to that country.
2. Mutual recognition agreements – we use this term to define the agreements we form with institutes in Africa. There are no further requirements for CAs(SA) once you are a member with the eSwatini Institute, the Namibian Institute, The Zimbabwean Institute or the Lesotho Institute.
3. Pathways to membership agreements – we form these agreements based on the premise that should our members move to these countries or these institutes' members move to South Africa, they need to satisfy additional requirements. This applies to the US CPA, CIMA, the Institute of Professional Public Accountants in Kenya, the England and Wales Pathways route and also the Indian Institute of Chartered Accountants.

There is a slight difference regarding the US. When SAICA entered into an agreement with the US, the agreement did not only include membership, but also audit rights. Therefore, the recognition agreement is with NASBA and AICPA and it is still done on a state-by-state basis. There are a small number of states who have not yet formally recognised this agreement. If you want to become a member of the US institute, you also need to look at the requirements for the state you reside in, and whether they recognise the agreement with SAICA or not.

2. How many SAICA members have been able to gain US CPA membership through reciprocity since launching last year?

We have received a report from AICPA dated 31 December 2020, which indicates that 37 members wrote the exams in 2020, and 33 successfully completed the exams. That means 33 South African CAs(SA) have successfully completed the convention route to CPA qualification since we signed the agreement in January 2020.

3. Are you able to comment on the appointment by the IRBA Board of the IRBA CEO which further negatively impacted the brand, and then the removal of the IRBA Board and the resignation of the CEO?

SAICA communicated to members the day after the media first reported the news about the IRBA Board being dissolved. In addition, the CEO wrote a letter to the Minister of Finance to express SAICA's concern, to ask that he must find ways to resolve the matter as quickly as possible, and also to offer support in this matter. SAICA can only communicate the information it has on hand. SAICA cannot speculate on why the IRBA Board was dissolved. Shortly after news broke of the IRBA board dissolution, the IRBA CEO resigned. SAICA also communicated our stance to members and the media in this regard. SAICA urges members to read SAICA's communication that is shared via emails and newsletters, SAICA social media, the Accountancy SA magazine and the SAICA website.

4. What is SAICA's view on the amendment to the foreign employment income exemption and the negative financial repercussions it will likely have on its international members?

The issue of the foreign employment income exemption has come a long way since 2017. The principle was that this was an exemption that was supposed to be temporary. In 2001 we moved from source to residency basis of taxation. For reasons unknown to SAICA, National Treasury never closed this temporary arrangement up until 2017, and from a policy point of view there was no question that this is going to happen. A concern was expressed in the way it is going to be done and should be done fairly. From SAICA's point of view, this matter was raised with the national tax committee, and from a policy perspective we couldn't resist a policy matter of alignment for residence-based taxation on a global basis, and we actually did need to get rid of this exemption which very few countries in the world had. The other concern that was raised by National Treasury when this was looked at is that it created a situation where people who were tax residents of South Africa, but were working outside the country, were enjoying preferential tax rights to those working inside the country, which also created a challenge for them. The other issue was double non-taxation where people working in jurisdictions with no income tax were not paying tax anywhere – this was not tolerable either from a policy perspective.

A lot of lobbying was done, and we have had numerous engagements with Parliament, National Treasury and with SARS in working out complexities and there were a lot of amendments being made from a total evolution to just a partial exemption so that there was a threshold introduced, and it was deferred from its initial implementation date. Even in the COVID-19 period, when we went back to parliament on this matter, there was an extension on certain exclusions in some of those time periods.

We cannot debate the policy and we believe it's in the interest of the profession, the country and the public that we do have a policy alignment that will alleviate some of the matters we have on numerous occasions advocated for and that SARS have conceded on many of those matters.

RELEVANCE AND REPUTATION

5. Can you please comment on progress as it relates to the brand in light of the many disciplinary cases?

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

The performance of these lead indicators and lag measures from 2017 to 2020 and these criteria have moved as follows since 2017:

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 Restoration 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 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.

The CA(SA) brand situation 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.

To improve on the current indices, and to align with the SAICA strategy which is built on member value, relevance and reputation, growth and transformation and operational sustainability, the overarching purpose of SAICA's 2021 communication strategy and plan is to reconstruct trust. Therefore, the plan is called the Trust Reconstruction plan and it aims to:

- Drive and deliver member value
- Ensure relevance of the CA(SA) designation for the future world of work
- Deliver technical excellence through content creation and seminars and events
- Rebuild the reputation of the profession and the CA(SA) designation
- Improve member engagement

The Trust Reconstruction plan will focus on the key initiatives below:

- Professional trust and reputation restoration project/Audit Reform Project
- Integrated Ethics plan
- Implementation of the 2021 Member Engagement Plan
- Professionalisation and turnaround of the public sector
- Integrated thinking and integrated reporting as a foundation for the profession to stay relevant
- Professional excellence conferences
- Pathways to Relevance framework implementation
- Annual tax conference/Tax advocacy and public participation

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.

6. How does our brand reputation play against the other member firms of CAW?

We measure our international reputation as related to other Chartered Accountants Worldwide (CAW) member institutes by using the international trust index conducted by an independent company called Edelman Trust Organisation. They are known for measuring trust in brands and organisations around the world. The chartered accountancy profession subscribes to the Edelman Trust Index via CAW and we are pleased to say that according to the most recent trust measurement (2018), the CA(SA) designation is still recognised as one of the top designations globally.

SAICA has signed up for the Edelman 2021 trust survey, which will be conducted in June and July 2021. By August 2021 we should know how CAW, SAICA and other institutes fare from a Brand perspective.