

## COMPULSORY REQUIREMENT TO UNDERTAKE REFLECTION ON THE COMPETENCY AREA “ETHICAL VALUES AND ATTITUDES” ON AN ANNUAL BASIS AND RECORD THIS ON THEIR REFLECTIVE PLAN

The SAICA CPD Policy, states that all SAICA members and associates are required to:

- Para 2.2: Undertake relevant Continuing Professional Development activities on an annual basis.
- Para 2.1.1 (b): Follow an output-based measurement approach to Continuing Professional Development by demonstrating the maintenance and development of **relevant competence** by generating an annual Continuing Professional Development reflective plan.
- Par 2.1.1 (f): Undertake compulsory Continuing Professional Development as directed by SAICA from time to time.

SAICA members and associates are required to determine which competencies are relevant in respect of their current role. In the light of the current ethical landscape that we operate in and the risk of reputational damage that further financial scandals can result in, SAICA regards “Ethical values and attitudes” as a core competence that all members and associates ought to demonstrate on a daily basis.

This circular therefore emphasises that “Ethical values and attitudes” is a critical competency area for CPD and it further clarifies that **reflection on the competency area “Ethical values and attitudes” on an annual basis is compulsory** for all SAICA members and associates. This area must therefore be specifically recorded on the member’s reflective learning plan which would include an evaluation of the extent to which members meet the ethical competencies set out as well as undertaking the necessary learning activities to further develop and maintain competence in this area.

This is effective for reflective plans from 1 April 2021 and will be applied to reflective plans requested for monitoring in the 2022 year.

### **Importance of “Ethical values and attitudes” competence area**

Through the Pathways to Relevance competency framework we define CAs(SA) as:

**Responsible leaders who behave ethically and create sustainable value for a wide range of stakeholders within an organisation.**

**Responsible leaders:** These leaders need to display respect, courage and consideration for the future (creation of sustainable value for the individual, the organisation and for humanity on a global basis) by developing key relationships and by demonstrating a clear regard for justice (recognise difference between what is right and wrong). A CA is a responsible leader with a specific background in professional accountancy. This implies that a CA should always display professional values and attitudes, have the full range of technical competencies of a professional accountant and also those enabling competencies to demonstrate responsible leadership qualities in a specific domain.

**Behave ethically:** The CA profession is committed to maintaining public confidence through an overriding commitment to behave ethically in all professional tasks and interactions with

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**Circular 02/2021**

others. All CAs are required at all times to uphold ethical principles and to conduct themselves professionally, in a manner that exemplifies and enhances the reputation of the CA profession.

*Create sustainable value:* CAs create value when they provide quality deliverables (contributions, services, products and experiences) on a wide range of inputs, activities and outputs that lead to outcomes in an organisation’s value creation process. This value creation needs to be sustainable, thus sustaining the organisation and the context in which it exists. By enhancing its positive impact on the economy, society and the environment and by eradicating or ameliorating its negative impact on them, the organisation creates value for society and CAs have a marked effect on or ability to influence the organisation’s value creation process.

As responsible leaders who behave ethically and create sustainable value for a wide range of stakeholders within an organisation, CAs use:

*Integrated thinking to interpret, analyse and evaluate financial and non-financial information.* This enables them *to influence others*, and together, *make impactful decisions* thereby *contributing meaningfully to society*.

*Integrated thinking:* The core of creating sustainable value is integrated thinking. It requires synthesis and sense-making of ideas and information to develop a more complete understanding of issues and/ or the implications of alternatives. At an individual level CAs use integrated thinking for the interpretation, analysis and evaluation of financial and non-financial information to achieve viable solutions whilst considering all alternatives, obtaining a broader understanding of an issue, creating a design or formulating a plan etc. Such integrated thinking is done during active consideration of relationships between various operating and functional units of an organisation and the capitals that are affected or used. Integrated thinking requires CAs to always display professional values and attitudes whilst thinking about value creation in an integrated manner. This entails integrating enabling competencies with technical competencies.

*Interpret, analyse and evaluate financial and non-financial information:* CAs need to have the full range of professional competencies for the interpretation, analysis and evaluation of financial and non-financial information. In addition to preparing historical financials, budgets and business documents based on past transactions in accordance with rules and standards, CAs need to interpret, analyse and evaluate information on where value (tangible and intangible) is created and destroyed based on real time information and forward-looking predictions, to gain insights that could affect business models. This process includes understanding and modelling of non-financial drivers of business performance.

*To make impactful decisions whilst influencing others:* CAs need to have a marked effect or influence on an organisation’s value creation process. This requires that they establish, maintain and develop internal and external relationships to participate in and inform an organisation’s value creation process. Well-developed enabling competencies, complemented

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by sound technical competencies, enable CAs, whilst displaying professional values and attitudes, to make impactful decisions whilst influencing others.

*Contribute meaningfully to the economy and society:* The CA profession strives to make a meaningful contribution to the economy and society by serving and protecting public interest from a sustainable development perspective. Behavioural standards set out in the Code of Professional Conduct recognise the CA profession’s public interest responsibility. This is supplemented by professional standards and guidance that help to ensure CAs deliver quality work on which relevant stakeholders can rely. A CA discharges his/her public interest responsibility by not only complying with, or being seen to be complying with the letter of the Code of Professional Conduct, but by their ability to apply the spirit of professionalism grounded in the fundamental ethical principles of integrity, objectivity, professional competence and due care, and confidentiality, as well as professional behaviour.

**Glossary**

**“Ethics values and attitudes”** Refers to:

Competency Short Name		Competency
I1	<b>Personal Ethics</b> Level 4	a) Act honestly and demonstrate personal integrity, accountability and trustworthiness whilst interacting with others
		b) Carry out work in a manner that protects public interest, the client, employer and other relevant stakeholders, and put these before one's own interest
		c) Evaluate the impact of different value systems implicit in, among others, religion, culture, social standing, economic status and personal experiences
		d) Understand ethics theories (normative and applied) and apply relevant theories when solving personal ethical dilemmas or making personal ethical decisions.
I2	<b>Business ethics</b> Level 4	a) Evaluate the significance of ethics within the business environment, and the ways in which it is managed within an organisation, as part of its ethical organisational culture
		b) Analyse the interrelationships between governance, ethics, work values and the law
		c) Display ethical behaviour whilst interacting with the organisation’s stakeholders
		d) Report ethics related issues to higher levels of management, legal or regulatory authorities or others, when appropriate
		e) Understand ethics theories (normative and applied) and apply relevant theories when solving business ethical dilemmas or making business ethical decisions.
I3	<b>Professional ethics</b> Level 4	a) Relate professional ethics to the notion of public interest by being competent and delivering quality work
		b) Distinguish between ethical principles and rules of conduct, and apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour when rendering services

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**Circular 02/2021**

	c) Identify threats to ethical principles and apply appropriate safeguards to facilitate ethical behaviour
	d) Use an ethical reasoning process (based on ethics theories and professional values and attitudes and the code of professional conduct) to solve professional ethics dilemmas
	e) Analyse all courses of potentially unethical action as well as the consequences of each (e.g., disciplinary actions)
	f) Report ethical issues to SAICA, legal or regulatory authorities or others when appropriate
	g) By way of general conduct, demonstrate a commitment to the ethical values upheld by the profession

Proficiency level 4 is measured as follows:	
(i) frequency	Always under all circumstances
(ii) context	In a demanding context with complex and ambiguous situations and/or circumstances

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