



## **Members' Update – December 2005**

### **1. Public Hearings on the Auditing Profession Bill**

The Public Hearings on the Auditing Profession Bill ("Bill") were conducted by the Portfolio Committee on Finance in Parliament on the 13th and 14th of October 2005. The committee heard presentations from nine organisations: four professional bodies (CPA, SAICA, ICSA and ACCA), the big four audit firms and the regulator, PAAB.

The audit firms focused strongly on the auditor liability question, campaigning for the provision of limitation of liability on statutory audits. They also felt that the two year waiting period on performing the audit where the auditor has a conflict of interest with that entity is unreasonable and may in fact make it impossible for companies to appoint new auditors. The audit firms encouraged the Bill to make provision for multi-disciplinary practices. As business has become more complex, some audit firms have employed 'partner-equivalent' persons to enable them to audit such entities. This includes persons with expertise in areas such as tax, information technology and actuarial science who are not registered auditors.

ACCA commented on certain aspects which impact on the education and training and admission provisions of the Bill. We drew attention to several provisions of the Bill which will, if they remain intact, confuse the role of the Regulatory Body with that of the professional bodies. This is especially the case with examinations. ACCA believes that the Regulatory Board should not be involved in setting examinations but should accredit bodies to set these examinations. We emphasized the need to introduce a fair and transparent means of evaluating the education and training provided by the professional bodies.

SAICA took a similar position on the education and training issues. They highlighted that it is vital to separate the regulatory role from the role of the professional institute to ensure that the proper checks and balances are always

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in place. They believe that if the regulator registers training contracts and sets examinations, it becomes a player and then the checks and balances fall away.

The bill was passed into law on the 16<sup>th</sup> of November 2005 and will soon be gazetted.

## **2. Raising ACCA's Profile**

### **Media coverage - Exposure achieved this quarter has, amongst others, included:**

Without Prejudice, November - 'Company law undergoes long overdue reform' - ACCA comments on the proposed amendments to the Companies Act in South Africa.

Executive Business Brief, October - 'Identify and nurture managerial talent' - Reference is made to Monash University as an accredited tuition provider of ACCA.

Rapport, 14 October - 'Audit Profession have a lot of reservations on the law' - ACCA supports the objects of the new Auditing Profession Bill, however ACCA is concerned over the provisions relating to the roles of the independent regulatory body and the professional bodies. ACCA explains that the education and training of auditors is the responsibility of the professional bodies.

Kempton Express, 29 September - 'Students Awarded' - An ACCA student is awarded by tuition provider (Boston Business College) for academic excellence.

Business Day, 12 September 'Concern over government's proposed auditing reforms' - On ACCA's comments to the recent Company Act Amendments concerning holding directors responsible for false and misleading information in the financial statements and the principle of proportionate liability.

Business Day, 12 September 'New standards leave SMEs out in cold' - ACCA explains the need for a new set of international reporting standards for SME's.

Without Prejudice – September 'Being good is good for business' - An article written by ACCA on the business case for sustainability reporting.

Business Day – 12 August 'Rotating audit partners every four years could compromise efficiency - experts' - On ACCA's comments on the new Company Act Amendments concerning audit committees and rotation of auditors.



Professional Management Review – 1 May 'Why Audits Matter' - On ACCA's 2004 SME research report which motivates why an audit will remain relevant for smaller business.

Links to these articles and the press releases may be found at [www.accaglobal.com/southafrica](http://www.accaglobal.com/southafrica)

### **3. ACCA Members Christmas Dinner**

Members and their spouses were invited to a final 2005 ACCA South Africa event – a Christmas dinner followed by entertainment and networking.

Tables laden with African-styled Christmas trees, Christmas cakes, chocolates and Christmas crackers welcomed members as they entered Room 191, at the Park Hyatt Hotel in Rosebank.

Nirri Nair, Head of ACCA South Africa, welcomed the guests and touched a little on what was achieved in 2005, and where the emphasis would lie in 2006. Building the ACCA brand in South Africa would be top priority, in addition to the other imperatives set by the ACCA Council, was the message conveyed.

Kholeka Mzondeki, (FCCA) who is Financial Director at Masana Holdings, also addressed the members. Kholeka is the South African representative to the ACCA International Assembly, and she shared her experiences with the members about her recent trip to the International Assembly gathering in London. Kholeka met with about forty other ACCA representatives from across the world and found the experience invaluable in terms of networking, sharing ideas on ACCA and generally debating business issues. Kholeka's role is to ensure that South African ACCA members' concerns, ideas, etc. are acted on.

Kholeka reaffirmed her commitment to helping ACCA grow in South Africa, and in particular, facilitating more women entering the finance arena.

After the main meal was served, Paul Buckby and his two colleagues began filling the room with the immortal sounds of the "Bee Gees". Before long, from drumming on tables and moving rhythmically in chairs, members took to the dance floor and showed that "accountants can boogie". Accolades must go to Jennifer Vergeer for showing the rest of us how to "stay alive"!



Guests were then treated to Christmas gifts; black leather ACCA folios for members, and ACCA wallets or cosmetic bags for spouses.

The evening concluded a year of increased engagement with ACCA members.

We thank you for attending the events during the course of the year. We will communicate with you shortly in terms of activities for 2006, especially CPD focussed events.

#### **4. ACCA Realise – maximise your learning opportunities**

This month, all members included in the Phase one of ACCA Realise (**members admitted since 1 Jan 2001, and all practising certificate or insolvency licence holders**) will receive a subscription notification for 2006. As a Phase one member your CPD return must be completed and returned, together with the annual subscription payment by 1 January 2006. ACCA is committed to helping members source relevant learning opportunities to complete their CPD requirements. For more details on learning opportunities please visit [www.accaglobal.com/cpdrealise](http://www.accaglobal.com/cpdrealise).

Members can submit their CPD return either online or by completing a paper form. Evidence does not have to be submitted with the CPD return however, members need to be able to prove that the CPD that they have undertaken is relevant to their development needs and all evidence should demonstrate this.

Participation in *ACCA Realise* is a requirement for all members, including those who work part-time or are semi-retired, practising certificate holders and those with insolvency licences. The requirement excludes those who are on ACCA's retired register. All members included in the Phase two of *ACCA Realise* (**members admitted between 1 January 1995 and 31 December 2000**) should take note that they will be required to submit a CPD return by 1 January 2007. It is imperative that members commence planning their CPD and understand the skills and knowledge that are important for them to carry out their job role effectively.

To assist members with their CPD planning, ACCA has developed a range of support and services to help members identify relevant CPD. This includes the Professional Development Matrix (PDM), a unique planning tool – acting as an electronic coach to help members identify their preferred learning styles, knowledge, skills and expertise they may require in either their current role, or in roles which they are interested in for the future.

Although ACCA is adopting a phased approach, any member can opt to complete a CPD return for submission on 1 January 2006 and ACCA encourages early adoption by members in later phases.

The table below sets out a schedule of when the ongoing annual requirement for CPD participation begins:

<b>Phase 1:</b> Members admitted since 1 Jan 2001, and all Practising Certificate or Insolvency Licence holders	CPD period 1 January 2005 to 31 December 2005  Submission deadline 1 January 2006
<b>Phase 2:</b> Members admitted between 1 Jan 1995 and 31 Dec 2000	CPD period 1 January 2006 to 31 December 2006  Submission deadline 1 January 2007
<b>Phase 3:</b> All remaining members who registered before 1995	CPD period 1 January 2007 to 31 December 2007  Submission deadline 1 January 2008

## 5. ACCA takes Fraud Presentation to Cape Town

ACCA members and representatives from business in Cape Town were addressed on “Fraud and Corruption trends”, by Simon Padgett (FCCA), at the Radison Hotel in Sea Point.

*For ACCA members the seminar gave them an opportunity to accumulate some valuable credit towards their Continuous Professional Development (CPD).*

Simon Padgett (FCCA) captured the attention of his audience by highlighting the many areas where companies can be at risk from business fraud. He offered practical and proven risk management strategies for the prevention, detection and response to fraud in an organisation. It was also frightening to see “first-hand” the techniques used by criminals in defrauding companies and individuals. Armed with the right materials and a devious mind, the audience was shown a video clip on how criminals can very quickly change the details on a cheque to reflect something else.

The underlying theme of the seminar was that being sensitive and knowledgeable about current fraud issues presented the best form of control. If businesses and their employees and management are made aware of current fraud trends and how the frauds are perpetrated, then there is a greatly reduced risk of those businesses and individuals becoming victims to this ever-increasing crime.

All examples that were presented by Simon were real life examples, gathered from fifteen years of experience in the Forensic Investigative field. Nothing was manufactured, including all the forged cheques, spoof web sites, counterfeit ID's, etc.

Underpinning the seminar was an understanding of the latest developments in corporate fraud, and the steps responsible businesses were taking to minimise their exposure to fraud-related loss.

The seminar proved to be extremely informative and also very entertaining. Guests participated interactively and the live case studies made it very "close to home".

Simon has 15 years of experience in Fraud Prevention and Investigations, seven years of which has been in South Africa. He left Ernst and Young Forensic Services last year after six years, to focus on the knowledge sharing and transfer process.

After the seminar, guests were treated to a delicious lunch, and spent some valuable time networking.

## **6. ACCA South Africa Sustainability Reporting Awards 2005**

We are already in our third year of running the ACCA South Africa Sustainability Reporting Awards. Over 1000 invitations to apply for the 2005 Awards have been distributed. We are pleased to have already received a number of applications from several organisations. The closing date for applications is the 7<sup>th</sup> of April 2006.

For more information on this event please contact Melanie Williams at ACCA South Africa on (011) 537 1760.

## **7. Online accounting and auditing standards launched**

ACCA has launched a new online resource designed to provide all members with free access to International Accounting and Auditing Standards on-line.



This development is in direct response to recent member research which found that 75% of respondents rated access to IAS as an extremely valuable new service.

The new service also improves on ACCA's annually issued UK *Accounting Handbook* and *Auditing Handbook* which require members to routinely cross-reference published standards with paper updates. Instead, members will be able to access one of the most reliable sources of information on accounting and auditing standards that automatically incorporate updates as soon as they are released.

Exclusively available to members, the online standards can be accessed via the Knowledge Library on the *ACCA Realise* website [www.accaglobal.com/cpdrealise](http://www.accaglobal.com/cpdrealise).

You will need to fill in your userid and password in order to access the Knowledge Library. You must then click on "Search Knowledge Library" which will give you the option of "Technical". You will find the international accounting and auditing standards under "Technical".

Copies of the standards will also be available in CD Rom format in December 2005.

## **8. Conclusion**

2005 will go down as a watershed year in ACCA South Africa's History. We embarked on a more rigorous and visible campaign to interact and meet with ACCA stakeholders.

We held member events in Johannesburg and Cape Town, and successfully launched ACCA Realise – ACCA's Continuing Professional Development Programme (CPD).

We held our inaugural student day in September, and met with students throughout the year.

We met with employers regularly and have formed good working relationships with them.

ACCA SA staff, together with our colleagues from the Southern Africa office, have worked well together to start entrenching the ACCA brand in South Africa. A lot more hard work needs to be done, and we look forward to 2006 when we



can continue marketing ACCA as a truly international accountancy professional qualification.

Mother Teresa was quoted as saying “I can do what you can’t do, and you can do what I can’t do; together we can do great things.” I look forward to engaging with you in 2006, and together, building a powerful ACCA brand in South Africa.

The festive season brings a lot of joy and happiness – share in it and enjoy.

With very best wishes

Nirri Nair  
Head of ACCA – South Africa