

# Institute finalises 332 disciplinary cases related to the APC 2015 Assessment

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In 2015, the South African Institute of Chartered Accountants (SAICA) discovered that several candidates sitting the Assessment of Professional Competence (APC) examination had allegedly breached the assessment's ethical expectations. Having concluded the investigations into 332 cases of alleged misconduct, SAICA is now at liberty to release the outcome of its inquiry.



Freeman Nomvalo

Freeman Nomvalo, SAICA's Chief Executive Officer, said: *"SAICA acts without fear or favour on all allegations of misconduct or non-adherence to the SAICA Code of Professional Conduct. SAICA expects all its members, associates [AGAs(SA) and ATs(SA)] as well as trainees to adhere to the Code of Professional conduct which upholds ethics and integrity as central to professional behaviour. Having had to finalise all cases – including two which went to the High Court – before we could release the final results on this matter, SAICA is pleased to now be at liberty to speak on the outcome."*

The APC comprises of a multi-disciplinary case study that gives candidates the opportunity to demonstrate their professional competence over an eight-hour period. The 2015 APC case study was set in the Private Healthcare industry. During the course of SAICA's investigation, it became evident that several confidential documents had been extracted from the audit files of two companies in the same industry as that of the fictitious company created for the purpose of the APC exam. These extracted documents had allegedly been shared by some exam candidates during the assessments' five-day pre-release period.

The investigations were guided by the APC Regulations and SAICA's strict Code of Professional Conduct (the Code). The Code makes specific reference to prohibiting the use of confidential information acquired as a result of a professional relationship for personal advantage and to the advantage of third parties; the duty of confidentiality to the client and to the training office not to distribute confidential information to persons who are not entitled to receive it; and related professional behaviour.

Candidates sitting the APC should have known this conduct would discredit the accountancy profession and that this action would adversely affect the profession's reputation.

As part of its extensive investigation, which began in February 2016, SAICA drafted declarations, setting out the various possible transgressions related to the 2015 APC and circulated this to the 2 200 candidates who had sat for this assessment. SAICA then analysed the high volume of responses and attachments received and, in liaison with Training Offices, investigated where one or more of their trainees had been implicated.

## Details relating to the transgressions

Given the high number of cases that had to be dealt with, and considering that the professional future of these individuals were at stake, as well as the two matters that were referred to the High Court, the disciplinary process in this regard took a considerable amount of time to conclude.

Transgression 1: Extracting and distributing confidential information

SAICA identified 19 alleged acts of extracting confidential information directly from audit files or seeking assistance to extract said information from non-APC candidates and distributing same to APC candidates who were not authorised to receive the information were identified.

- 16 of these candidates were found guilty and sanctions of disqualification or suspension for between three and 12 months together with cost contributions ranging from R2,500 to R50,000 were imposed;
- Two candidates launched applications in the High Court to review the decisions of SAICA's Disciplinary Committee. One review was successfully defended at Court by SAICA and the other was withdrawn by the candidate; and
- In referring guilty outcomes back to the Initial Professional Development Committee for consideration as to their disqualification from the 2015 APC, all but one candidate were disqualified from the APC for a period of one to two years.

#### Transgression 2: Receiving confidential information second hand and distributing it further

SAICA identified 72 candidates who had allegedly received the confidential information second hand and then distributed the information to other APC candidates who were not authorised to receive it. Of these, many candidates were found to not have been aware of the confidential nature of the information received. However, they distributed the confidential information without properly checking said information from their employers' e-mail facilities.

- 55 candidates were found guilty of negligence and fined an amount of R20,000 with suspended portions depending on mitigating or aggravating circumstances;
- Eight candidates were found to reasonably have known they were distributing confidential information. These candidates were suspended for periods of between two to six months with costs contributions of up to R5,000; and
- Nine cases were dismissed as no improper conduct could be proven.

#### Transgression 3: Receiving confidential information second hand

The remaining 241 candidates were found to have allegedly received the confidential information second hand. SAICA investigated each case to see whether these candidates were aware that the information was confidential and whether there was a duty on the candidate to maintain confidentiality of the information. In view of this:

- 25 candidates were issued with cautions; and
- 216 cases were dismissed as no improper conduct could be proven.

*"Although disappointed that examination irregularities took place, SAICA is pleased that the resilience of its examination processes identified the regulation breaches upfront and that its ensuing investigation was conducted in a robust and fair manner. The SAICA Professional Development Unit, having been kept abreast of the allegations and investigation, and having carefully considered the matter were of the opinion that the above actions in no way compromised the integrity of the 2015 APC. Having investigated and finalised 332 disciplinary cases, SAICA confirms that the matters related to the APC 2015 Assessment misconduct are now closed. Following the conclusion of the hearings, SAICA remains confident that the results published in March 2016 in which we celebrated the 2 396 candidates who passed the 2015 APC were not been compromised in any way," concluded Nomvalo.*

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