

## Professional Registration for Geoscientists – the down and the upside!

By Fiona Harper

Venmyn recently attended the South African Institute of Chartered Accountants (SAICA) GAAP Monitoring Panel (GMP) Presentation in Johannesburg. The GMP is a joint initiative between SAICA and the JSE and acts as an advisory body to the JSE. The panel investigates cases presented to it and reports its findings to SAICA from where the matter is reviewed for possible disciplinary procedures. GMP has dealt with 35 cases since its inception in 2002 and found that cases involved matters pertaining to economic reality, specific International Financial Reporting Standards (IFRS) interpretation and disclosure requirements, new standards, accounting anomalies and problems in the application of basic principles, in particular matters arising from acquisitions (IFRS 3).

The disciplinary process only proceeds through SAICA once the GMP case has been completed. SAICA's Professional Conduct Committee (PCC) considers the written affidavit and supporting documents for the case and determines whether there are grounds for dismissal based on 'reasonable explanation', 'not unprofessional conduct' or 'no reasonable prospect'. If the matter proceeds further, the PCC may impose punishments that include in order of severity; a caution, a reprimand, a fine up to ZAR50,000 and the possibility that the PCC order the 'publication of name'.

The next level of the disciplinary process is the bringing of the matter before the Disciplinary Committee (DC). The punishments imposed range from cautions to fines of ZAR100,000 suspension of membership for five years and permanent disqualification from membership.

Since 2002 a maximum of eight cases a year were referred to SAICA by GMP of which 36% required no action, 46% were cautioned, 4% were found to have a reasonable explanation and 14% were fined.

As pointed out by Jan Dijkman the Project Director of Ethics and Discipline SAICA these figures are indicative that the vast majority of the financial reporting in South Africa is of an excellent standard and that the GMP and SAICA disciplinary process ensures that new standards are implemented and education amongst its members is ongoing.

How does SAICA compare in terms of its function and powers to the professional bodies responsible for the minerals industry? The table below schematically illustrates the levels of authority inherent in each structure and serves to highlight the distinct absence of a body equivalent to SAICA in the minerals industry:-

TYPE OF REGULATORY BODY	POWERS AND ROLE		REPORTING OF FINANCIAL RESOURCES	REPORTING OF MINERAL RESOURCES
Professional Body	Voluntary registration of members Non compulsory education Maintenance of standards Disciplinary powers	↑ Increasing level of authority ↓		<b>GSSA and SAIMM</b>
Professional Body	Compulsory registration of members Compulsory education Maintenance of standards Disciplinary powers		<b>SAICA</b>	<b>No Equivalent for SAICA</b>
Statutory Body	Compulsory registration		No statutory body governing Chartered Accountants	<b>SACNASP</b>
	Maintenance of standards		<b>FRIP</b>	
	Powers to subpoena, call for documentation, instigate investigations			
	Criminal prosecution			
SAICA	South African Institute for Chartered Accountants			
SACNASP	South African Council for Natural Scientific Professions			
FRIP	Financial Reporting Investigation Panel for listed companies			
GSSA	Geological Society of South Africa			
SAIMM	South African Institute of Mining and Metallurgy			

We are requesting industry comment on this matter, so please do not hesitate to send your comments to [info@venmyn.com](mailto:info@venmyn.com).