Hi and welcome back.

In this focus area, we meet the “Accountancy professionals in the world of business”.

We are going to use “Professional Development Bank Limited” to create the business environment in which each accountancy professional is involved.

Here we will obtain an understanding how each accountancy professional fit into the structure of the Bank.

And how each professional’s unique expertise contribute to the success of the business.

Lately we will discover the criteria that the Bank used when they selected accountancy professionals for appointment in the different roles.

Ultimately, you will get a much clearer picture of your future role in the context of business.

Let’s start by looking at the “organogram” of Professional Development Bank Limited.

What is this?

This does not look right!

If you are interested in chemistry, you will probably be familiar with the periodic table.

The periodic table summarises and predicts the properties of the chemical elements reflected on the table.

In a similar way, the organogram of a business reflect its structure.

At the top part, the organogram clearly reflects the management structure of the Bank.

Lines indicate the relationships between different structures and roles.

The position of each role on the organogram also reflects the nature and level of responsibility of each role.

The top part of Professional Development Bank’s organogram indicates that its management structure consists of certain elements.

What are these elements?

They are:

The board of directors that consists of non-executive and executive directors.

Do you still remember what the difference is between non-executive and executive directors?
Non-executive directors do not work for the business on a full time basis while executive directors do.

The leader of the non-executive directors is the chairperson of the board or just the chairperson.

As you can see from the organogram, the board uses committees to support it in meeting all of its responsibilities.

Examples of board committees are the audit committee, the nomination committee and the remuneration committee.

So now we know that the leader of the non-executive directors is the chairman of the board.

Who is then the leader of the executive directors?

Have you ever heard the word CEO used?

Well it’s stands for chief executive officer and he/she is the leader of the executive directors.

Being the CEO of a company is a very important work because the CEO is ultimately responsible for the success of the business.

However, the CEO is also supported by other executive directors who are each responsible for a certain area in the business.

Professional Development Bank’s business is divided into three areas with an executive director in charge of each.

These areas are:

• Operations
• Support services
• And Finance

You will notice that the internal auditing function lies between the Audit Committee and the CEO.

Note that the head of the internal auditing function is a CIA.

Since the internal auditing function plays an oversight role, it should be independent of the day-to-day-activities of the business.

For this reason, the head of the internal auditing function, who can also be called the chief audit executive or CAE, reports to the audit committee and not to executive management on the process and outcome of all internal audit work.

The CAE is also appointed by the audit committee and the audit committee determines the remuneration and performance evaluation of the CAE.
Always remember that the audit committee should only consist out of members who are all non-executive directors of the company.

Let’s look at an example to understand why the internal audit function should report directly to the audit committee.

Let’s pretend that the internal auditing function finds irregularities that executive management is part of.

If the CAE now reports this finding directly to the executive directors what do you think will happen?

Well the CAE will be placed in a very difficult position.

Why?

Because he/she may be fired by the executive directors to hide their irregularities.

So, in other words an internal auditing function that reports to the audit committee of an entity instead of the executive directors is protected from manipulation by executive directors.

Why? Because all the members of an audit committee are non-executive directors ie not working at the company on a full time basis.

However, the internal audit function should work closely with the executive management of the business and should have a good working relationship with the CEO.

You should always remember that the CAE should preferably report to the CEO on all administrative matters like leave arrangements, working hours and so forth.

When we focus on the finance function of the Bank, we see that it is under the management of the chief financial officer or CFO.

We also note that the Bank’s CFO is a Chartered Accountant.

The Bank’s Finance function has three divisions.

These divisions are:

- An accounting and reporting division staffed by a Professional Accountant and an Accounting Technician.
- A management accounting division staffed by a Chartered Global Management Accountant
- And a tax division staffed by a Tax Professional

At the top of the organogram, next to the company’s name, you will see a dotted line to the external auditor.
This line is dotted as the external auditor is completely independent of the Bank.

The external auditor is a Registered Auditor and is appointed by the owners of the Bank ie the shareholders.

The audit committee should make sure that the external auditor is independent.

Did you notice that all seven of the professions we met in the previous focus area are represented on this organogram?

Let's quickly recap again.

The external auditor is a RA.

The CFO is a CA (SA).

In the accounting and reporting division is a Professional Accountant and an Accounting Technician.

In the management accounting division is a Chartered Global Management Accountant.

In the tax division is a Tax Professional.

And heading up the internal auditing function is a Certified Internal Auditor.

So, you now know how each of the seven accountancy professionals that you have been introduced to fit into a real life business scenario.

Since you may be working towards becoming a member of one (or more) of these accountancy professions, we will now obtain an understanding of the unique expertise that each accountancy professional uses to contribute to the success of the Bank.

This understanding will provide you with an idea of your future role in your accountancy profession or professions of choice.

Since one cannot separate the unique expertise that an accountancy professional contributes to a business from the appointment criteria that a business will use when appointing the professional, we will also find out what it takes to get appointed in these accountancy positions.

Let us start with the Junior Accountant position at Professional Development Bank Limited.

An Accounting Technician holds this position.

From the organogram you can see that the Junior Accountant reports to the financial accountant.

The Bank’s junior accountant is an Accounting Technician at the Platinum Level and is a member of the Association of Accounting Technicians South Africa (AAT (SA)).
The junior accountant has several accounting duties, namely:

- Process VAT returns
- Process the monthly payroll
- Process journals
- Perform bank reconciliations
- Effectively work as a team member in the financial accounting division ie teamwork

Also remember that a junior accountant should have the necessary competence to fulfill the role.

The appointment criteria that the Bank sets for a competent junior accountant are:

- A bachelor’s degree in Financial Accounting
- Should be an Accounting Technician at the Platinum Level
- Should have work experience in the financial accounting field
- Should be computer literate, including in the use of MS Office and MS Excel
- Should be able to communicate clearly verbally and in writing in English (communication)
- Should be able to work in a team (teamwork)
- Should be able to work under pressure
- Should be able to work with a high degree of accuracy; and
- Should have an attitude of ethical behaviour with integrity

So now we know more or less what a junior accountant does as well as the appointment criteria.

What are your thoughts?

What would you have to do to make the grade and get appointed in this junior accountant position?

To answer these question let’s think back to what we have learnt from the “Stepping stones to a professional” section.

There we obtained an understanding of the distinguishing characteristics of a professional.

Do you still remember those distinguishing characteristics?

Let met refresh your memory. These characteristics are:
• sound theoretical knowledge
• pervasive qualities and skills
• intensive academic education and practical training
• assessed competency
• professional body membership
• compliance with a professional code of conduct; and
• delivering a service

Can you maybe see a link between the distinguishing characteristics of a professional and the appointment criteria for the junior accountant?

At this stage I only want you to think about it.

Don’t worry about answering this question just yet.

I will later demonstrate the link through a practical example.

We now know what the job description is for a junior accountant as well as the appointment criteria but what about the six other professionals that we have learnt about?

Well to find out more about the other six professional’s job descriptions and appointment criteria you can you head to the additional resources link on the left of the myUnisa main menu and read it after this focus area.

Let’s first quickly recap on what we have learnt so far.

In this learning unit we have obtained an understanding of the “footprint” of the accountancy professions and we discovered how each of the professions contributes to mitigating agency risks and how they protect the public interest.

Thereafter, we have been introduced to the “Who’s who in accountancy” which consists out of seven accountancy professions.

We also obtained an understanding of the unique role of each profession and are now familiar with the professional designation used by each profession’s members.

We met the “Accountancy professionals in the world of business” and obtained an understanding how each accountancy professional fit into the structure of Professional Development Bank Limited.
Further we came to understand how each professional’s unique expertise contributes to the success of the Bank as well as what appointment criteria are used for accountancy professionals.

Lastly, we realised that the appointment criteria of a junior accountant may link to the characteristics of a professional.

Ultimately, you should now have a much clearer picture of your future role as an accountancy professional in the context of the business world.

This is now unfortunately the end of this presentation.

I hope that you have learnt a lot from it.

I now want you to head to the practical example in section “2.4.1 A practical example – let’s get real”.

Without giving away too much – this example will help you to understand the link between the distinguishing characteristics of a professional and the appointment criteria for the junior accountant position at Professional Development Bank Limited.