

# The importance of reporting, transparency and accountability

By [Milton Segal](#), issued by [SAICA](#)

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The recent saga with the issuing of late-night government gazettes, justification thereof and subsequent 'temporary' retractions has certainly heightened the awareness of the general public around the importance of corporate reporting.

To an extent, the first week of April saw many South African citizens enter the world of corporate reporting, corporate governance and audit and assurance, even if only briefly. There is little doubt that this public interest played a significant role in the rather hasty retraction of the Eskom Public Finance Management Act (PFMA) disclosure exemption. There was such a significant hype of activity that not even the Eskom se Push app would have been able to cope with the continuous changes to the stage or status of the exemption.

Treasury now has a comment period for members of the public, and society at large to give their viewpoint around the final state of play of the Eskom exemption. It is envisaged that the volume of comments will be significant, and treasury will no doubt have a few late nights ahead processing the many views.

The reality is that this is a very significant matter. The matter comes at a time where South Africans are facing anywhere between 4 and 10 hours a day without the only product that Eskom can deliver – electricity. South Africans have to invest significantly in alternate power supply just to remain connected and 'enlightened'.



Milton Segal, executive director for Standards at Saica.

However, there are some positives that have come out of this 'dark' period – and that is the importance of reporting.

Members of the public have cried out for faithful, honest, and transparent reporting. They have called for absolutely zero leniency or discretion to be used when deciding what information should or should not be freely available and audited/verified. The accountancy profession in South Africa has had more focus on it in the past few weeks – a good marketing exercise for the significant role that both the preparers and assurers of corporate reporting play. Accountants and the profession at large play a vital role in ensuring that financial and non-financial information materially and faithfully reflects the true economic and financial status quo. The profession does this by continuously working on a control environment and the associated governance surrounding economic decisions, policy, and transactions because of the wide range of stakeholders that may be affected by the information.

Accountants' and auditors' roles are to protect the public interest – and in the case of Eskom, the multi stakeholders affected go as far as every citizen and resident of the republic. This is the public interest in its truest sense.

Financial and non-financial statement standards setters and assurers invest an enormous amount of capital, resources and time into the creation of global reporting and assurance frameworks, standards, and benchmarks to allow the public to be informed and be given some level of comfort that the information produced by the entities that affect them are indeed free from material misstatement, and if so, the extent of the misstatement is quantified and qualified to every extent possible. It provides a level of trust to the market. We were reminded of this very clearly in early April when the public were informed that some of this transparency, assurance and level of confidence, may be removed or reduced.

The Eskom PFMA issue is a significant one, and it extends further than Eskom, potentially to other State-Owned Entities that may also seek some sort of disclosure relief for a specific purpose. It is encouraged that the citizens and residents of

the country continue to be proactive in realising and responding to the corporate reporting ecosystem, taking cognisance thereof, and continually seek and utilise financial information that is of high quality and remains true to the basic principles of the reporting framework by being faithful, comparative, and free from bias and material error.

At this stage in the country's journey, the need for the accountancy and reporting profession is potentially the highest it has ever been. South Africa has now, more than ever, recognised the importance of reporting, transparency and accountability.

## ABOUT THE AUTHOR

Milton Segal is executive director for Standards at Saica.

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