

THE EAST AND SOUTHERN AFRICAN ASSOCIATION OF ACCOUNTANTS-GENERAL
(ESAAG) 24TH ANNUAL CONFERENCE
HELD AT BIRCHWOOD HOTEL & OR TAMBO CONFERENCE CENTRE,
BOKSBURG, SOUTH AFRICA – 27 FEBRUARY TO 2 MARCH 2017

THE PROGRAMME DIRECTOR,
CHAIRPERSON OF ESAAG
ACCOUNTANTS-GENERAL
SENIOR GOVERNMENT OFFICIALS
DISTINGUISHED GUESTS
LADIES & GENTLEMEN!

THANK YOU FOR INVITING THE SWAZILAND INSTITUTE OF ACCOUNTANTS TO MAKE A PRESENTATION AT THIS YOUR 24TH ANNUAL CONFERENCE HELD HERE IN THE BEAUTIFUL CITY OF BOKSBURG IN SOUTH AFRICA.

IT IS AN HONOUR TO ADDRESS SUCH A GATHERING.

THE SWAZILAND INSTITUTE OF ACCOUNTANTS (SIA) HAS A STATUTORY RESPONSIBILITY TO DEVELOP AND REGULATE THE ACCOUNTING PROFESSION IN SWAZILAND

SWAZILAND WAS HONOURED TO HOST YOUR 19TH CONFERENCE WHICH WAS OFFICIALLY OPENED BY THE PRIME MINISTER OF THE KINGDOM OF SWAZILAND, DR. BARNABAS SIBUSISO DLAMINI IN 2012 WHEREIN OVER 500 DELEGATES ATTENDED.

PROGRAMME DIRECTOR PLEASE ALLOW ME FROM THE ONSET TO CONGRATULATE THE LEADERSHIP OF THIS CONFERENCE, THEY HAVE DONE A WONDERFUL JOB OVER THE YEARS.

I AM SURE WE ARE ALL AWARE THAT IT IS NOT EASY TO ORGANISE AND DIRECT A CONFERENCE OF THIS MAGNITUDE. A ROUND OF APPLAUSE TO THE ORGANISERS!!!

I HAVE BEEN ASKED TO MAKE A PRESENTATION ON THE ROLE OF AN ACCOUNTANT IN ENSURING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT (PFM).

(1) I WILL START BY LOOKING AT TRANSPARENCY

GOVERNMENTS MUST IMPLEMENT INSTITUTIONAL ARRANGEMENTS THAT PROTECT THE PUBLIC AS WELL AS INVESTORS IN GOVERNMENT BONDS.

THEY MUST PROVIDE CLEAR AND COMPREHENSIVE INFORMATION ON FINANCIAL MANAGEMENT.

ALL GOVERNMENT ASSETS AND LIABILITIES (INCLUDING DEBT) MUST BE PROPERLY RECORDED, REPORTED AND DISCLOSED. THIS MEANS THEY MUST PROVIDE ACCURATE AND COMPLETE INFORMATION ON REVENUE AND EXPENDITURES. IF A COUNTRY BORROWS MONEY AND DOES NOT DISCLOSE THE LOANS, AND LATER THIS BECOMES PUBLIC KNOWLEDGE, IT COULD DAMAGE THE COUNTRY'S REPUTATION AMONGST THE DONORS AND IMPORTANT INSTITUTIONS SUCH AS THE IMF.

IN ORDER FOR GOVERNMENTS TO REPORT ACCURATELY, ACCOUNTANTS MUST DEVELOP, IMPLEMENT AND CONTROL SUCH REPORTING SYSTEMS.

(2) ACCOUNTABILITY

ACCOUNTABILITY IS ALL ABOUT BEING ANSWERABLE TO THOSE WHO HAVE INVESTED THEIR TRUST, FAITH AND RESOURCES TO YOU.

THIS REQUIRES THAT PUBLIC OFFICIALS CONDUCT THEIR WORK IN ACCORDANCE WITH AGREED RULES AND STANDARDS.

ACCOUNTANTS WITH THEIR TECHNICAL EXPERTISE AND ETHICAL TRAINING PLAY A MAJOR ROLE IN ENSURING THAT THERE IS ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT.

(3) ETHICAL CONDUCT FOR ACCOUNTANTS

AS AN ACCOUNTANT, YOU HOLD A VERY IMPORTANT POSITION IN THE ENTITY.

- YOU MUST ACT WITH HONESTY AND INTEGRITY AND YOU MUST AVOID CONFLICT OF INTEREST.
- PROVIDE STAKEHOLDERS WITH ACCURATE AND COMPLETE INFORMATION.
- ACT IN GOOD FAITH WITH DUE CARE AND DELIGENCE.
- RESPECT CONFIDENTIALITY OF INFORMATION ACQUIRED DURING THE COURSE OF YOUR WORK.

(4) TRAINING

PROPER TRAINING OF PUBLIC OFFICIALS ON RULES, REGULATIONS AND PROCEDURES IS KEY IN PUBLIC FINANCE MANAGEMENT.

THIS WILL ALLOW THE PUBLIC OFFICIALS TO DELIVER THE NECESSARY SERVICES TO THE PUBLIC.

IF WE ARE TO HOLD PUBLIC OFFICIALS ACCOUNTABLE, THEY NEED TO BE PROVIDED WITH THE NECESSARY TOOLS. HERE, ACCOUNTANTS ARE AT THE CENTRE OF PROVIDING SUCH TRAINING.

(5) INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

I AM NOT GOING TO LECTURE YOU ON WHAT IPSAS IS. WE ARE ALL TOO FAMILIAR WITH THE TERM "IPSAS." JUST AS A REMINDER THAT THESE ACCOUNTING STANDARDS WERE DEVELOPED FOR USE BY NATIONAL GOVERNMENTS, LOCAL GOVERNMENTS AND RELATED ENTITIES.

WHAT IS VERY IMPORTANT IS TO ANSWER THE QUESTION "HOW DO IPSAS PROMOTE TRANSPARENCY AND ACCOUNTABILITY IN THE PUBLIC SECTOR"?

PROGRAMME DIRECTOR, LADIES & GENTLEMEN!

I WILL ILLUSTRATE THIS BY BRIEFLY TALKING ABOUT TWO DISCLOSURE STANDARDS:

- **IPSAS 22** - DISCLOSURE OF FINANCIAL INFORMATION
- **IPSAS 24** - PRESENTATION OF BUDGET INFORMATION

LET US LOOK AT IPSAS 22

THIS STANDARD APPLIES TO GOVERNMENTS THAT PREPARE AND PRESENT FINANCIAL STATEMENTS UNDER THE ACCRUAL BASIS OF ACCOUNTING AND ELECT TO DISCLOSE INFORMATION ABOUT GENERAL GOVERNMENT SECTOR (GGS)

- THE STANDARD REQUIRES THAT ASSETS AND LIABILITIES ARE DISCLOSED BY MAJOR CLASS
- NET ASSETS
- REVENUE BY MAJOR CLASS
- EXPENSES BY MAJOR CLASS
- SURPLUS OR DEFICIT, ETC.

THESE DISCLOSURES SERVE TO IMPROVE THE TRANSPARENCY OF FINANCIAL REPORTING AND ALLOWS THE PUBLIC AND INVESTORS TO HAVE AN UNDERSTANDING OF THE FINANCIAL REPORTING FROM GOVERNMENTS AND GOVERNMENT ENTITIES.

- **IPSAS 24** - PRESENTATION OF BUDGET INFORMATION IN FINANCIAL STATEMENTS

DISCLOSURE

THE STANDARD REQUIRES THAT THE FINANCIAL STATEMENTS OF PUBLIC SECTOR ENTITIES THAT MAKE THEIR APPROVED BUDGETS PUBLICLY AVAILABLE INCLUDE:

- A COMPARISON OF ACTUAL AMOUNTS WITH AMOUNTS IN THE BUDGET
- AN EXPLANATION OF THE DIFFERENCES
- A RECONCILIATION OF ACTUAL AMOUNTS ON BUDGET BASIS WITH ACTUAL AMOUNTS PRESENTED IN THE FINANCIAL STATEMENTS WHEN THE ACCOUNTING AND BUDGET BASIS DIFFER.

PROGRAMME DIRECTOR, LADIES & GENTLEMEN!

THESE TWO STANDARDS PLAY A KEY ROLE IN IMPROVING TRANSPARENCY AND ACCOUNTABILITY IN THE PUBLIC SECTOR; NOT TO SAY THE OTHER

STANDARDS DO NOT PLAY A ROLE IN IMPROVING TRANSPARENCY IN THE PUBLIC SECTOR.

MY APPEAL TO YOU TODAY AS LEADERS IN THE PUBLIC SECTOR, IS TO GO BACK TO YOUR RESPECTIVE COUNTRIES AND WORK EVEN HARD TO ADOPT AND IMPLEMENT IPSAS IF YOU HAVE NOT DONE SO.

THE ACCOUNTANT PLAYS A MAJOR ROLE IN ENSURING THAT THERE IS TRANSPARENCY AND ACCOUNTABILITY IN THE PUBLIC SECTOR AS CAN BE SEEN ON WHAT I HAVE SAID ABOVE.

PROGRAMME DIRECTOR, LADIES & GENTLEMEN!

A BRIEF LOOK AT SWAZILAND

- LIKE MOST COUNTRIES, SWAZILAND IS IN THE PROCESS OF IMPLEMENTING IPSAS. KEY PERSONNEL IN TREASURY HAVE BEEN IDENTIFIED AND TRAINED ON IPSAS.
- A PUBLIC FINANCE MANAGEMENT (PFM) BILL (WHICH SEEKS TO BRING REFORMS IN PUBLIC FINANCE MANAGEMENT) IS NOW BEFORE PARLIAMENT AND SHOULD BECOME LAW DURING THE CURRENT SITTING OF PARLIAMENT
- ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT) ACT IS IN PLACE.
- AML/CFT ACT HAS BEEN AMENDED TO ESTABLISH THE CONFISCATED AND FORFEITED FUND.
- WE HAVE A VERY STRONG AND ROBUST PUBLIC ACCOUNTS COMMITTEE WHICH SEEKS TO HOLD PUBLIC OFFICIALS ACCOUNTABLE CHAIRED BY A WORKAHOLIC MEMBER OF PARLIAMENT HON. THULI DLALDLA.

HOW DOES KING 1V REPORT ON CORPORATE GOVERNANCE FIT IN ALL THIS?

PROGRAMME DIRECTOR ALLOW ME TO SAY SOMETHING ON KING 1V.

CORPORATE GOVERNANCE IN KING 1V IS DEFINED AS THE EXERCISE OF ETHICAL AND EFFECTIVE LEADERSHIP BY THE GOVERNING BODY TOWARDS THE ACHIEVEMENT OF GOVERNANCE OUTCOME (AND THE OUTCOMES ARE LISTED)

KING IV IS NOTHING BUT JUST A SET OF VOLUNTARY PRINCIPLES AND PRACTICES. HOWEVER, SOME PRINCIPLES AND PRACTICES OF THE KING REPORT HAVE BEEN MADE LAWS IN CERTAIN JURISDICTIONS IN SOME COUNTRIES.

KING IV LADIES AND GENTLEMEN AS YOU MAY BE AWARE; HAS BEEN DRAFTED IN SUCH A WAY THAT IT IS EASILY APPLICABLE TO ALL ENTITIES: PRIVATE SECTOR AS WELL AS THE PUBLIC SECTOR.

MY WISH THEREFORE, IS THAT WE GO BACK TO OUR RESPECTIVE COUNTRIES AND ENCOURAGE PUBLIC SECTOR ENTITIES (AND THERE ARE MANY) TO ADOPT THE KING IV PRINCIPLES OF GOOD GOVERNANCE. IN MOST OF OUR COUNTRIES, SUCH ENTITIES ARE KEY INSTITUTIONS WHICH IN MANY INSTANCES PROVIDE ESSENTIAL SERVICES SUCH AS POWER, WATER, TELECOMMUNICATIONS ETC., ALL OF WHICH ARE NEEDED TO IMPROVE THE QUALITY OF LIFE OF THE COUNTRY'S CITIZENS AND IT IS THEREFORE IMPORTANT FOR THESE INSTITUTIONS TO FOLLOW GOOD CORPORATE GOVERNANCE IF THEY ARE TO BE EFFECTIVE IN FULFILLING THEIR RESPONSIBILITIES. IN SWAZILAND, WE HAVE A NUMBER OF ENTITIES WHO HAVE ADOPTED AND IMPLEMENTED THE CODES OF GOOD CORPORATE GOVERNANCE AND THEIR RESULTS ARE A TESTIMONY TO THAT.

I WOULD FURTHER ENCOURAGE YOU TO READ AND TO UNDERSTAND KING IV BECAUSE I AM SURE MOST OF YOU SIT IN GOVERNING BODIES IN YOUR OWN COUNTRIES.

FINALLY, ON THIS SUBJECT; WE MUST REMEMBER THAT AS MEMBERS OF GOVERNING BODIES WE MUST ACT IN GOOD FAITH AND IN THE BEST INTEREST OF THE ENTITIES BE IT IN GOVERNMENT OR PRIVATE SECTOR.

ACCOUNTANTS ARE A MAJOR FORCE FOR CONSISTENCY AND STABILITY IN WORLD ECONOMIES AND THEY DO ENSURE THAT GOVERNMENTS UNDERSTAND FISCAL AND REGULATORY OBLIGATIONS.

I HAVE DELIBERATELY NOT SPOKEN IN DETAIL ABOUT THE ROLE OF AN ACCOUNTANT AS I ASSUME THAT 90% OF THE PARTICIPANTS HERE ARE ACCOUNTANTS AND THEY KNOW THEIR ROLES.

BUT I HAVE HIGHLIGHTED CERTAIN KEY AREAS WHERE ACCOUNTANTS COULD PLAY A MAJOR ROLE IN ENSURING THAT THERE IS TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT.

ONCE AGAIN, I WILL WISH TO THANK YOU FOR INVITING ME TO MAKE A PRESENTATION AT THIS CONFERENCE.

I WISH YOU A FRUITFUL AND SUCCESSFUL 2017 CONFERENCE.

THANK YOU!

B. MHLONGO
EXECUTIVE DIRECTOR
SWAZILAND INSTITUTE OF ACCOUNTANTS