

# Saica urges government to promote transparency through public consultation

Issued by [SAICA](#)

6 Apr 2023

Saica welcomes the withdrawal by National Treasury to exempt Eskom from disclosing irregular and fruitless and wasteful expenditure in its financial statements.



## *What would have been the impact of the exemption?*

The exemption meant that Eskom would not have had to disclose irregular, fruitless, and wasteful expenditure in its financial statements. This would have ultimately resulted in auditors not reporting on material audit findings relating to irregular and fruitless expenditure in the audit report. The main purpose of an audit report is to provide reasonable assurance that the financial statements of a company are fairly presented in all material respects.

However, public sector institutions such as Eskom have additional disclosure requirements in terms of the Public Finance Management Act due to the impact they have on the economy and the public. Audit reports in the public sector are seen by stakeholders as a way of promoting transparency and accountability.

Saica's CEO, Freeman Nomvalo, reinforced Saica's acknowledgement of the negative impact that a qualified audit opinion may have on Eskom.

"This would impact critical funding required by the utility. However, to stakeholders, it is important to ensure that funds received by Eskom are used efficiently, effectively and for its intended purpose and this can be achieved through the implementation of strong controls to prevent and detect irregular, fruitless and wasteful expenditure. It is therefore important to the country that a solution is sought to ensure that Eskom obtains the required funding and implements strong preventative controls while being held accountable," states Nomvalo.

Saica thus urges government to promote transparency through consultation and communication with stakeholders on critical matters affecting the country to foster a collaborative solution that will be in the public's interest. This approach will ultimately result in an improvement in public finance management which will contribute positively to the economic reforms of the country.

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