

Strengthening Transparency Through Quality Financial Reporting

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Government Finance, Audit & Risk Officers

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Standard Setter

Our discussion

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If a better South Africa is the destination, what role does quality financial reporting play in getting us there?

1. What is quality financial reporting?
2. Why does quality reporting matter?
3. What are the barriers to quality financial reporting?
4. How do we achieve quality reporting?
    - 4.1 How Standards support quality reporting
5. How does quality reporting support a better South Africa?
6. ASB resources available to support quality reporting

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01

What is quality financial reporting?

The qualities that make information useful.

What is quality financial reporting?

Qualitative characteristics support quality financial reporting by making information useful for accountability and decision-making.



Relevance

Makes a difference through predictive or confirmatory value.

Faithful representation

Complete, neutral and free from material error.

Verifiability

Independent, knowledgeable observers can reach broad agreement.

Understandability

Clear explanations that respond to users' needs.

Comparability

Shows similarities and differences across periods and entities.

Timeliness

Available while it can still be useful for accountability and decision making.

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02

Why does quality reporting matter?

The decisions and accountability it enables.

Why quality financial reporting matters

Quality reporting supports informed decisions and accountability.

Examples of use, not a classification of primary GPFR users.

Role player	Why quality matters	Examples of questions it helps answer
Boards and councils	Governance and oversight	How has management used the resources entrusted to it?
Audit committees	Oversight of reporting risk	Which judgements and uncertainties need scrutiny?
Executive management	Resource allocation decisions	What do the results imply for future resource needs?
Treasuries	Financial performance and sustainability	What changes affect the institution's financial position?
Citizens	Understanding stewardship	How has the institution managed public resources?

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03

What are the barriers to quality financial reporting

The institutional barriers that undermine quality.

Barriers to quality financial reporting

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Barriers to quality can undermine reporting before year-end.

Reliable reporting depends on the processes behind the numbers.

A year-end correction can fix a balance while leaving the underlying weakness unresolved.



Weak records

Keep complete records and evidence.



Limited capacity

Assess skills and systems gaps.



Ineffective review

Investigate differences and estimates.



Weak governance

Assign owners and follow up actions.



Year-end focus

Record and reconcile throughout the year.

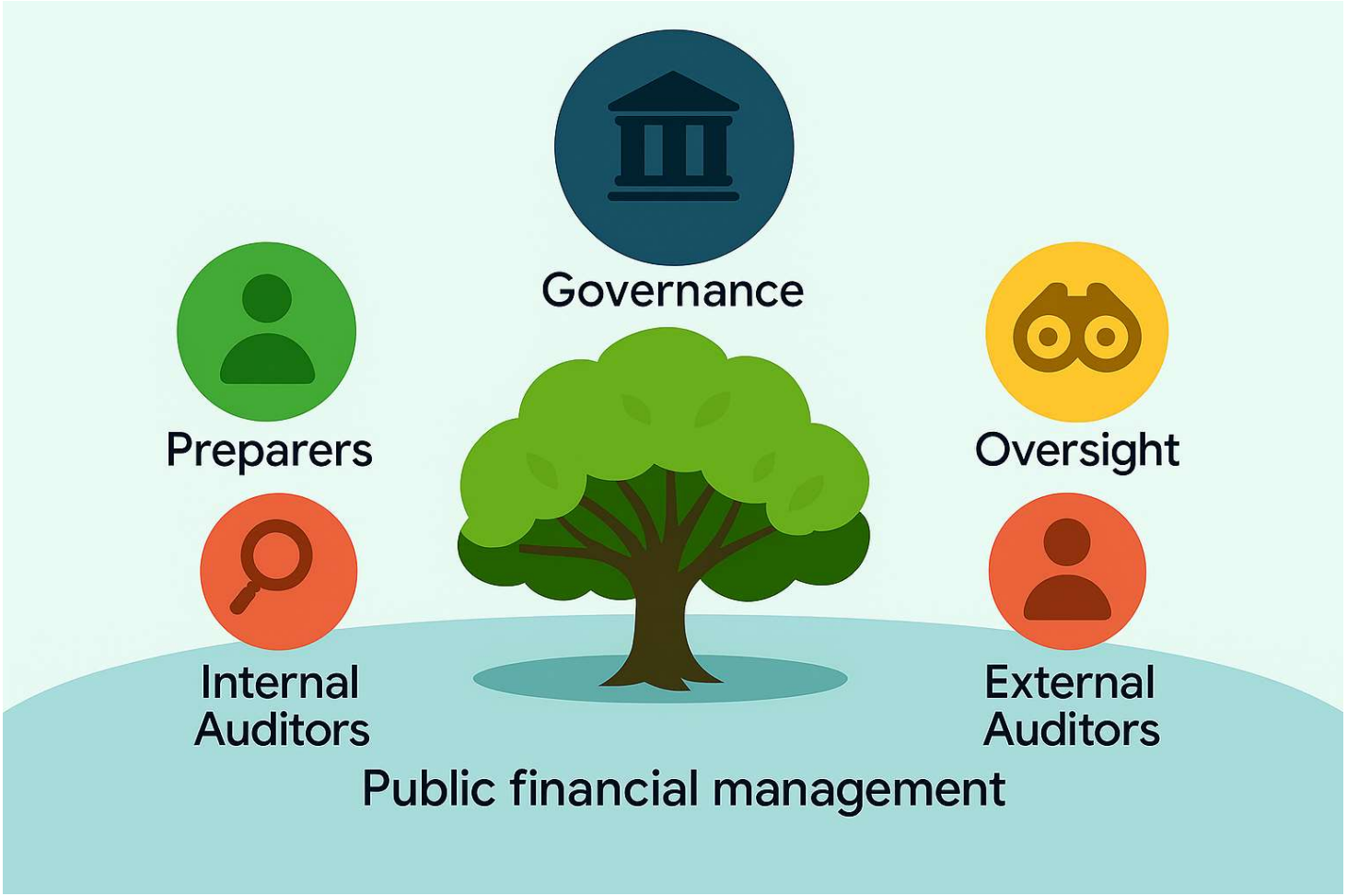
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04

How do we achieve quality reporting?

Shared responsibility, practical actions and Standards.

Quality reporting is a collective effort



Roles may overlap. Each entity's structure and applicable requirements determine who fulfils them.

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4.1

How Standards support quality reporting

Recognition, measurement, presentation and disclosure.

How Standards support quality reporting

Standards of GRAP give entities common principles for what to report, how to measure it and how to explain it.



Recognition

What belongs in the statements?

Report items that meet the criteria and reflect the substance of events.



Measurement

At what amount?

Use the required basis and evidence to support reported amounts.



Presentation

Where and how?

Organise information clearly to support understanding and comparison.



Disclosure

What needs explanation?

Explain policies, judgements and uncertainty so users can interpret the numbers.

Accounting principles support comparability.
Judgement and clear explanations make information useful.

Directive 5: The applicable reporting framework

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Which requirements apply to your reporting period?

01 Reporting period

Use the Appendix for the relevant reporting period.

02 Requirements

Distinguish current requirements from future changes.

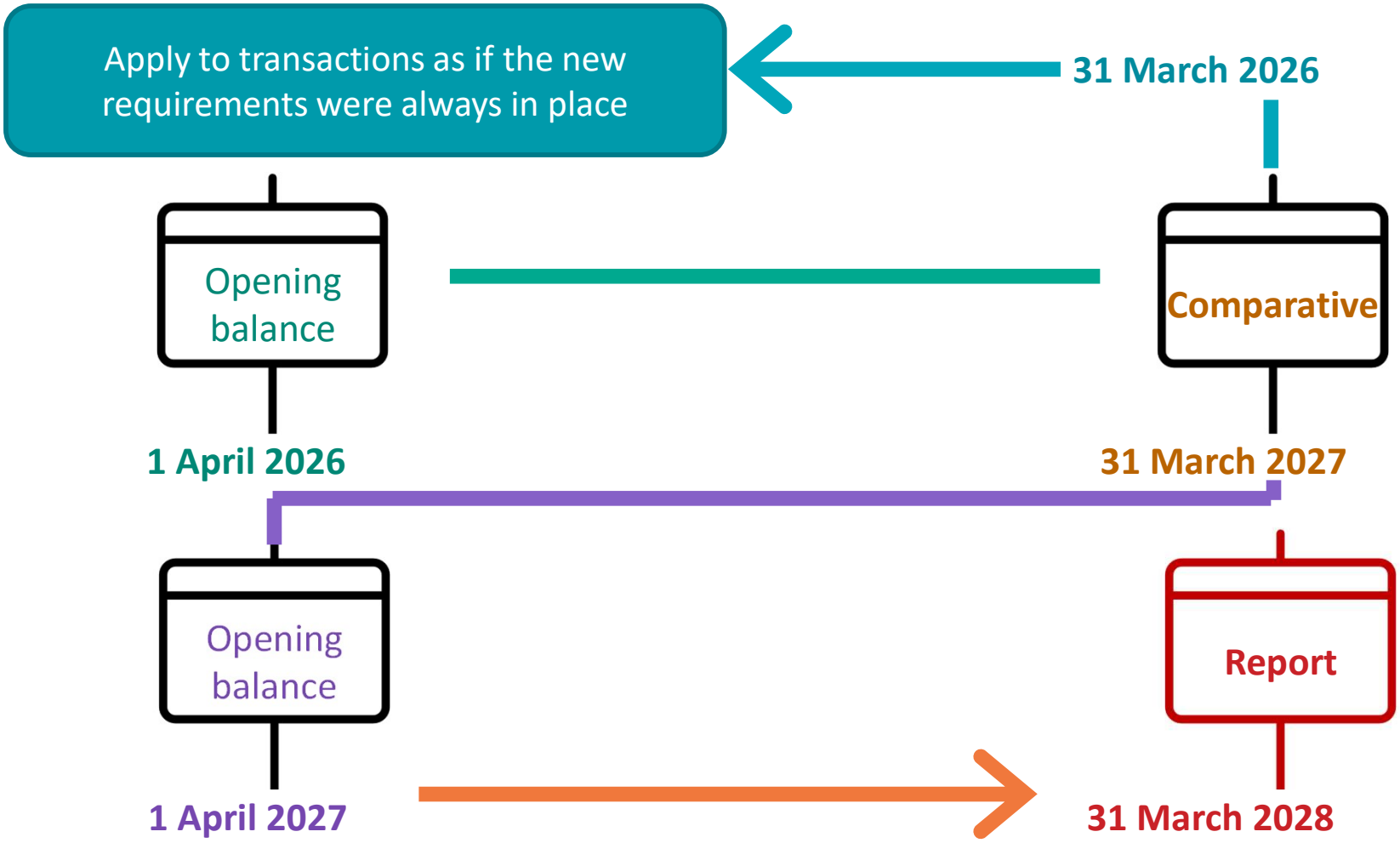
03 Impact

Assess what changes mean for the entity's preparation.

Directive 5 identifies what applies. Impact assessment turns that into a preparation plan.

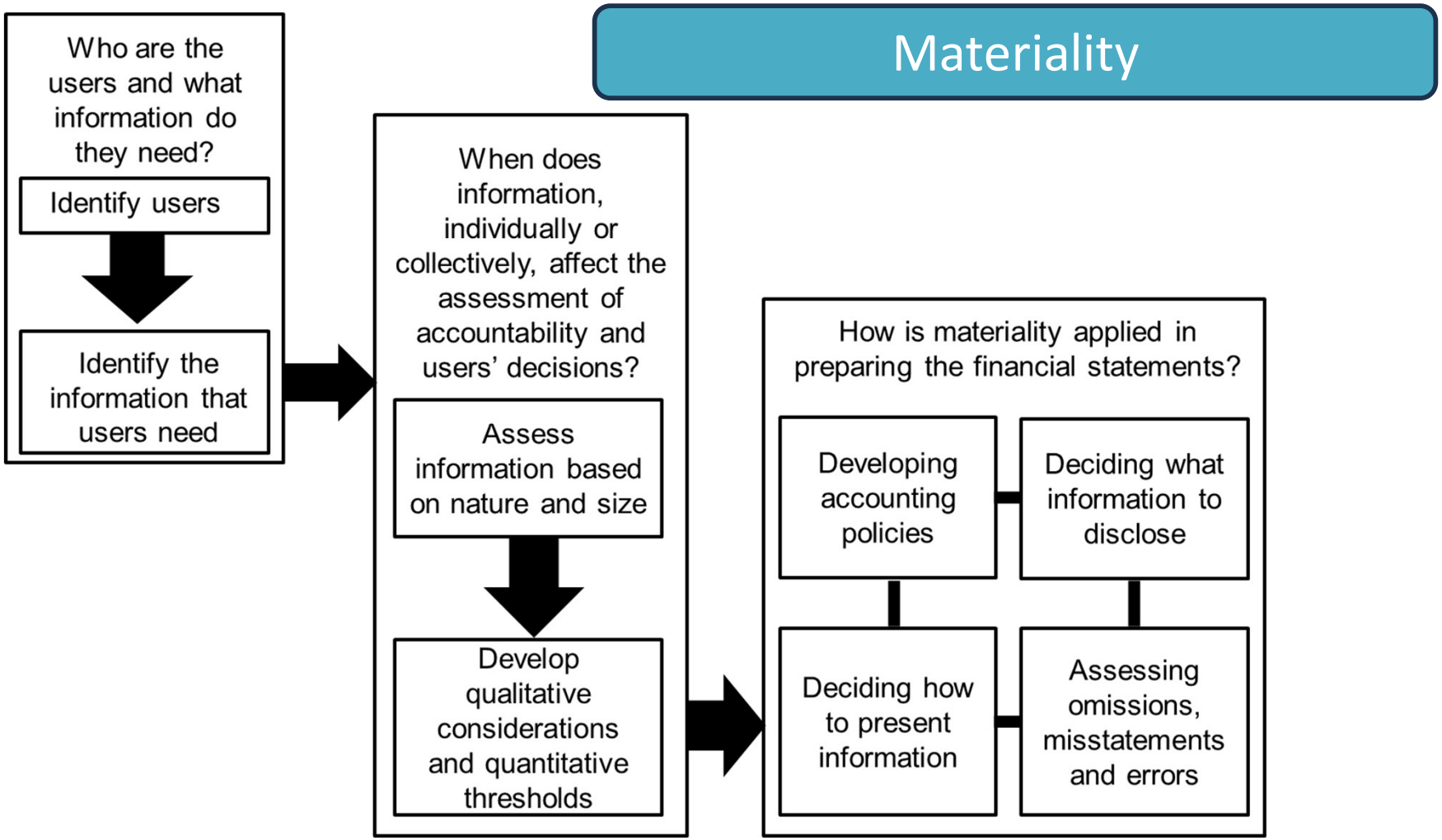
Quality reporting requires early planning

Comparative and opening-balance requirements can mean preparation starts before the effective date.

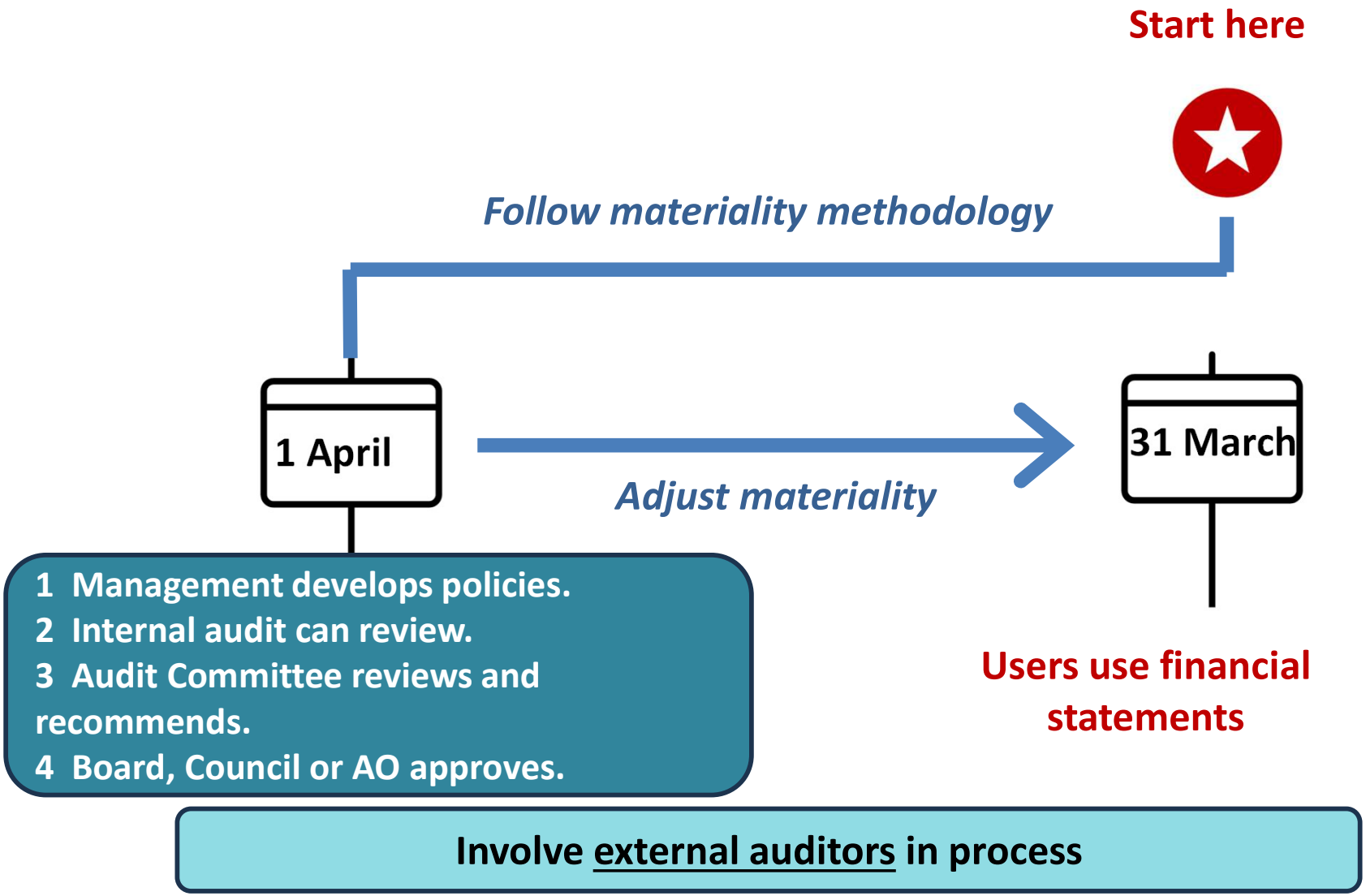


Illustrative timeline: effective 1 April 2027, with comparative restatement required.

Materiality: identifying what matters to users

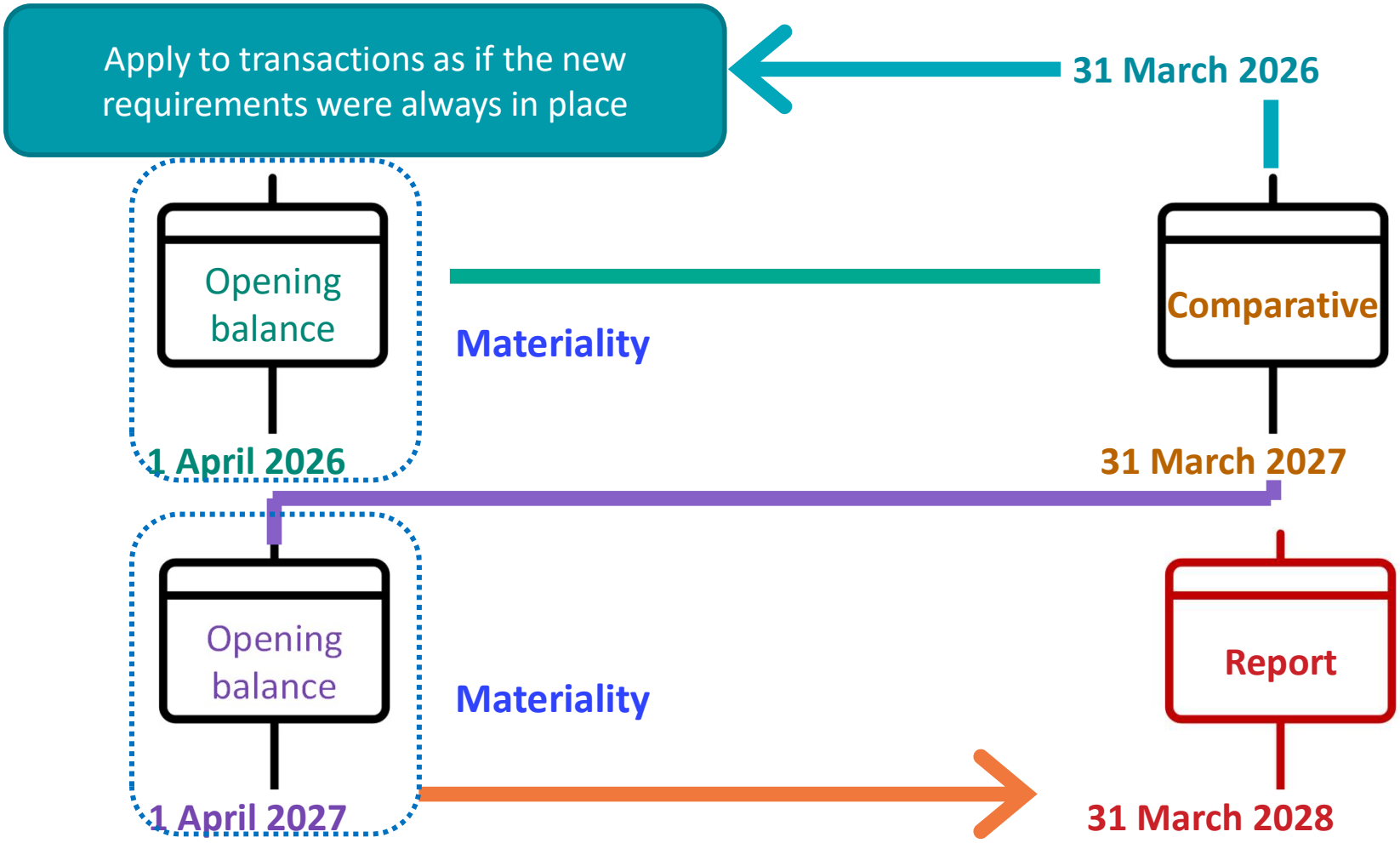


Materiality is an ongoing process



Planning for materiality and Standards

Assess materiality alongside the opening-balance and comparative requirements.



Illustrative timeline: effective 1 April 2027, with comparative restatement required.

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05

How does quality reporting support a better South Africa?

The link between useful information and better outcomes.

What quality reporting contributes

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A better South Africa needs decisions and accountability grounded in useful information.







Useful information	Informed decisions	Accountability with action
Quality makes public resource use understandable and open to scrutiny.	Users can assess resource needs, performance and financial sustainability.	Oversight bodies can question decisions and follow up management's response.

Better services and public trust also require leadership, effective governance and follow-through.

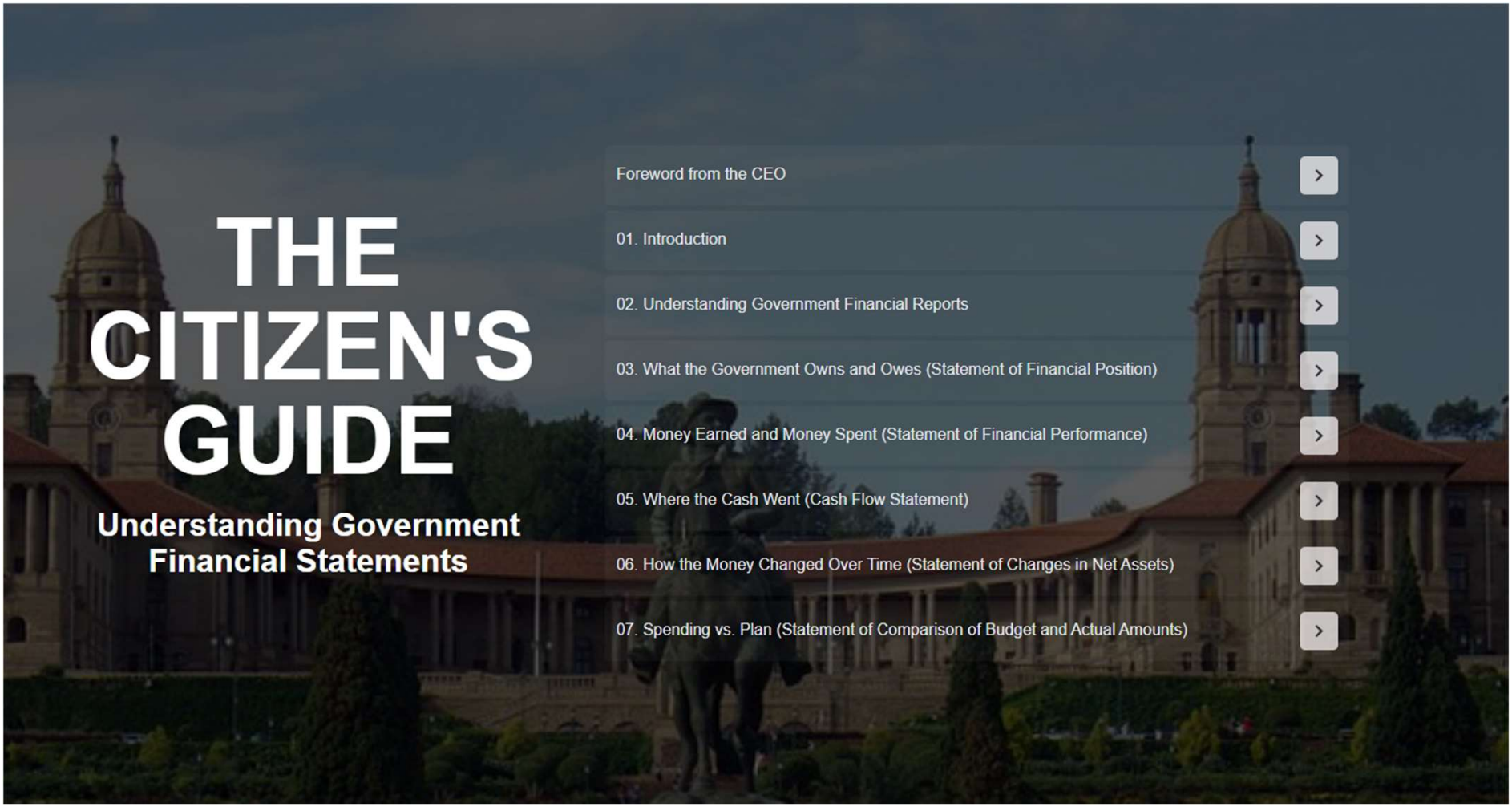
ASB resources that support quality reporting

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ASB website	Access all information on our website. www.asb.co.za
Social media	Follow the ASB on LinkedIn, Facebook and Twitter.
Newsletter	Subscribe to our Newsletter via our website. www.asb.co.za
YouTube	Subscribe to our YouTube channel. ASB YouTube channel
Citizen's Guide	Browse our education material for users. citizensguide.asb.co.za

ASB resources that support quality reporting

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