



The Office Of The Principal and Vice - Chancellor

PROF MANDLA MAKHANYA, PRINCIPAL AND VICE-CHANCELLOR

UNIVERSITY OF SOUTH AFRICA

UNISA/ISCAM MoU SIGNING CEREMONY

OR TAMBO BUILDING, 13TH FLOOR, VIP LOUNGE

30 JANUARY 2019

It can be said that while maintaining their autonomy and independence from the state, institutions of higher learning still reflect the history, culture and ethos of the countries within which they operate. They represent the spirit of the peoples and their aspirations. It is their duty to also examine the developmental trajectory that countries have adopted. In some instances, they provide the content of such developmental trajectory and even the compass that assist such countries to use to navigate the treacherous path of transiting from one state of affairs to the next.

It is against this background Programme Director, appreciating the place of institutions of higher learning in the lives of countries, that it gives me great pleasure to welcome our partners from ISCAM, whose literal translation into English would be the Higher Institute of Accounting and Auditing of Mozambique.

The signing of the MoU between our two institutions has deep significance at various levels. First, both of our countries share a long and often painful history. In addition to our shared colonial past, Mozambique went through a painful civil war which delayed its development by decades. Your development was frustrated by the fact that, instead of focusing on what needed to be done after the independence in 1975, you had to focus your energies on the sheer survival of the nation.

On the other hand, we in South Africa come from a history of an apartheid government which did not only oppress its people, but also played a major role in the destabilisation of your country. For this reason, we have a lot in common that we need to turn into partnerships going forward.

The second area that brings us together is the challenge that both of our countries are facing – corruption in the public sector. Some have suggested that one of the key players in promoting corruption is the donor community, by continuing to give aid to corrupt governments.¹

In both our cases we are faced with the challenge of corruption in the public sector. But as many have started to argue, there is indeed a lot of hidden corruption in the private sector, as I shall demonstrate later. Writing about corruption in the public sector Alan Doig and Robin Theobald make the following observations:

Grand corruption in the form of unashamed looting of the public treasury has hitherto not been as obvious in developed countries primarily for two related reasons: the existence of a large private sector and the opportunities it offers for irregular self-enrichment; and, second, the obverse in the form of the smaller size and lesser strategic position of the public sector in their respective economies.²

¹ Hanlon, Joseph (2006) Do donors promote corruption? The case of Mozambique. *Third World Quarterly*, Volume 25, Issue 4, pp 747-763

² Doig, Alan and Theobald, Robin, Eds (2000) *Corruption and Democratisation*. London and Portland, OR: Frank Cass. Pg. 4

Our own struggles with corruption are well-documented. Depending on when your delegation arrived in the country you may have tuned on the television and watched the unbelievable evidence being presented to the judicial *Commission of Inquiry to Investigate Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State*, otherwise known as the Zondo Commission.

While we are bound by the legal principle of presumption of innocence for anyone implicated and that there are no adverse findings yet against any person or company until the Commission has delivered its report, we can still express shock at some of the allegations that are emerging.

The above brings me to the crux of what has brought us here today. What do all these mean for the accounting and auditing professions?

Back in October 2001 the world woke up to the devastating reports of the biggest corporate corruption of the 21st century – the Enron affair in the United States. Until its demise, Enron was one of the leading energy companies in the world, and certainly the biggest seller of natural gas in the United States.³

³³ For more on the Enron corruption scandal see MacLenna, Carol (2005) Corruption in Corporate America: Enron – Before and After, in Haller, Dieter and Shore, Cris (Eds) *Corruption: Anthropological Perspectives*. London and Ann Arbor, MI: Pluto Press. pp. 156-170

Using accounting loopholes and presenting misleading financial statements, Enron executives were found to have hidden bad debts worth billions of dollars from failed deals. By the time these practices were exposed the company's stock price had collapsed, leading to its eventual disintegration.

We all know that Enron's demise and the exposure of its executives' malpractices would later lead to the exposing of similar practices at two big commercial banks, again in the USA; Freddie Mac in 2002 and Lehman Brothers in 2010. These are but just two out of a long list of corporate corruption scandals.

At the centre of the Enron corruption scandal was the complicity of the accounting firm, Arthur Anderson, which also collapsed as a result. Somehow the other accounting firms have survived similar corruption scandals.

Here at home we read about the complicity of some accounting firms in both public and private corruption cases. The jury is still out on these firms; whether they consciously aided some of the alleged corrupt practices at such instances as the Steinhoff affair, or if they committed genuine mistakes.

What the examples that I have just mentioned point to is the existential crisis that the accounting and auditing professions are facing. Both internal and external accountants and auditors are called upon, more now than ever before, to exercise the highest levels of vigilance. They must ensure that the organisations and companies which they offer professional services to are held to the highest standards of accountability.

The signing of this MoU today must be rooted in our common resolve to train students who will inject into the professions the highest levels of ethical conduct, while imparting the best technical skills. As this MoU states, the partnership must lead to us being able to “train (our students) scientifically, technically and culturally at the highest level in the fields of accounting, auditing and administration/management”.

As UNISA, we bring into this partnership many years of producing the best accounting and auditing students who have gone to become industry leaders and pioneers in the field. We also boast the best research tradition. These place us in good stead to assist ISCAM in undertaking studies into a variety of areas that can assist both

institutions to extract maximum value from their interventions in society.

But accounting and auditing are not only about keeping organisations and companies in check. These professions are critical in contributing to the developmental agenda and welfare of our countries.

Politicians and their advisors may come up with the ideals for the future of our societies. Scientists and bureaucrats may design technical blueprints for these ideals. It is accountants and auditors who must develop and monitor financial models so that these ideals may ultimately be turned into tangible projects: the building of schools, hospitals and clinics, roads, and the overall sustainability of a nation. Thus, our partnership should be aimed at producing graduates who see themselves as critical players in the development of our countries.

Programme Director, as the Principal and Vice Chancellor of this university, charged with the responsibility to work with my team to turn it into a true *African university in the service of humanity*, I commit that we have entered into this partnership with a clear intent: to contribute to the advancement of the African continent and her precious people.

We will therefore do everything in our power to deepen the cooperation between the two institutions.

I thank you!