Towards an integrated reporting framework for South African national museums

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Declaration

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Bongani Mgijima

Date: December 2018

Abstract

The King III Report on Governance for South Africa was introduced in 2009. It was preceded by the King I (1994) and King II (2002) reports. The King III Report was developed according to the 'apply or explain' principle, which meant that an organisation had to either apply it, albeit voluntarily, or explain why it was not doing so. This third version of King introduced the principle of integrated reporting. At a global level, the International Integrated Reporting Council released the International Integrated Reporting Framework in 2013. This framework provided guidelines on how integrated reports should be developed. In 2016, the King IV Report replaced King III and it signified a departure in that it adopted the 'apply and explain' principle.

These developments had implications for almost all organisations, including museums. There are 13 national museums in South Africa that receive funding from the state. Since these entities receive the bulk of their funding from the state, they are expected to account publicly for its use. This thesis commences with a discussion of the interlinked concepts of governance, public accountability and integrated reporting. The theory of governance is explored in all its known dimensions with the main focus on governance as corporate governance. A definition and different theories of corporate governance are outlined. The concept of public accountability is explained in great detail. The dimensions of accountability and its conventions are explored. An attempt to define integrated reporting, its critique and its benefits is provided, with special reference to the International Integrated Reporting Framework and the King reports.

A legislative and regulatory context for corporate governance, public accountability and reporting is provided. It is argued that there is a clear link among these three concepts. The Constitution of the Republic of South Africa Act, 1996 provides a foundation for public accountability and good governance. The Constitution enables South Africa to enact legislation that provides this, including guidelines that are also applicable to museums.

A content analysis of the annual reports of 12 of the 13 national museums indicates that their annual reports are drawn up using the Annual Report Guide prescribed by the National Treasury. The main recommendation of this study is that this guide should be revised to place museums on the path of integrated reporting in line with the principles as laid out in the International Integrated Reporting Framework and the King IV Report.

Opsomming

Die King III-verslag oor bestuur en beheer vir Suid-Afrika is in 2009 ingedien. Dit is voorafgegaan deur die King I-verslag (1994) en die King II-verslag (2002). Die King III-verslag is ontwikkel volgens die “pas toe of verduidelik”-beginsel, wat beteken dat ’n organisasie die beginsel óf moes toepas, alhoewel uit eie beweging, óf indien dit nie gedoen word nie, moet verduidelik waarom nie. In hierdie derde weergawe van King word die beginsel van geïntegreerde verslagdoening bekend gestel. Op ’n globale vlak publiseer die internasionale raad op geïntegreerde verslagdoening (International Integrated Reporting Council) in 2013 die internasionale geïntegreerde verslagdoeningsraamwerk (*International Integrated Reporting Framework*). Hierdie raamwerk verskaf riglyne oor hoe geïntegreerde verslae ontwikkel moet word. In 2016 word die King III-verslag deur die King IV-verslag vervang en ’n nuwe rigting van “pas toe en verduidelik” word bekend gestel.

Hierdie ontwikkelings het implikasie vir bykans alle organisasies, ingesluit museums. Daar is 13 nasionale museums in Suid-Afrika wat befondsing van die staat ontvang. Aangesien hierdie entiteite die grootste deel van hulle fondse van die staat ontvang, word daar van hulle verwag om in die openbaar oor die gebruik van die fondse rekenskap te gee. Hierdie studie begin met ’n bespreking van die verbandhoudende konsepte bestuur en beheer, openbare aanspreeklikheid en geïntegreerde verslagdoening. Die teorie van bestuur en beheer en al die tersaaklike dimensies daarvan word verken, met die hooffokus op bestuur en beheer as korporatiewe bestuur en beheer. ’n Definisie van en verskillende teorieë oor korporatiewe bestuur en beheer word uiteengesit. Die konsep openbare aanspreeklikheid word breedvoerig verduidelik. Die omvang van aanspreeklikheid, asook die verbandhoudende opdragte en beskouings, word ondersoek. Daar word gepoog om geïntegreerde verslagdoening, ingesluit die verbandhoudende kritiek en voordele, te omskryf, met spesiale verwysing na die internasionale geïntegreerde verslagdoeningsraamwerk en die King-verslae.

’n Wetgewende en regulerende konteks vir korporatiewe bestuur en beheer, openbare aanspreeklikheid en verslagdoening word gegee. ’n Beredenering volg oor ’n duidelike verband wat tussen hierdie drie konsepte bestaan. Die Grondwet van die Republiek van Suid-Afrika verskaf die grondslag vir openbare aanspreeklikheid en goeie bestuur en beheer. Dit stel Suid-Afrika in staat om sekere wetgewing uit te vaardig wat hiervoor voorsiening maak, ingesluit die riglyne wat ook vir museums geld.

’n Inhoudelike ontleding van die jaarverslae van 12 van die 13 nasionale museums dui daarop dat dié verslae opgestel word volgens die bepalings van die gids vir jaarverslae (*Annual Report Guide*) wat deur die Nasionale Tesourie voorgeskryf word. Die hoofaanbeveling van hierdie studie is dat dié gids hersien word om te verseker dat museums die weg volg van geïntegreerde verslagdoening wat in pas is met die voorgeskrewe beginsels van die *International IR Framework* en die jongste King IV-verslag.

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There is an African proverb that says, “It takes a village to raise a child.” This proverb is grounded on the African value system of *ubuntu*, which means that one is a human being because of others. I am indebted to many people without whom this thesis would not have seen the light of day. In no particular order, I would like to thank the following:

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On any journey to discover something new, at times mistakes will be made along the way. If any mistakes have been made on this journey, the usual disclaimers apply – they are all mine and mine alone. I remain the global child of the village.

Dedication

I humbly dedicate this work to the memory of my late grandmothers, Evelyn Lulu Msimanga and Nomathamsanqa Beauty Mtimkulu. May your beloved souls rest in power.

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List of abbreviations

CEO	Chief Executive Officer
GRAP	Generally Recognised Accounting Practice
IoDSA	Institute of Directors in Southern Africa
IIRC	International Integrated Reporting Council
NPM	New Public Management
PFMA	Public Finance Management Act
RSA	Republic of South Africa

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Chapter 1: Introduction and orientation

1.1 Introduction

The King III Report on Governance for South Africa was introduced in 2009. This report was preceded by the King 1 (1994) and King II (2002) reports. The first King Report was applicable to large companies and major parastatals. The second revision incorporated government departments and organs of state. King III went even further to cover the non-profit-making sector. On 1 November 2016, the King IV Report on Corporate Governance for South Africa was released. The King III Report was developed according to the 'apply or explain' principle, which meant that organisations had to either apply it, albeit on a voluntary basis, or explain why they were not doing so (Institute of Directors in Southern Africa [IoDSA], 2009). King IV adopted the 'apply and explain' principle, "and the required explanation allows stakeholders to make informed decisions as to whether or not the organisation is achieving the four good governance outcomes required by King IV" (IoDSA, 2016: 7).

The King reports were developed in response to the failures of corporate governance. It was realised that although there were many instruments in place, these were inadequate. In terms of mandatory reporting, organisations were only focusing on financial information and were not disclosing other factors that had a bearing on the life of the organisation. Equally important, organisational reports were focused on past performances and were not future focused. The growing awareness of the limits to growth also propelled the desire to look at issues beyond financial performance. It was also realised that there were risks that organisations were exposed to that were often not covered in the corporate reports.

The most important innovation introduced in South Africa by the King III Report was the notion of integrated reporting that covered sustainability issues. King (IoDSA, 2009:120) defines integrated reporting as "a holistic and integrated representation of the company's performance in terms of both its finances and its sustainability". As part of integrated reporting, King III recommends that economic, social and environmental issues should form part of the reporting process. According to King III, if companies report in an integrated manner, it increases the confidence that stakeholders have in an organisation. It must be mentioned that King III was well received in South Africa. The Johannesburg Stock Exchange made the adoption of King III part of its listing requirements for companies. Major companies and public entities in South Africa have adopted the sustainability and integrated reporting requirements recommended by

King III. In South Africa, there are many public entities that operated at arm's length from government as per the Public Finance Management Act (PFMA) (Republic of South Africa [RSA], 1999). As mentioned, King III has since 1 November 2016 been supplemented by King IV.

The International Integrated Reporting Framework was released by the International Integrated Reporting Council (IIRC) in 2013. The IIRC (2013:2) says,

> It is anticipated that, over time, IR will become the corporate reporting norm. No longer will an organization produce numerous, disconnected and static communications. This will be delivered by the process of integrated thinking, and the application of principles such as connectivity of information.

From this, it is clear that the future of corporate reporting has changed tremendously. This has implications for most organisations, and museums are not immune from this shift in thinking and practice. National museums declared under the Cultural Institutions Act (RSA, 1998) are for the purposes of the PFMA deemed to be national public entities. Although museums by their nature are nonprofit organisations, they are, in terms of the Cultural Institutions Act governed in the same manner as state-owned companies. They are also expected to report in the same manner. The National Treasury has developed guidelines for reporting by government departments and government-owned entities. In South Africa, there are 13 national museums that receive the bulk of their funding from the national government. This means that the public or taxpayers are entitled to be kept informed about the utilisation of their taxes and to be ensured that these entities are actually contributing to the creation of public value.

1.2 Research question

In 2009, the King III Report was published as a governance framework for South Africa. King III was extended to cover government departments, public entities and nonprofit organisations. King III has since been replaced with King IV that has been modified to include sector supplements. King IV has introduced sector supplements for municipalities, nonprofit organisations, retirement funds, small and medium enterprises and state-owned enterprises (IoDSA, 2016).

Museums, especially national museums, in South Africa occupy the space between the nonprofit sector and public entities. Museums are deemed to be nonprofit companies owned by the state. The King III Report introduced an integrated reporting requirement for all entities, and King IV has taken this further to declare that the standards are applicable to all organisations, regardless of shape and size. The standards have also been reduced.

In terms of the PFMA, national museums are required to submit annual reports as part of their public accountability requirements. As seen in the for-profit sector, these reports tend to be inadequate in that they do not disclose information related to the sustainability of the organisation and tend to dwell on past performances. If national museums are going to be managed sustainably into the future, they will need to be better governed. National museums are recipients of state funding and also raise additional funding from private donors and users who pay entrance fees. In addition, national museums are tasked with the difficult task of preserving the heritage of the nation. All these stakeholders need an assurance that museums will continue to provide public value and service to them. The key question is as follows: Are national museums currently complying with the International Integrated Reporting Framework in the preparation of their annual reports?

In order to explore the topic, supplementary subquestions from the International Integrated Reporting Framework were utilised. The main purpose was to explore the possibilities of customising a provisional integrated reporting framework applicable to museums. Thus, the purpose of this thesis was not to create a new framework but to adapt the existing one.

1.3 Research objectives

The research objectives of this thesis were fourfold:

- To survey the literature on integrated reporting internationally and in South Africa.
- To critically review the legislative and regulatory framework for governance, accountability and reporting in South Africa.
- To analyse the contents of annual reports of selected national museums against the integrated reporting framework proposed by King IV and the IIRC.
- To recommend a provisional integrated reporting framework for museums.

1.4 Research design and methodology

The literature study covered the most recent peer-reviewed articles, reports, guidelines and position papers to understand the concept of integrated reporting since it is a relatively new concept. The study employed a qualitative research design and adopted the content analysis method for the annual reports of the national museums. As mentioned, national museums in

South Africa, although nonprofit in nature, are managed in the same manner as state-owned companies. The focus was on annual reports available on websites since "they are the most often used way of communicating with stakeholders" (Havlova, 2015:233). The period of analysis was annual reports published between 2011 and 2016. This was the period after the publication of the King III Report that introduced the concept of integrated reporting in South Africa. The annual reports were tested against the King IV reporting requirements as well as the framework proposed by the IIRC. Although these two instruments were not compulsory, they provided a useful framework for analysis purposes.

1.5 Importance and benefits of the study

Integrated reporting is a relatively new concept. In South Africa, it was introduced in 2009. This study aimed to contribute to the growing literature on the subject. It also aimed to test whether the integrated reporting principles could be applied in museums and, if so, to develop a framework that would make it possible to do so. Museums tend to escape academic scrutiny when it comes to governance. However, as the literature has shown, integrated reporting is the future of reporting and museums also need to find ways of applying these principles and explain why they are or are not doing so. As national museums are run as nonprofit public entities in South Africa, museums have a great deal to learn from their commercial counterparts who have adopted integrated reporting as part of Johannesburg Stock Exchange listing requirements.

1.6 Chapter outline

Chapter 1: Introduction and orientation: This chapter provides an introduction and background to the research problem. It also outlines the objectives of the research, the research design and methodology and the importance of the study.

Chapter 2: Governance, public accountability and integrated reporting: This chapter provides a literature review of the concept of corporate governance. The chapter also gives an overview of the literature on public accountability and integrated reporting.

Chapter 3: Context: Legislative and regulatory framework: This chapter provides a global and South African context for corporate governance and accountability. The chapter focusses specifically on the applicable legislative and regulatory frameworks.

Chapter 4: South African national museums and corporate reporting: This chapter provides a content analysis of the annual reports of 12 national museums in South Africa. The International Integrated Reporting Framework and the King IV Report on Corporate Governance in South Africa were used as a framework for analysis purposes.

Chapter 5: Towards an integrated reporting framework for national museums in South Africa: This chapter provides useful recommendations that could be adopted to improve reporting of national museums in line with the International Integrated Reporting Framework.

Chapter 6: Summary, conclusions and future research: This chapter provides a detailed summary of the research with conclusions and suggestions for future research.

1.7 Conclusion

This chapter has provided an introduction and background to the study. The King III and IV reports and the International Integrated Reporting Framework introduced the notion of integrated reporting that had implications for many organisations, including museums. The chapter has also outlined the research question that was addressed by the study. The research question was underpinned by a set of subquestions derived from the International Integrated Reporting Framework. The main research question sought to determine whether museums complied with said framework and to identify areas for improvement. The chapter has also highlighted the research objectives and the research design and methodology. The chapter has furthermore pointed out the importance and benefits of the study which are, among other things, to contribute to the growing literature in the field. The chapter has lastly outlined the layout of the chapters of this research report.

Chapter 2 will introduce a literature review of the concepts of governance, public accountability and integrated reporting.

Chapter 2: Governance, accountability and integrated reporting

2.1 Introduction

The aim of this chapter is to discuss the interlinked concepts of governance, public accountability and integrated reporting. The chapter will begin with the definition of governance as a concept by providing a perspective of the schools of thought underpinning the concept. Different theories of corporate governance will be outlined. The second stage of this enquiry will explain the concept of public accountability. Public accountability is one of the cornerstones of corporate governance. A theoretical understanding of the concept will be brought to the fore as it serves as a key nexus between corporate governance and integrated reporting. The chapter will next explore the theme of integrated reporting and will delve into the literature on influential documents such as the International Integrated Reporting Framework and the King reports.

2.2 Understanding governance

Governance as a concept is very elusive because it means different things to different people. The word 'governance' has Greek origins and comes from *kubernaein*, which is known as *gubernare* in Latin (Tzeng, 2009). Rhodes (1997) defines governance as the 'minimal state'. According to him, governance refers to the process of governing without government or what he refers to as the 'hollowing out of the state' (Rhodes, 1997). The delivery of public services is contracted to private actors. The state simply regulates the private actors through the use of regulatory bodies. As Rhodes (2007:1248) explains it, "The hollowing out of the state means simply that the growth of governance reduced the ability of the core executive to act effectively, making it less reliant on diplomacy." Governance has been characterised as many things. Rhodes (1997) has defined it as New Public Management (NPM) and self-organising networks; the World Bank refers to governance in the context of good governance (Abdullatif, 2003). In the United Nations Development Programme, governance is defined according to its principles, namely legitimacy and voice, performance, accountability and fairness (Graham, Amos, & Plumtree, 2003). Kooiman (2007) has defined governance as 'socio-cybernetics' or interaction between public and private actors to solve problems. According to Ansell and Torfing (2017), there is no single theory of governance rather many overlapping theoretical discussions and debates. These theoretical debates vary in many ways, depending on the discipline or school of thought. It is the purpose of the next section to explore these theoretical debates or constellations of governance.

2.2.1 Governance as corporate governance

Naidoo (2002:1) refers to corporate governance as "essentially the practice by which companies are managed and controlled". She further asserts that for an organisation to be governed efficiently, there must be a division between the owner and the controller. Cadbury (1992:3) posits, "Corporate governance is defined as holding the balance between economic and social goals and also between individuals and communal goals." Corporate governance according to Cadbury (1992) and Adendorff (2005) exists to ensure that organisational resources are utilised effectively and efficiently and that people entrusted with such resources are called to account. The Organisation for Economic Cooperation and Development (OECD, 2004:25) defines corporate governance as "the system by which business corporations are directed and controlled". This definition looks at the structure of the organisation and the distribution of decisions and accountability within it (Botha: 2005). Neuberger and Lank (1998:13) argue that "corporate governance is the system of structures and process to direct and control corporations and to account for them". Those responsible for corporate governance exercise direction in terms of strategic decisions, control over management and accountability to the stakeholders of the organisation (Tricker ,1984).

According to Fernando (2006), the agency theory of corporate governance is based on the notion that the owners of an organisation are responsible for determining its direction. Borlea and Achim (2013: 118) assert that agency theory refers to the "relationships established between the owners of a company and its directors, relationships embodied in a mandate (agent) contract which consists in one first part (the principal) that engages the other part (the agent) to perform some services on their behalf". Agency problems, or lack of accountability, come to the fore when there is a conflict of interest coupled with no contract in place to mitigate this (Eisenhardt, 1989; Hart, 1995). According to the stewardship theory of corporate governance, managers or stewards are driven by principles and will always put organisational interests above its own and therefore owner control is unnecessary and burdensome as it can kill the managerial drive. Even if conflict of interest exists, the interests of the organisation will always prevail (Borlea & Achim, 2013). The managers or stewards also enjoy personal satisfaction when organisational goals are achieved, and they must be allowed to run an organisation based on trust (Haslinda & Benedict, 2009). The stakeholder theory rests on the notion that those tasked with governance are accountable to more stakeholders than shareholders. Hill & Jones (1992:133) define stakeholders as "a group of constituents who have legitimate claim on the firm". This includes people who are directly or indirectly affected by the actions or nonactions of the organisation. These could be clients or the entire community (Borlea & Achim, 2013). The resource dependency theory of corporate governance views organisations as entities that share resources with other entities. Therefore, they cannot be completely divorced from their inner and outer environment. The employees of an organisation bring skills as a resource to the organisation. Hillman, Withers & Collins (2009:1) put this succinctly when they observe, “RDT recognises the influence of external factors on organisational behaviour.” Managers as people who have control over resources can mitigate dependence on resources from the outside. The ethics and moral hazard theories deal with what is right and wrong in business. This includes “business ethics theory, virtue ethics theory, feminist ethics theory and postmodern ethics theory” (Haslinda & Benedict, 2009:93). Moral hazard theory views the separation of organisational management and ownership as a challenge. Managers are guided by self-interest and will use every opportunity to escape accountability. This causes transaction costs borne by the principal in trying to mitigate the moral hazards. There is also information asymmetry between the agent and the principal, which increases the transaction costs of holding the agents accountable to the principals or stakeholders.

2.2.2 Governance as new public management

Ansell and Torfing (2017) argue that the concept of governance arose in part through a fundamental problematisation of the role and function of the state”. The configuration of the state along the lines of Weberian bureaucracy was no longer adequate to deal with new challenges. Traditional public administration also drew a line between politics and administration. It was furthermore seen as a flawed mechanism of delivering public goods and services. This ‘reinvention of government’ (Rhodes, 2007) signified a major departure from traditional public administration, which was characterised by big government. According to Radnar *et al* (2017), traditional public administration was premised on the rule of law, rule-based bureaucracy, centralised policy making, incremental budgets and reliance on a professional pool of bureaucrats.

The reinvention of government became known as NPM. According to Radnar *et al*. (2017:,48) the rise of NPM provided a “more managerial and market-orientated framework for public services delivery, and for one that did not simply reform the role of citizens and public administrators but which sought to recast them entirely”. Klijn (2010:304) defines NPM as “a means of improving performance and accountability or a form of market governance”. According to Kjaer (2004), governance constellated as NPM brought about major changes to the delivery of public services. Management principles from the private sector under NPM were imported into the public sector (Batley & Lorbi, 2004). The emphasis was on the results to be achieved or results-based management. Incremental budgeting of traditional public administration was replaced by ensuring value for money by using resources efficiently. Under NPM, managers were also given more freedom to take decisions.

NPM is characterised by privatisation (Kjaer, 2004). Public services are unbundled and contracted out to nonstate actors and special-purpose agencies at a fee (Batley & Lorbi, 2004). These agencies are semi-autonomous and function far away from political heat. However, the state is still responsible for setting policy and the agencies are merely implementation instruments. The relationship between the state and these agencies is managed through performance contracts. The market and competition play a critical role in improvement of service delivery. Competition ensures that citizens who are cast as clients are spoilt for choice. Decentralisation, devolution and delegation are deployed to ensure that decisions and services are rendered closer to the people.. Kjaer (2004;30) argues that under NPM, "public officials could also be held accountable for their clients and users, and that this might even increase the quality of services". This is in stark contrast with traditional public administration whereby accountability is hierarchical.

2.2.3 Governance as network governance or new public governance

Kickert & Koppenjan (1997: 35) argue that "governance and public management frequently take place in network like situations". Klijn & Koppenjan (2012:592) define these as "interactions between interdependent actors with divergent interests and perceptions about desirable solutions" This means that in managing and delivering public services, there is no single actor with the energy and resources to deliver all the public services. Service delivery rather relies on the cooperation of all actors. Governance networks are a result of challenges that cannot be solved by one actor acting alone (Hughes, 2010; Loffler, 2009). This signifies a shift from big government to a less formalised conglomeration of different and informally arranged multiple actors. This interactive form of governance "can enhance legitimacy in public governance, improve efficiency in decision making processes and lead to better results and outcomes" (Edelenbos & Van Meerkerk, 2017:402). Coordination among the network of actors based on rules and trust enhances efficiency. Klijn (2010) posits that trust is an essential ingredient of networks. Trust reduces transaction costs among networks, facilitates cooperation, creates knowledge exchange among the actors and enables innovation (Klijn, 2010). Trust is essential since actors in a network do not have "the power to determine the strategies of other actors" (Kickert, Klijn & Koppenjan, 1997: 9).

Papodopolous (2014:205) observes that "governance is often seen as an interactive process, in which the achievement of policy goals results from the cooperation between various interdependent state and non-public agents". In network governance, vertical accountability hierarchies are undermined as network participants in a governance arrangement are independent. Network participants have to externally account to their own constituencies (Papodoupolos, 2014). Interactive and network governance participants are interdependent and "consist of a variety of actors who have their own goals and strategies but who are dependent on each other to achieve the desired policy outcomes" (Loffler, 2009: 222).

Papodopolous (2014: 208) argues that within networks, "the problem of too many hands poses an accountability challenge". Since everybody seems to be in charge, passing the buck happens more often in networks. Networks are also closed and invisible, and this poses problems as "visibility is the precondition for accountability" (Papodopoulos, 2014 :208) ; Eddelenbas & Van Meerkerk, 2017). Network participants may also turn rogue and act to advance their private interests. Papodopoulos (2017) argues that the involvement of networks in policy making and implementation may weaken the traditional internal hierarchical accountability of the state. The state actors in a network also have the unenviable task of having to account for decisions taken by the networks. Networks sometimes suffer from what Koppel (2005) refers to as 'multiple accountability disorders'. Since networks are not elected and are governed by informal rules, they may lead to governance by the unelected and may be detrimental to democratic forms of accountability (Papodopoulos, 2014).

Peters (2010) has identified four problems associated with network governance: The first problem is that networks lack decision-making powers. Since their rules are not clearly defined, decisions are normally taken trough bargaining mechanisms and sometimes through consensus. This leads to the problem of no decisions or even bad decisions. The second problem relates to participation. Networks cannot possibly include everyone, so exclusion is always a challenge. Partners who do not possess skills of persuasion always lose in network situations. The third problem is coordination. Networks are autonomous in nature, and steering them is not an easy feat. Kickert & Koppenjan (1997:39) argue that "the actors have different and sometimes conflicting objectives and interests. Government is not the single dominant actor that can unilaterally impose its will." This means that in a network arrangement, hierarchical management and accountability are not possible. Peters (2010: 42) argue that "the creation of a large number of autonomous or quasi-autonomous agencies has created many more organisations that need coordinating". As mentioned, network accountability is a big challenge. This erodes the capacity of the state to exert control and accountability within networks (Peters, 2010). Bovaird (2004) highlights fragmentation and unclear responsibilities within governance networks as the major cause of the erosion of accountability. Bovaird (2004:208) posits that "accountability and decision making have to become shared within partnerships and networks", including bringing these in line with the principles of democratic rather than managerial accountability. This includes network partners' being accountable to each other and to external stakeholders for overall network performance.

2.2.4 Governance as multilevel and global governance

According to Ansell & Torfing (2017: 2), “Multilevel governance refers to a system of continuous negotiation among vested governments at the local, regional, national and supra levels.” Global government, in contrast, refers to attempts at the supra level to address global challenges. Bovaird & Loefler (2009) propose that global governance is about how to cope with problems that transcend the borders of nation-states (such as air pollution, the sex tourism industry, or the exploitation of child workers) given the lack of a world government. As a result of globalisation, the power of national governments has been transferred to multilateral institutions such as the United Nations and its agencies. The rise of the internet and multinational companies has blurred the once clearly defined boundaries of nation states. Kjaer (2004) posits that there are three perceptions of global governance: Global governance is viewed in relation to transnational networks, as coordinator of all international activities and as if it were the government for the entire world.

Goodhart (2014: 289) argues that global governance and international law pose an accountability challenge that “has always been complicated by the lack of robust enforcement mechanisms”. Accountability at a global level has taken place mainly through international treaties and multilateral organisations, sanctions and military interventions that “together form a web of international accountability arrangements designed to hold states and rulers accountable for their behaviour” (Goodhart, 2014: 292). However, according to Goodhart, the international enforcers of accountability take decisions that affect millions of people but lack legitimacy. They are not directly accountable to the people whom they purport to represent. The structuring of governance at global level makes direct and democratic accountability almost impossible. Goodhart (2014) identifies seven instruments for holding global actors accountable: hierarchical, supervisory, fiscal, legal, market, peer and public reputation.

Global governance, argues Goodhart (2014), lacks accountability as it is characterised by self-interest of the actors, with little regard to representative democracy and merely serves as a microcosm of the unequal power relations in the world. For global governance to work properly, Goodhart (2014) proposes five cardinal principles: inclusion and fairness, pluralism, dialogue, checks and balances, and subsidiarity. Goodhart (2014: 297) posits that global governance “requires legitimacy and that this legitimacy would be enhanced through greater accountability”. This can be done through global administrative law enacted by a global parliament or “surrogate accountability”, which is “a process of third parties taking a role in the accountability process – either by setting standards of accountability, finding and interpreting information or imposing sanctions” (Goodhart, 2014: 299). These mechanisms can only work if there is a global civic society to which global actors will be accountable to democratically.

2.2.5 Governance as good governance and public value management

The World Bank and the International Monetary Fund as reform mechanisms and conditions for the funding of developing countries put forward the notion of good governance. They argue that bad governance is the source of all problems faced by the developing world. Under the notion of good governance, developing countries have to be governed according to the indices of good governance. These involve transparent policy-making processes, professionalisation of bureaucracy, democratic accountability, citizen participation and respect for the rule of law. The separation of power among the legislature, the judiciary and the executive, strong institutions in support of democracy, free elections and respect for citizens are anchors of good governance. The United Nations Development Programme prescribes five principles of good governance: legitimacy, direction, performance, accountability and fairness. Kjaer (2004: 139) posits that the key notion of accountability inherent in this governance model was one of "outward accountability".

Stoker (2006:42) states that "the governance of the public realm involves networks of deliberation and delivery in pursuit of public value". Public value is defined through a process of dialogue that involves all the stakeholders. All actors involved in public value creation need to be equally recognised, guided by a public service ethos and service delivery paradigms informed by equity, efficiency and accountability. Accountability in a public value management context is negotiated among stakeholders on the basis of checks and balances, goal setting, oversight and visible leadership. According to Stoker (2006), three forms of accountability are involved in public value management: financial, efficiency and programme accountability. Financial accountability is about sticking to rules and regulations, efficiency accountability relates to value for money and programme accountability is about accounting for performance achieved. As Stoker (2006) puts it, in the context of public value management accountability involves taking responsibility. This form of governance creates a fertile ground for accountability, but such accountability may not mean more responsibility as many actors are involved in the relationship and the process of service delivery and decision making. There are also shared learning, more participation, democracy and mutual respect (Stoker, 2006). This bring us to public accountability, the next section of this thesis.

2.3 Public accountability

The concept of public accountability is as elusive as that of governance. Accountability means many things to many people. In this section, an attempt will be made to define public accountability with specific reference to major thinkers in the field. This section will cover various conceptions of accountability.

2.3.1 The concept of public accountability

Bovens (2007) posits that there is a link between the concept of accountability and that of accounting. However, accountability no longer has the same meaning as its financial twin. For Bovens (2007), accountability can be classified either as broad or narrow. It can also be classified as a mechanism and a virtue (Bovens, 2010). In its broad manifestation, "Accountability often serves as a conceptual umbrella that covers various other distinct concepts such as transparency, equity, democracy, efficiency, responsiveness, responsibility and integrity" (Bovens, 2007: 449). In its broad application, the concept of accountability refers to virtuous pursuits such as good governance.

Bovens (2007:450) prefers a narrow definition and states that "accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences". The actor and a forum in the accountability relationship could be an individual or an organisation. A hierarchical relationship could exist between the forum and the actor although this need not be the case at all times. The actor must also have either a formal or an informal obligation to account to the forum. In giving an account to the forum, the actor must explain his/her conduct to the forum. This could take the form of a presentation of all the required information.

The second stage of accounting requires the forum to scrutinise the information, and a debate should happen. The final stage involves the forum giving its verdict. The verdict may be a sanction and in the case of good performance, rewards. Bovens (2007) argues that there are four dimensions of accountability. These can be mapped based on the nature of the forum where the account takes place, the nature of the actor who is giving account, the nature of the conduct accounted for and the nature of the obligation to account. In terms of the public sector, Bovens (2007: 455) observes that there are just too many forums or "too many eyes" to account to. There could also be too many actors involved in the process of accountability. Bovens (2007:457) refers to this as "the problem of many hands".

2.3.2 The promise of public accountability

Public accountability, like its governance counterpart, is equally an elusive and a misunderstood concept (Dubnick& Yang ,2009; Bovens, 2010). Looking for a one-size-fits-all definition is similar to searching for a needle in a haystack. Dubnick (2009: 3) posits that "accountability is regarded as the hallmark of modern democratic governance and a central concept in public administration". According to Dubnick (2009), the promiscuity of public accountability, as a concept, rests on its many promises. The six promises of accountability are control, ethical behaviour, performance, integrity, legitimacy and justice. The promise of control rests on traditional bureaucracy systems such as hierarchy, audit oversight and rules. The promise of integrity "facilitates and fosters responsible, trustworthy and virtuous behaviour" (Dubnick, 2009:6). The promise of ethical behaviour relies heavily on personal and institutional values that can be entrenched through training and monitoring. The promise of legitimacy is derived from the notion that there is a link between accountability and a democratically constituted governance arrangement. According to Dubnick (2009:8), the promise of performance is "driven by the assumption that accountability is instrumentally linked to improved performance". However, Dubnick (2009) cautions that such an assumed link between performance and accountability has not been proved conclusively. The last promise of accountability relates to justice. This type of accountability relates mainly to transitional justice arrangements such as the Truth and Reconciliation Commission in which the public confession of sins is linked to redemption. However, Dubnick (2009) cautions that the last promise may not deliver real justice. For Dubnick (2009:20) the promises of accountability are overshadowed by what he refers to as "the promiscuity, multi-functionality, polymorphism and situatedness of accountability".

2.3.3 Orders of accountability

According to Dubnick (2007), there are four orders of accountability. The first order of accountability is performative accountability. When accountability is constellated as performative, there should be two parties. The first party renders the account, and the other party is the receiver of the account. In this sense, accountability is about doing or giving reasons for conduct. The second order is regulatory accountability. This form of accountability is premised on rules and regulations. These rules make it clear that failure to conform will result in performative accountability. Managerial accountability, according to Dubnick (2007), is the third order of accountability. This form of accountability is intended to motivate the account giver or actor so that she/he may behave in a manner deemed appropriate. This is to ensure that the actor improves on the conduct in future. This form of accountability enables rather that hinders the actors with the use of rewards and sanctions.

The last order is embedded accountability. This form of accountability is based on an internalised notion of what is good and has an ethical dimension to it. It is based on the internalised values and norms of the actor and on the appeal to professionality and personal integrity (Dubnick, 2007).

2.3.4 Accountability as a chameleon

Sinclair (1995: 219) defines accountability as "a relationship in which people are required to explain and take responsibility for their actions". Sinclair points out that accountability is like a chameleon as it comes in many shapes and sizes. Romzek (2000: 40) refers to this phenomenon as " overlapping array of accountability relationships".From this chameleon-like concept comes five forms of accountability: political accountability refers to the accountability rendered to political hierarchy; public accountability "is understood as more informal but direct accountability to the public, interested community groups and individuals";(Sinclair,1995: 230). Managerial accountability is about monitoring the performance of actors; professional accountability relates to expert peers; and personal accountability refers to "fidelity to personal conscience in basic values such as respect for human dignity and acting in a manner that accepts responsibility" (Sinclair, 1995:230).

Koppell (2005) argues that the demand for more accountability in the public sector has created the problem of multiple accountabilities disorder and warns that "organisations trying to meet conflicting expectations are likely to be dysfunctional, pleasing to please everyone. Ironically this may include failures of accountability in every sense imaginable" (Koppel, 2005: 95). Koppel proposes five conceptions of accountability: transparency, liability, controllability, responsibility and responsiveness. All these conceptions are demonstrated with their key determinants in Table 2.1 below.

Table 2.1: Conceptions of accountability

Conception of accountability	Key determination
Transparency	Did the organisation reveal all the facts of its performance?
Liability	Did the organisation face the consequences of its performance?
Controllability	Did the organisation do what the principal (e.g. Congress, President) desired?
Responsibility	Did the organisation follow the rules?
Responsiveness	Did the organisation fulfil the substantive expectation (demand/need)?

Source: Koppel (2005: 96)

2.3.5 Accountability conceptualised

Accountability is dependent on transparency, and therefore it is important for organisations and actors to reveal all the relevant information pertaining to its performance. As Koppel

(2005:96) points out, “Transparency is most important as an instrument for assessing organisational performance, a key requirement for all the other dimensions of accountability.” For transparency to work, access to the organisation needs to be granted to interested parties with the right for them to question officials. The information presented must also be accurate.

Liability is the second conception of accountability. There should be consequences for underperformance in the form of rewards or punishment. There are also laws in place to ensure that transgressors face the consequences. Organisations that do not deliver on their mandates should be punished during the budgeting process. Equally important is the fact that staff salaries should be performance linked. Koppel (2005:97) states that

> the animating principle of liability as an element of accountability is that the mere revelation of wrongdoing or poor performance does not constitute accountability. Consequences must be attached to performance in the form of professional rewards or setbacks, added or diminished budget authority, increased or diminished discretion, or reduced or increased monitoring.

The third conception of accountability is controllability. Romzek & Dubnick (1987) observe that an “ingredient in any accountability system is the degree of control over agency choices and operations exercised by those source of control”. The organisation or agent should be able to demonstrate that it has delivered on the expectations of the principal.

The fourth conception of accountability is responsibility. Organisations operate in a legislated environment, and they need to abide by these rules and regulations. These rules also include professional codes of ethics. Responsibility refers to the application of laws and regulations in delivering a service.

The last conception is responsiveness. Koppel (2005: 98) argues that “responsiveness is used here to differentiate an organisation’s constituents (or clients) from orders of elected officials”. Responsiveness should be shown to the needs and demands of external clients or citizens.

2.3.6 Multiple demands for accountability

Klenk (2015: 983) argues that “private providers of public services for profit are confronted with competing, and very often contradicting demands”. This is because they work in an ever-changing environment where there is a conflict of expectations and many forums to account to. Organisations confronted with multiple demands for accountability, according to Klenk (2015), respond in four ways: acquiescence, compromising strategies, compartmentalisation and refusal or defiance. Klenk (2015) posits that the organisation’s ability to satisfy multiple accountability demands from a forum depends solely on the type of sanction meted out for noncompliance.

Halachmi (2014:561) argues that “accountability overload evolves when arrangements to assure accountability in various respects, political, legal, professional, social, bureaucratic, or environmental, become dysfunctional”. This renders the organisation inefficient and may be detrimental to lateral thinking within the organisation. Much-needed resources that could have been used to deliver services are shifted towards compliance monitoring and control. These may create inertia within the organisation and may cause exorbitant transaction, overhead and opportunity costs. Most importantly, as a result of accountability overload, givers may elude accountability altogether. The transparency needed in accountability may also result in malicious compliance. Halachmi (2014 :569) postulates that “a transition from governing to governance may enhance accountability in the most economical way”. This will ensure that the costs of accountability are not more than the benefits derived from it.

Scott (2000) argues that accountability over the years has been extended to nonstate actors who were previously exempted from this practice; he refers to this as ‘extended accountability’. Accordingly, “Accountability may be rendered to a higher authority (upwards accountability), or to lower level institutions and groups (such as consumers) (downwards accountability)” (Scott, 2000:42). According to Scott, many values are placed on accountability. There may be economic, social, procedural and continuity values.

2.3.7 Fragmented accountability

Parker & Gould (2005:336) argue that “in a more specific sense, accountability has been variably defined as implying simply a literal account/reporting function or implying explanation or justification of actions”. Parker & Gould identify six public sector accountabilities: professional accountability, managerial accountability, interdepartmental accountability, purchaser accountability, fiscal accountability and public/consumer accountability. Under NPM, accountability to clients or users of services is emphasised. According to Parker & Gould (2005: 243), accountability to users of services “represents a focus upon individuals and a particular group in society, thereby fragmenting accountability to society at large”. There is a move from outside to inside accountability, and accountability is reduced to performance measurements; this may detrimental to policy and administrative accountability.

2.3.8 Information and accountability

Steward (2005) argues that information is central to the notion of accountability. He argues that accountability rests on two legs. In the first instance, accountability relies on information that must be provided in an easy format . This is followed by a judgement or actions taken on the basis of the information provided. The action may include a sanction or an incentive, depending on the nature of the information provided since “the full concept of accountability involves both rendering and judging as a basis for action” (Steward, 2005: 258). For accountability to be effective, there must be a clear relationship between the information giver and the account holder. The subject to be accounted for must also be clearly defined.

Steward (2005) identifies five ladders of accountability: policy accountability, programme accountability, performance accountability, process accountability and accountability for probity and legality. According to Steward, there are three bases for accountability: programme accountability, process accountability and fiscal accountability. Accountability also ensures that resources are used for their intended purpose. Legal accountability also gives an assurance that account givers act within the parameters of their authority. Administrative accountability prevents maladministration.

2.3.9 Accountability and democracy

Warren (2014) argues that the need for accountability emerges when there is a conflict of interest between authorities and the governed. Democratic accountability is about justification for the exercise of the power delegated by the governed to the governing. For democratic accountability to be exercised, “those entitled to hold power-holders to account must be empowered to demand and sanction on account of a decision or political decision” (Warren, 2014: 41). Accountability in a democratic context comes with some costs and should be exercised only if it assists in preventing malfeasance. Warren (2014) identifies six resources for democratic accountability: (a) Mediated accountability refers to checks and balances exercised by one agent on another agent on behalf of the principals. An example of this is opposition parties holding ruling parties accountable on behalf of the electorate.(b) Proximate accountability is about direct accountability to the users of services as propagated by NPM and other initiatives to reimagine government. (c) Governance accountability is about accountability in a networked government where the state is but one of the actors responsible for delivering services. (d) Global governance refers to accountability at a supranational level. (e) Exit-based accountability relates to the capacity to enter and exit contractual relationships. If one is not happy with the service, one can always terminate the contract and enter into another contract with another party. This is about freedom of choice. (f) Regarding associationbased accountability, “accountability in such cases works primarily through normative commitments that generate associations” (Warren, 2014: 51). When such associations lose their purpose, they disappear.

2.3.10 Bases of accountability

Mansbridge (2014) identifies three types of accountability: sanction-based, trust-based and dynamic accountability. Regarding sanction-based accountability, Mansbridge (2014: 57) states that “based on economic principal agent theory this new depiction of accountability come to focus on punishment”. This form of accountability is detrimental to morale and is based on distrust. Trust-based accountability is the opposite of sanction-based accountability. This form of accountability is based on mutual trust, and the agent has more room to manoeuvre, which may lead to better delivery of services. Dynamic accountability is a middle way between sanction- and trust-based accountability. It identifies the useful elements of both and utilises these while discarding the useless ones. Patil *et al* (2014) refer to trust-based accountability as process accountability while sanction-based accountability is viewed as outcome based.

2.3.11 Instruments of accountability

Peters (2010: 213) argues that “accountability refers to the requirement that an actor, be it an individual or an organisation, render some account of their actions to an independent authority”. Peters identifies four instruments of accountability: (a) Hierarchical accountability depends on the use of law, performance audits, authority, disciplining and punishment as forms of compliance assurance. This instrument is susceptible to resistance, which may result in the deployment of more compliance instruments. (b) Mutuality as an instrument of accountability relies on agents being able to parallelly monitor one another. Peters (2010:219) argues that “although mutualism is an important mechanism for accountability in partnerships it depends upon participants having relatively equal power over the other”. The equality in power ensures that the actors are able to keep each other in check. (c) Accountability could also be exercised through competition among public sector organisations. For example, schools could compete for the best matric results, thus improving efficiency and performance. The quest to have a positive public image may also force organisations to act in an accountable manner. (d) Contrived randomness is a form of accountability that is elicited on an ad hoc basis. An example of this could be a minister visiting a hospital or police station (Peters, 2010).

Uhr (2014) identifies four forms of accountability: internal, external, underdone and overdone accountability. Internal accountability relates to hierarchical reporting within the organisation. External accountability may also be horizontal or vertical. Underdone accountability refers to gaps that are found in the accountability processes or deficits. Overdone accountability has to do with ever-increasing demands to render an account. Romzek (2014: 308) argues that "accountability can be pursued through formal structures and processes as well as informal interpersonal dynamics". Formal accountability is based on clear criteria for performance and expectations, it is hierarchical in nature and it may include external actors. Informal accountability is based on shared values and does not involve hierarchy. The obligation to report is a form of accountability. Schillemans & Busuioc (2014:1) observe that "public managers function in a web of accountability". Accountability rests on three phases: During the information-giving phase, "annual reports are the most prominent and well-known examples of accountability information" (Schillemans & Busuioc, 2014: 2). During the debating phase, the account holders discuss information provided by the accountee, including questioning. During the consequence phase, the account holders reach a decision that may involve positive or negative sanction on the basis of the information provided.

The next section is going to explore the notion of integrated reporting.

2.4 Integrated reporting

As mentioned in the previous section, there seems to be a link between accounting and reporting. This section will provide a definition of the concept of integrated reporting. It will also outline how an integrated report is prepared and provide the guiding principles and content elements of an integrated report. An overview of the King III and IV reports will also be provided.

2.4.1 Definition of integrated reporting

The IIRC distinguishes between an integrated report and integrated reporting. According to the IIRC (2013:7), an integrated report is "a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term". This definition signifies a departure from the past when an annual report was crafted as a document that recorded past achievements. It also signifies a departure from when financial statements were merely contextualised and vast amounts of detail were left out of the report (IIRC, 2013). Furthermore, integrated reporting refers to the process that leads to the creation of an integrated report. For this process to work, it must be based on thinking that is integrated. This process tends to break down silo thinking within an organisation.

2.4.2 The International Integrated Reporting Framework

The International Integrated Reporting Framework can be viewed as the holy book of integrated reporting. The next paragraphs are going to outline how an integrated report is prepared, how the integrated report contributes to the value creation process, the capitals that are key to the success of an organisation, the guiding principles of an integrated report and the content elements of an integrated report.

2.4.2.1 Preparation of an integrated report

The purpose of an integrated report is “to explain to providers of financial capital how an organisation creates value over time” (IIRC, 2013: 4). The integrated report is useful to all stakeholders, both internal and external to the organisation. According to the IIRC (2013: 8),

> An integrated report may be prepared in response to existing compliance requirements. For example, an organisation may be required by local law to prepare a management commentary or other report that provides contexts for its financial statements. If that report is also prepared in accordance with this Framework, the report can still be considered an integrated report.

The only problem will be if there is too much information in the report to the point that the principles of integrated reporting are clouded; then such a report fails the test. An integrated report can be presented on its own, or it can be included as part of some other information. For a report to be deemed integrated, it has to meet the requirements of the International Integrated Reporting Framework. In the case of information being omitted, the integrated report must state the type of information left out, why it was left out, including the timeframes, and remedial action to be applied to address this shortcoming.

An integrated report has to include a statement from the governing body affirming (a) that it takes responsibility for the accuracy of the report; (b) that it has scrutinised the report and; (c) that the report has been completed in line with the International Integrated Reporting Framework. If the governing body cannot affirm accordingly, it must disclose its role in the preparation of the report and remedial action with timeframes.

2.4.2.2 Value creation and the integrated report

As has already been mentioned, the integrated report gives an account of how the organisation creates value over a long period of time. The process of value creation is outlined in Table 2.2.

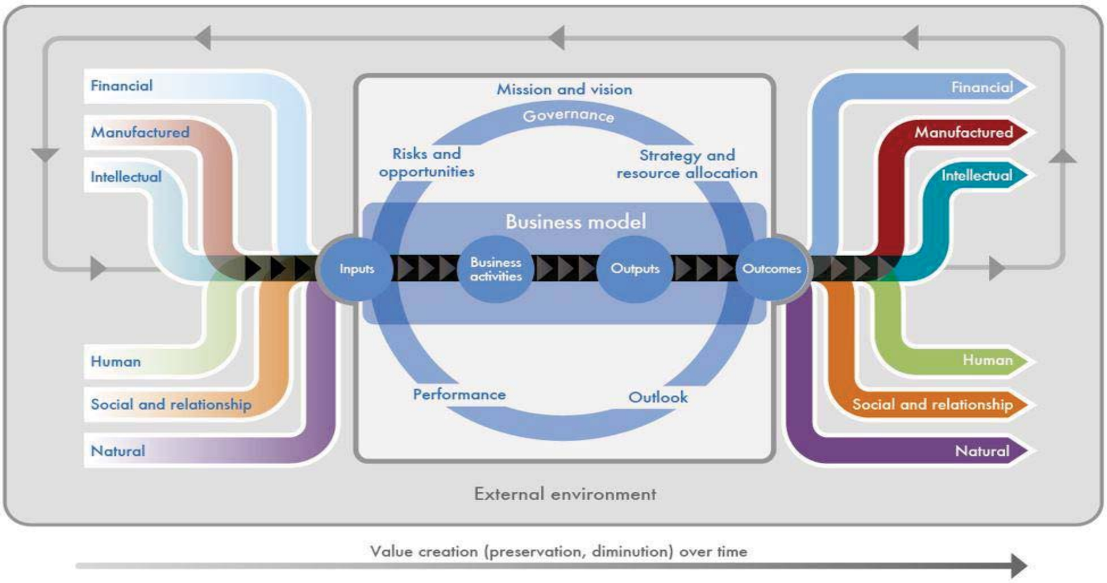
Table 2.2: Value creation process

How value is created	Insight of the integrated report
Influenced by the external environment	The external environment that affects an organisation.
Created through relationships with stakeholders	The resources and the relationships used and affected by the organisation, which are referred to in Section 2C as financial, manufactured, intellectual, human, social and relationship and natural.
Dependent on various resources	How the organisation interacts with the external environment and the capitals to create value over the short, medium and long term.

Source: IIRC (2013: 10)

The IIRC (2013:10) argues that "value created by an organisation over time manifests itself in increases, decreases or transformations of the capitals caused by the organisation's business activities and outputs". Such value can be internal and external. Internal value is the value created for the providers of financial capital while external value is created for society as a whole. The external and internal values are interrelated and inseparable. The external environment may have a negative impact on the organisation as a whole; hence, providers of capital need this to assess the creation of value over time, as captured in Figure 2.1.

Figure 2.1: Value creation process



Source: IIRC (2013)

Since the creation of value is a long process, it is important that all the capitals that are used to create value are in equilibrium so that one capital does not overshadow another. In the next section, the capitals are going to be discussed in greater detail.

2.4.2.3 The capitals

The capitals are very important for the success of any organisation. The IIRC (2013: 11) describes capitals as “stocks of value that are increased, decreased or transformed through the activities or outputs of an organisation”. The capitals change with time. For example, the costs of sales may decrease the financial capital but increase the manufactured capital. A detailed description of the various categories of capitals is found in Table 2.3.

Table 2.3: The capitals

Categories of capital	Description
Financial capital	Money available to the organisation to carry out its business raised through investors or profit.

Manufactured capital	Assets that are available to the organisation such as machines and buildings used for the business.
Intellectual capital	Knowledge base of the organisation.
Human capital	Human skills linked to governance, strategies and organisational processes.
Social and relationship capital	Relations with stakeholders, brand promise and the social standing of the organisation.
Natural capital	Natural resources used by the organisation in the past, present and future in carrying out its business.

Source: IIRC (2013:11)

The capitals are not cast in stone, and each organisation may describe its capitals differently. The capitals, as part of the integrated report, are important in terms of ensuring value creation and for organisations to consider capitals in a holistic manner.

2.4.2.4 The guiding principles for an integrated report

The International Integrated Reporting Framework proposes seven guiding principles for compilation of an integrated report, as contained and explained in Table 2.4 below. These are strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability.

Table 2.4: Guiding principles of the International Integrated Reporting Framework

Integrated report	Guiding principle
Strategic focus and future orientation	An integrated report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short, medium and long term and to its use of and effects on the capitals.

Connectivity of information	An integrated report should show a holistic picture of the combination of and the interrelatedness and dependencies among the factors that affect the organisation's ability to create value over time.
Stakeholder relationships	An integrated report should provide insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests.
Materiality	An integrated report should disclose information about matters that substantively affect the organisation's ability to create value over the short, medium and long term.
Conciseness	An integrated report should be concise.
Reliability and completeness	An integrated report should include all material matters, both positive and negative, in a balanced way and without material error.
Consistency and comparability	The information in an integrated report should be presented: • On a basis that it is consistent over time. • In a way that enables comparison with other organisations to the extent that it is material to the organisation's own ability to create value over time.

Source: IIRC (2013:16)

2.4.2.5 The content elements of an integrated report

The International Integrated Reporting Framework provides eight elements or principles for an integrated report, with its associated principles as presented in Table 2.5.

Table 2.5: Content elements

Content elements	Principles
Organisational overview and external environment	An integrated report should answer the question, “What does the organisation do, and what are the circumstances under which it operates?”
Governance	An integrated report should answer the question, “How does the organisation’s governance structure support its ability to create value in the short, medium and long term?”
Business model	An integrated report should answer the question, “What is the organisation’s business model?”
Risks and opportunities	An integrated report should answer the question, “What are the specific risks and opportunities that affect the organisation’s ability to create value over the short, medium and long term, and how is the organisation dealing with them?”
Strategy and resource allocation	An integrated report should answer the question, “Where does the organisation want to go, and how does it intend to get there?”
Performance	An integrated report should answer the question, “To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on the capitals?”
Outlook	An integrated report should answer the question, “What challenges and

	uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?"
Basis of preparation and presentation	An integrated report should answer the question, "How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?"

Source: IIRC (2003: 24)

It needs to be mentioned that Mr Mervyn King, the brain behind the King reports, presided over the completion of the International Integrated Reporting Framework. This framework had a great influence on the King IV Report that was released in 2016. Before we discuss King IV, it may be useful to take a detour into King III since it introduced the concept of integrated reporting in South Africa for the first time.

2.5 The King reports on corporate governance

The King III Report was introduced in 2009. This report has been supplemented by King IV as of November 2016. This section commences with the outline of the King III Report with a special focus on integrated and sustainability reporting. The next part will deal with an overview of the King IV Report with more attention given to the remedies that it prescribes for accountability, corporate governance, reporting and disclosure. The philosophies of King IV will also be outlined.

2.5.1 King III Report

Before discussing the philosophies and provisions contained in King IV, it may be useful to start from the beginning by outlining how King III changed reporting in South Africa. The King III Report came about as a result of the introduction of the Companies Act, which has been discussed in great detail in the section above. As mentioned, the King III Report was based on the apply or explain principle. As the King Report III argues,

> In following the 'apply or explain' approach, the board of directors, in its collective decision-making, could conclude that to follow a recommendation would not, in the particular circumstances be in the interest of the company. The board could decide to

apply the recommendation differently or apply another practice and still achieve the objective of the overarching corporate governance principles of fairness, accountability, and transparency (IoDSA, 2009: 6).

This means that the board has discretion to apply or not to apply the principles as long as an explanation could be provided as to why. The King III Report also argues that there is a strong link between the principles and legality. The key aspects of King III are good governance and effective leadership, sustainability as economic imperative of our times and corporate citizenship as a constitutional obligation.

2.5.1.1 King III and integrated reporting

The King III Report also puts emphasis on sustainability, climate change, a stakeholder-inclusive approach and integrated reporting. The other important discursive shift presented by King III was to extend the codes to be applicable to all organisations irrespective of their incorporation. Since it was the purpose of this study to focus on integrated reporting, it focused on this theme in relation to the King III Report. As mentioned, the purpose of King III has been to align the codes with the Companies Act and other new developments.

Integrated reporting is one of the key recommendations of King III. According to King III, integrated reporting "means a holistic and integrated representation of the company's performance in terms of both its finances and its sustainability" (IoDSA, 2009:54). Communication with stakeholders should be transparent at all times to build trust, and information communicated should be clear and accurate. King III encourages companies to disclose in the integrated report the requests for information and requests that were not approved. The reliability of the integrated report is the responsibility of the board, and an organisation has to put in place controls to ensure that the information presented in the integrated report is sound.

2.5.1.2 King III and sustainability reporting

The board, according to King III, must delegate the function of interrogating sustainability information to the audit committee. King III recommends that the integrated report should be prepared annually and must present holistic information on the organisation's sustainability and financial performance. The emphasis should be on substance rather than on form (IoDSA, 2009).

The sustainability report of an organisation should be embedded in the financial statements. The board has to make a statement on the financial results of the company, including the going concern status and how the company makes its profit. Equally important is the disclosure in a balanced manner of how the company aims to mitigate its negative impacts. The audit committee should oversee sustainability reporting, including review of the integrated report to ensure that nonfinancial and financial information speak to each other. The role of the audit committee in sustainability reporting also includes quality assurance.

2.5.2 King IV Report

The King IV Report is the latest trend in the world of corporate reporting. Released in November 2016, the King IV Report incorporated most of the principles of the International Integrated Reporting Framework. It also created additional sector supplements aligned with the needs of nonprofit organisations, municipalities, retirement funds, small and medium enterprises and state-owned entities. King IV comes at a time when there have been notable global shifts such as financial crises, climate change, the rise of social media, technological disruptions and the transition into the fourth and fifth industrial revolution, and demographic transitions (IoDSA, 2016).

King IV also laments the shifts in the manner in which business is conducted. There have been transitions from financial to inclusive capitalism, from short-term to long-term sustainable markets and from siloed to integrated reporting (IoDSA, 2016). There have also been earth-shattering shifts in the arenas of stakeholder management, governance of technology and strategy. Another notable shift in King IV has been the adoption of the apply and explain principle, signifying a move away from the apply or explain dictum of King III. As King IV puts it, “Explanation also helps to encourage organisations to see corporate governance not as an act of mindless compliance, but something that will yield results only if it is approached mindfully, with due consideration of the organisation’s circumstances” (IoDSA, 2016:7). This new dictum will go a long way in ensuring that those who are tasked with governance are able to explain their practices while equally applying the principles.

2.5.2.1 Accountability and corporate governance

King IV provides a definition of the concepts of accountability and corporate governance. King IV postulates that accountability is “the obligation to answer for the execution of responsibilities. Accountability cannot be delegated without abdicating accountability for the delegated responsibility" (IoDSA, 2016:9). This is a very useful definition since governance and reporting are essentially about accountability.

The second interesting definition is that of corporate governance, which is described as "the exercise of ethical and effective leadership by the governing body towards achievement of the following governance outcomes: ethical culture, good performance, effective control [and] legitimacy" (IoDSA, 2016: 11). King IV argues that the use of corporate governance serves to differentiate it from other forms of governance. In this particular context, it refers to an organisation under the control of a governing board.

The third concept of interest is that of corporate citizenship, which is defined as "the recognition that the organisation is an integral part of the broader society in which it operates … with rights but also responsibilities and obligations" (IoDSA, 2016:11). The corporate citizen derives her/his permission to exist from the other citizens.

2.5.2.2 Reporting and disclosure

King IV shares many similarities with the International Integrated Reporting Framework. For example, the definitions of many concepts such as integrated report/reporting and integrated thinking have been lifted from the framework as they are. King IV lists the roles and responsibilities of a governing body as (a) steering and giving strategic direction; (b) ensuring accountability; (c) overseeing and monitoring; and (d) approval of policy and planning. King IV goes further by emphasising that "the governing body finally ensures that there is accountability for organisational performance through, among others, reporting and disclosure", which is one of the key objectives of King IV (IoDSA, 2016: 21).

King IV repeatedly states that the report is designed to set the bar higher should legislation set it lower. However, in cases where there is a clear conflict between legislation and the provisions of King IV, legislation will take precedence and prevail over King IV; hence, "if there is a conflict between legislation and King IV, now or in the future, the law prevails" (IoDSA, 2016: 36). This is a very important statement since King IV includes state-owned entities such as national museums that are governed by legislation and may still want to apply the King reports nevertheless. Integrated reporting, according to King IV, is strongly linked to sustainable development philosophies that view the organisation as part of its community with integrated thinking, corporate citizenship and inclusion of stakeholders as its key pillars.

King IV recommends ethical and effective leadership from the governing body. Such leadership should be grounded on integrity, competence, responsibility, accountability, fairness and transparency (IoDSA, 2016). Strategy, performance and reporting should be seen as part of the process of creating value. More importantly, King IV counsels that "the governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects" (IoDSA, 2016: 48). The reporting process of the organisation should be steered by the governing body, including approval of the format in line with legislation and the reporting needs of stakeholders. The governing body must ensure that an organisation each year issues an integrated report that could stand alone or be part of another report. The materiality and integrity of reports should be approved by the governing body. The integrated report, annual financial statements and any disclosures should be made available on the internet for interested stakeholders. The board is also responsible for stakeholder management.

Needless to say, the rest of King IV is very similar to the International Integrated Reporting Framework and to an extent some of the provisions of the PFMA, the Public Audit Act and the Companies Act.

In the next section, the focus is going to shift to the literature on integrated reporting. This is still a growing field, and the surface has barely been scratched.

2.5.3 Critique of integrated reporting

There is an emerging literature on the concept of integrated reporting. Flower (2015) provides a fresh critique of the IIRC as an integrated reporting framework. He argues that the IIRC's International Integrated Reporting Framework signifies a departure from sustainability reporting. He posits that the value mentioned in the framework is value for capitalists and not for the general good. Since the framework is not enforceable, according to Flower (2015), it will not change the shape of corporate reporting.

Du Toit (2017: 8) argues that the "integrated report has its origin in the annual report, traditionally the main form of formal communication". The information contained in the annual report was limited to audited financial statements and an overview from the governing body. However, the integrated report goes further than the annual report. It also provides information on financial, governance and environmental performance in an interlinked manner (Eccless & Saltzman, 2011).

An integrated report breaks down silo planning and reporting within an organisation and cuts down the length and volume of the information presented. Brown & Dillard (2014) argue that consequently, an integrated report excludes other stakeholders and only addresses shareholders. There could also be bias in that the report may overlook negative information and only focus on positive aspects (Solomon & Maroun, 2012). As De Villiers, Venter & Hsiao (2017:13) put it, "Some integrated reports are prepared by managers; those reports are subject to agency problems, suggesting a need for the assurance of integrated reports". Sufian & Dumitru (2017) posit that the information required in an integrated report is not as clear as it should be. Of equal importance is a lack of understanding of how these reports are utilised by their users. Since there are multiple users, the transparency of the information presented is of greater importance in terms of the value created. The information contained in an integrated report must be relevant to stakeholders, including "the recognition of a broad accountability to all stakeholders impacting on and affected by the actions of the organisation" (Conradie & De Jongh, 2017: 294).

Integrated reporting may be beneficial to public sector entities especially for accountability, decision making and control (Kohler & Hoffman, 2018; Manes-Rossi, 2018). Hence, "A holistic document which incorporates all the different information related to the entity may increase accountability and transparency" (Manes-Rossi, 2018:175). Integrated reporting may also increase public value and democratic participation in public sector organisations. However, Mcnally, Cerbone & Maroun (2017) argue that integrated reporting has some limitations. The information on strategy and performance can at times be misaligned, and checking information that matters could be like extracting a tooth from a chicken. The disclosure of risk is also not always properly demarcated in integrated reports.

2.5.4 The momentum of integrated reporting

Adams (2015: 250) argues that

> the features of integrated reporting which have the potential to shift the thinking of corporate actors to better align notions of profit maximisation with the wellbeing of society and the environment (following Adams and Whelan, 2009) are its emphasis on thinking long term and encouragement of broader thinking of what is value, the value creation process and the business model.

For Adams (2015), the accounting needed for integrated reporting is still not yet developed; hence, integrated reporting should be voluntary. However, reporting on sustainability should be made mandatory. Equally important is that integrated reporting is gaining momentum as more and more companies are applying the integrated reporting principles.

2.5.5 Integrated reporting and companies

Havlova (2015) has conducted a study of 48 companies across the world that adopted integrated reporting early to see how their reports have changed after the IIRC's framework was adopted. According to this study, "With the greater adoption of integrated reporting the number of reports is decreasing although the companies still publish more than one disclosure" (Havlova, 2015 237). Havlova also notes that as part of integrated reporting, information technology is widely used by companies to communicate with their stakeholders (and the volume of reports has decreased).

2.5.5.1 Conciseness of reports

In terms of public companies, Havlova (2015) observed that they published fewer reports and their disclosures decreased accordingly as opposed to private companies. There was also a difference in disclosure between listed and nonlisted companies. The first disclosed more information while the latter disclosed less. In a similar study conducted on industrial companies that had adopted integrated reporting, Lozano-Ruiz and Tirado-Valencia (2016) found that despite the efforts of the analysed companies to address the guiding principles, they still had a long way to go, especially in relation to the principle of 'conciseness'. Equally important is the fact that comparison of reports was very difficult as the companies subscribed to different key performance indicators.

Rensburg and Botha (2013) evaluated the communication between companies and their stakeholders in relation to integrated reporting. They postulate that in South Africa, "very few stakeholders use the Integrated Reports as their main source of financial and investment information, and that these reports are seen as additional information" (Rensburg & Botha, 2013:144). Also, the people who understood the reports were highly educated people. The authors believe that the reports need to be simplified so that they can be communicated to a broader range of stakeholders.

2.5.5.2 Benefits of integrated reporting

Eccles and Saltzman (2011:57) describe an integrated report as “a single document that represents and explains a company’s financial and non-financial – environmental, social and governance (ESG) – performance”. This document is accordingly designed to bring all this information together. Eccles and Saltzman (2011:60) also point out that an integrated report can contribute to “increased efficiency, reduced cost and improved communication”. According to Eccles and Saltzman (2011), integrated reporting is beneficial in the allocation of resources, stakeholder involvement, good reputation, meeting customer value, sustainability, accuracy and risk management. Adams (2013) postulates that integrated reporting brings benefits in changing the manner in which decisions are made for the benefit of the business, the community and the environment. In this way, everybody benefits. It also assists businesses in the early detection of risks so that the impacts of these risks on the company may be mitigated.

2.5.6 Materiality disclosure and integrated reporting

Fasan and Mio (2017) argue that the traditional form of reporting no longer meets the reporting requirements of stakeholders. They posit that integrated reporting compensates for this gap by rendering information that integrates organisational strategy with corporate governance and organisational performance while covering the triple bottom line issues. According to this school of thought, integrated reporting is a “hybrid practice that spans between the different worlds of financial reporting and sustainability reporting aiming to provide a true and fair view of the firm value thereby accounting for sustainability” (Fasan & Mio, 2017: 288). They argue that materiality disclosure in organisations that have adopted integrated reporting is influenced by the industry type, including the size and diversity of the governing body.

The authors propose that industry-specific guidelines for materiality disclosure should be developed. The board is also critical in determining organisational disclosure; hence, the “annual reports are the main source of information employed by the board to judge managers and, if need be, punish them ….” (Fasan & Mio, 2017: 292). The main thesis of Fasan and Mio is that from an integrated reporting perspective, the industry type and the size and diversity of the board have a bearing on the materiality of disclosure. The legal environment does not seem to impact on this because integrated reporting is mainly voluntary. Accordingly, Fasan and Mio (2017:303) argue that integrated reporting “is shifting the main focus of reporting from comparability to credibility, and the equilibrium between these two reporting features needs to be reached through managing materiality”.

2.6 Conclusion

This chapter has dealt with the interlinked concepts of governance, public accountability and integrated reporting from a theoretical point of view. Governance can be conceptualised in many ways. When viewed under the umbrella of corporate governance, theories such as agency theory, stewardship theory, stakeholder theory, resource dependency theory and moral hazard theory come to the fore. In this manner, corporate governance is about holding agents and stewards accountable for their actions. When theorised as NPM, governance entails the use of private sector accountability practices in the public sector where accountability for services is rendered directly to users via a myriad of mechanisms. Network governance means that there are many agents involved in the delivery of public services, and this change has implications for accountability. Multilevel and global governance has even made the business of governance more complex. Multilevel institutions such as the World Bank and the International Monetary Fund impose their own accountability mechanisms on nation states, but it is not clear to whom they are accountable regarding problems of legitimacy.

The chapter has also covered different conceptions of accountability. Accountability entails the existence of two parties bound by an obligation of one party to account to the other. This form of accountability takes place in a forum where an account is given followed by deliberation, and based on that deliberation, a decision is taken. The assumption is that accountability will improve performance and good conduct on the part of the account giver. Accountability can be elusive, and more accountability could lead to the problem of too much accountability. Accountability can be rendered upward or vertically, depending on the circumstances, and is the cornerstone of governance.

Central to governance and accountability is reporting. Accounting is about reporting whereby an organisation communicates its strategy, performance and governance in terms of the creation of value. The International Integrated Reporting Framework is one such instrument. It was designed with the private sector in mind and in South Africa has been extended to the public sector through its incorporation into the latest King Report. The extension of the International Integrated Reporting Framework into the public sector is line with the principles of NPM. Since public sector organisations, such as museums, deliver a wide range of services and have to account to different stakeholders, it becomes important for them to account in an integrated manner and to ensure that the information presented meets the different needs of different constituencies and legislative frameworks, as discussed in the next chapter.

Chapter 3: Legislative and regulatory framework

3.1 Introduction

The purpose of this chapter is to introduce the legislative and regulatory framework governing public accountability, corporate governance and integrated reporting in the South African context. Special attention will be paid to the legislation that regulates or enables these both in the public and private sector. The King reports make a clear link between good governance and legislation.

3.2 Constitution of the Republic of South Africa Act, 1996

The Constitution of the Republic of South Africa Act, 1996 (herein after referred to as 'the Constitution') was promulgated on 18 December 1996 and came into force on 4 February 1997. It has since been amended 12 times, and it establishes South Africa as one country with three spheres of government at national, provincial and local level. These three spheres of government, although separate, are interdependent and must work together, and as section 2 affirms, "The Constitution is the primary law of the Republic; law or conduct that is not in line with it is not legally binding and anything stated in it must be realised" (RSA, 1996: 3). The Constitution also establishes three arms of the state in the form of the executive, the legislature and the judiciary. These three arms are independent of each other and in fulfilling their constitutional obligations may not encroach on or overreach into the terrain of one another.

3.2.1 The Constitution as a tool for governance and accountability

Section 32 of the Constitution gives everyone "the right of access to any information held by the state, and any information that is held by another person and that is required for the exercise or protection of any rights". (RSA , 1996:13). Clearly, the Constitution puts an obligation on the state and its organs to disclose or account publicly for its actions. This assertion is emphasised with section 33, which prescribes that an administration action taken by an organ of state must not only be lawful but must also be procedurally fair.

The Constitution further renders administrative actions of the state and its organs reviewable by a competent court, and it imposes a duty on the state to implement these rights by directing that a national legislation must be enacted. The two pieces of legislation prescribed by sections 32 and 33 of the Constitution are the Promotion of Access to Information Act no 2 of 2000 (RSA, 2000a) and the Promotion of Administrative Justice Act no 3 of 2000 (RSA, 2000b). A judicial review or "decision issued by a court binds all persons to whom and organs of state to which it applies" in terms of section 165 (RSA, 1996: 82). For the purposes of this research, these two pieces of legislation were not analysed further since the Constitution provides a sufficient summary of what they entail in terms of accountability.

3.2.2 The Constitution and cooperative governance

Section 41 of the Constitution provides a mechanism for cooperative governance among the three spheres of government, and hence it is stated that "all spheres of government and all organs of state within each sphere must provide effective, transparent, accountable and coherent government for the Republic of South Africa". The Constitution gives the National Assembly powers to exercise accountability and oversight over all organs of state. Section 55(2) states that

> the National Assembly must provide for mechanisms- (a) to ensure that all executive organs of state in the national sphere of government are accountable to it, and (b) to maintain oversight of (i) the exercise of national executive authority, including implementation of legislation and (ii) any organ of state (RSA, 1996:34).

So sweeping and binding are the constitutional powers of the legislature to enforce accountability that section 56 provides for it to summon any person or institution to appear before it to give evidence, report to it or produce documents (RSA, 1996).

3.3 Public accountability and transparency

Section 59 of the Constitution stretches this public accountability and transparency requirement further by stipulating that the business of the National Assembly must be conducted in an open forum to encourage public participation. The rules of Parliament also provide for members of the public to petition it on any matter that they would like to bring to the attention of Parliament. The obligations imposed on the National Assembly are also applicable to its other chambers and provincial legislatures. Chapter 9 of the Constitution establishes independent institutions in support of constitutional democracy. For the purposes of this study, the most relevant ones were the Public Protector and the Auditor-General. The role of the Office of the Auditor-General will be dealt with extensively in a separate section of this chapter.

3.4 High standards of professional ethics

The main function of the Office of the Public Protector, as the name suggests, is in terms of section 182(a) to investigate any conduct in state affairs, or in the public administration in any sphere of government, that is alleged or suspected to be improper or to result in any impropriety or prejudice; (b) to report on that conduct, and (c) to take appropriate remedial action (RSA, 1996: 92).

South African courts have confirmed that the decisions of the Public Protector are binding unless reviewed by a competent court. This places the Public Protector at the centre as an institution tasked with enforcing public accountability. The reports of the Public Protector are public documents unless there are exceptional circumstances prohibiting such publication.

Chapter 10 of the Constitution provides values and principles that should govern public service. Among other things, section 195 of the Constitution states that "(a) a high standard of professional ethics must be promoted and maintained, (f) public administration must be accountable (g) transparency must be fostered by providing the public with timely accessible and accurate information" (RSA, 1996:99). It is clear that the Constitution prescribes ethical conduct, good governance and accountability in the administration of public affairs.

3.5 Public Finance Management Act

The Constitution makes provision for the establishment of national and provincial treasuries, including the power to enact legislation governing financial matters. This section outlines the accountability and reporting responsibilities as imposed by public sector legislation. The PFMA (RSA, 1999) was assented to on 2 March 1999 and took effect from 1 April 2000. The PFMA has since been amended many times. A version for local government in the form of the Municipal Finance Management Act (RSA, 2003) was enacted in 2003. It is very similar to the PFMA. The PFMA is applicable to national and provincial government departments, constitutional institutions and public entities in South Africa.

3.6 The National Treasury: The nerve centre of accountability

Section 6 of the PFMA bestows upon the National Treasury immense powers such as, to mention only a few, coordination of fiscal and macroeconomic policy at national level, coordination of intergovernmental financial matters, budgeting and oversight over provincial treasuries. The most important accountability and governance functions of the National Treasury are contained in section 6(1) of the act, which states that "the National Treasury must- (g) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of departments, public entities and constitutional institutions"

(RSA, 1999 :13). Clearly, section 6(1) of the PFMA bestows a powerful oversight role on the National Treasury, which when read differently means that it is the centre of accountability and good governance for all organs of state.

Section 6(2) of the PFMA gives the National Treasury more powers to enforce good governance and financial accountability in the public sector, including the prescription of norms and standards. It is also empowered to enforce, monitor and assess the application of the act, including its prescribed norms and standards. The National Treasury may, in terms of section 6(2)(d), also assist organs of state to build their capacity "for efficient, effective and transparent financial management" (RSA, 1999:15). In addition, it has the powers to investigate any financial misconduct in the public sector and may even impose remedial actions as prescribed by the Constitution should the misconduct be of a serious or persistent nature. Section 6(2)(g) grants it wider powers to "do anything further that is necessary to fulfil its responsibilities effectively" (RSA, 1999:15).

3.6.1 The reporting role of the National Treasury

Section 8 of the PFMA requires the National Treasury to put together annual financial statements for all organs of state. The financial statements in terms of section 8(b) of the PFMA must be handed over "for audit to the Auditor-General within three months after the end of that financial year" (RSA, 1999:16). In turn, the Auditor-General has to audit the financial statements within three months and send them back to the National Treasury, who must table them before the legislature, through the executive authority, within a period of one month after receipt. Section 8(4) of the PFMA makes public disclosure of the financial statements after submission to the legislature mandatory. If an executive authority of an organ of state fails to table the financial statements before the legislature within a period of seven months, section 8 (5)(a) of the PFMA forces the executive authority to account to the legislature by providing reasons for the delay or in terms of section (8)(5)(b), "the Auditor-General may issue a special report on the delay" (RSA, 1999:16).

3.6.2 The role of accounting officers/authorities

Sections 36 and 49 of the PFMA prescribe that government departments, constitutional institutions and public entities must have an accounting officer or, in the case of public entities, an accounting authority as per Table 3.1.

Table 3.1: Accounting officer/authority

Type of entity	Position	PFMA designation
Department	Head of department	Accounting officer
Constitutional institution	Chief executive officer	Accounting officer
Public entity	Controlling board	Accounting authority

Source: RSA (1999)

3.6.3 Performance contracts of accounting officers

The National Treasury may under exceptional circumstances depart from the arrangement in Table 3.1 and instead determine that another person or entity may be the accounting officer or accounting authority. Section 36(5) of the PFMA states that "the employment contract of an accounting officer for a department, trading entity or constitutional institution must be in writing and, where possible, include performance standards" (RSA, 199936). The general responsibilities of accounting officers are contained in sections 38 and 39, but for the purposes of this research, more emphasis was placed on the accountability aspects. Section 40 of the PFMA places a great deal of accountability and disclosure responsibilities on the accounting officer. This is to ensure good governance and public accountability for the use of public resources and taxpayers' money.

3.6.4 Preparation and submission of annual reports

The accounting officer is obliged to keep records of all financial transactions of the entity according to the standards and norms that are normally set, as mentioned earlier, by the National Treasury. This role includes the preparation and submission of financial statements to the Auditor-General and the National Treasury within a period of two months after the end of the financial year. Section 40 of the PFMA (RSA, 1999:39) states that

> (1)(d) The accounting officer for a department, trading entity or constitutional institution must within five months submit-
>
> > *(i) an annual report on the activities of that department, trading entity or constitutional institution during that financial year;*
> >
> > *(ii) the financial statements for that financial year after those statements have been audited;*
> >
> > *(iii) The Auditor-General's report on those statements;*

In the case of a constitutional institution, the abovementioned required documentation will be sent directly to the legislature. The reporting requirement of an accounting officer extends to any other information that may be required by the National Treasury or any other statutory body.

3.6.5 Annual reports of public entities

The PFMA requires that the annual report and financial statement of an entity should in terms of section 40(3)(a) “fairly represent the state of affairs … its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the year concerned” (RSA, 1999:41). The annual report must also disclose whether any crimes were committed, including irregular, fruitless and wasteful expenditure. The latter is expenditure that could have been avoided if reasonable care was exercised. This will include remedial action taken in the form of criminal charges or disciplinary action as well as attempts to recoup the losses or any material matter that warrants disclosure.

If for any reason the accounting officer is unable to comply with the accountability responsibilities, such reasons must be disclosed in writing to the executing authority and National Treasury. The accountability and reporting responsibilities stated herein are also applicable to all public officials within the areas of their responsibilities. The responsibilities of accounting authorities in terms of section 49 are similar to those of accounting officers as stipulated for accounting officers in section 36 and need not be discussed further.

3.6.6 Norms and standards for annual reports

In the previous section, it was mentioned that the PFMA empowers the National Treasury to set norms and standards for financial management in the public sector. The National Treasury has developed an Annual Report Guide for Schedule 3A and 3C public entities (RSA, n.d.). Schedule 3A and 3C public entities are defined as entities that are established to fulfil a specified objective of government and rely heavily on state funding, and hence they enjoy less autonomy. The document argues that

> the achievements, performance information, outlook, financial position and human resources information of public entities for each reporting period are reported in the annual report. The information reported on in the annual report include the actual achievements for the reporting period in relation to the planned targets and budgets as published in the strategic plan, annual performance plan and budget documents (RSA, n.d: 4).

The Annual Report Guide draws a seamless link between strategy and reporting. It views annual reports as public documents; hence, "the publishing of financial and non-financial information of public entities is essential for accountability and transparency and to improve trust and confidence in government service delivery" (RSA, n.d:4). The National Treasury argues that the annual report is a primary tool of accountability. It should state achieved outputs against the planned outputs, and if there is a variance between the two, a plausible explanation must be given. Factors that have an effect on delivery such as risks and capacity constraints must also be disclosed. The annual report must also draw a nexus between nonfinancial and financial information (RSA, 2014).

3.6.7 Information contained in annual reports

The information contained in the annual report, according to the Annual Report Guide (RSA, n.d.), must mention both the achievements and the failures of the organisation. Its quality is determined by its compliance with the law, and it must be presented in a balanced, easy-to-understand manner. The Annual Report Guide deals only with nonfinancial information. In compiling the annual report, an entity should utilise its strategic plan, annual performance plan, risk management plan, human resource plan, organisational structure and audited financial statements. Accordingly, an annual report should cover five key themes, as demonstrated in Table 3.2.

Table 3.2: Contents of an annual report

Components	Content
Part A: General information	General information about the entity, including a foreword by the Minister/Member of the Executive Council. Report by the accounting officer/accounting authority, strategic overview, legislative mandate and organisational structure.
Part B: Performance information	Achievements against targets set in strategic plans and annual performance plans. Includes Attorney-General of South Africa report on findings.

Part C: Governance	Discussion on governance arrangements and reports by internal oversight bodies (e.g. audit committee).
Part D: Human resource information	Status of human resources in the entity, including performance management, wellness programmes and resource plans/goals.
Part E: Financial information	Annual financial statements and report by Attorney-General of South Africa on findings.

Source: RSA (n.d.)

3.6.7.1 General information

The section on general information of the annual report should be in narrative form and consist of the public entity's general details such as physical address, contact details and information on auditors and bankers. This will be followed by a foreword from the chairperson of the public entity. The foreword should introduce the annual report and provide a helicopter view of the organisational strategy and its performance. The foreword should also allude to the relationships and challenges faced by the governing board, including long-term goals and people who should be thanked. The chairperson's foreword should be followed by an overview from the chief executive officer (CEO) of the entity.

3.6.7.2 Chief executive officer's report

The Annual Report Guide (RSA, n.d.) prescribes that the CEO's report should deal mainly with financial matters of the entity. It must give an overview of finances, challenges and how they will be solved, discontinued and new activities, rollover of funds, supply chain management issues, the previous year's audit issues and remedial actions, future plans, including events after the reporting period, economic sustainability and any other matter of interest. This section must also contain a statement on taking responsibility for the accuracy of the annual report. This section also needs to provide a strategic overview of the organisation based on the approved strategic plan covering the vision, mission and values of the entity. A rehearsal of the legislative mandate governing the entity and the organisational structure as per the strategic and annual performance plan of the organisation will also be disclosed in Part A of the annual report.

3.6.7.3 Performance information

The second part (Part B) of the annual report should cover performance information. This is where the organisation reports on achievements against predetermined objectives or plans. According to the Annual Report Guide, performance measurement does the following:

- *Ensures that policy, planning, budgeting and reporting are aligned in order to achieve improved service delivery.*
- *Indicates how well an institution is meeting its aims and objectives, and which policies and processes are working, making the best use of available data and knowledge to track and report on performance is crucial for improving the execution of government's mandate.*
- *Facilitates effective accountability, enabling relevant legislatures, members of the public and other interested parties to track progress of government activities. Identify the scope for improvement and hold government to account* (RSA, n.d:13).

The above quotation clearly indicates the accountability and transparency requirements of annual reports in the public sector. The Annual Report Guide provides for a golden thread to be established among strategic plans, annual performance plans, budgets and annual reports. The Auditor-General must audit the performance of an organisation, and the audit findings must be linked to the reported performance information as contained in the annual report.

3.6.7.4 Situational analysis

The second section under Part B should provide the reader with a detailed situation analysis. The situation analysis will commence with the service delivery environment. As the Annual Report Guide states,

> In order to assist users of the annual report to gain an understanding of the challenges, successes and other factors that might impact on a public entity's performance, it is necessary to provide the users with an overview of the context within which the public entity operated and sought to implement its strategic plan and annual performance plan (RSA, n.d:14).

As part of the service delivery environment, a public entity has to provide information on its performance in relation to the services that it provides, the challenges that it faces in delivering these services and the remedies in place to overcome them, and an outline of the external environment impacting on its services or demand for services.

3.6.7.5 Organisational environment

The next section under Part B of the annual report should cover the organisational environment, and "the aim of this 'overview of the organisational environment' is to provide a description of any significant developments internal to the public entity that may have impacted on the public entity's ability to deliver on its strategic plan" (RSA, n.d:14). This information could include staff-related matters, organisational restructurings or any other significant occurrences within the organisation, including remedial actions to address or mitigate these impacts. If there are new policies or laws affecting the organisation, these must be disclosed, including a disclosure in case where there are none. The annual report must also cover the strategic goals of the organisation, including progress made in achieving these.

The Annual Report Guide (RSA, n.d.) specifies that the performance information of the entity should be stated as per the programme. This will include the purpose of the programme, a list of subprogrammes/activities/objectives and the strategic objectives of each programme/activity/objective. Equally important is the statement of achievements on the targets for each programme, including performance indicators, performance on the annual performance plan, deviations from the planned performance and comments on such deviations. If there is underperformance, remedial actions to overcome this should be stated, including changes on planned performance targets. The performance should be linked to the budget of the entity. The public entity has to disclose its revenue, including undercollection and the remedial actions to address it as well the impact that it has had on the delivery of public services. The annual report of a public entity has to make a disclosure on capital investment and the management of assets. This includes plans to maintain the public entity infrastructure, including major capital projects.

3.6.7.6 Governance

This part of the annual report deals with the governance of the entity. According to the Annual Report Guide,

> In addition to legislative requirements based on the public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precept of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance (RSA, n.d:19).

This reinforces the accountability requirements of public entities.

3.6.7.7 *Responsibilities of the board*

The legislature, executive authority and governing body of a public entity are the centres of corporate governance. The legislature exercises its oversight role by analysing the annual reports and financial statements of public entities. The executive authority appoints the governing bodies of public entities and has powers to hire and fire, including oversight over the governing body's functions. The governing body or board is the accounting authority of a public entity "and has absolute responsibility for the performance of the public entity and is fully accountable to the public entity for such performance" (RSA, n.d:19). The annual report of a public entity must provide a description of the responsibilities of the board. As per the King IV Report on Corporate Governance (IoDSA, 2016), the board must have a charter describing its responsibilities and a commentary on this must be provided in the annual report, including compliance with the said charter. The annual report must also provide detailed information on the board, including the number of members, board appointment, attendance of meetings, outgoing and incoming members and resignations. The qualifications and areas of expertise of members must also be disclosed in the annual report.

3.6.7.8 *Board committees*

The Annual Report Guide (RSA, n.d.) proposes the establishment of board committees to carry out some of the functions such as audit committee, remuneration committee, nomination committee and risk management committee. The members of these committees must be disclosed in the annual report. The remuneration matters of the board, including the amounts of remuneration, must also be disclosed in the annual report of the public entity. This section of the annual report must provide information on risk management, including the entity's risk management policy and strategy and its implementation. The work performed by the internal control and internal audit and audit committees must also be disclosed, and this must include compliance with laws and regulations. The disclosure of how fraud and corruption are prevented, conflict of interest and code of ethical conduct is also compulsory. A disclosure on health and environmental and social responsibility matters should also be part of the annual report. The audit committee of the entity must also present its report as part of the annual report, covering audit issues and a recommendation that the annual financial statements be approved as per the Annual Report Guide.

3.6.7.9 Human resource and financial information

This part of the annual report for public entities covers human resource issues. It gives a helicopter view of the human resource issues within the organisation. It reviews the human resource priorities, workforce planning and performance, challenges and future goals, including highlights of what has been achieved during the year. The annual report must provide personnel costs by programme and per salary band. The performance rewards awarded to staff, training costs, number of employees and vacancies, employment changes and reasons for staff leaving must be disclosed in a tabular format as prescribed.

The report must also cover labour relations matters such as misconducts and disciplinary actions and employment equity targets, and an explanation must be provided where targets have not been met.

The last part of the annual report is Part E, which covers financial information (report of the external auditor and annual financial statements). The annual financial statements of public entities must be prepared using the accrual basis of accounting as determined by the Accounting Standards Board.

3.6.7.10 The Auditor-General as an accountability institution

The Auditor-General is an independent office established by the Constitution to support constitutional democracy. The functions of the Auditor-General are provided for in section 188 of the Constitution and specifically by the Public Audit Act no 25 of 2004 (RSA, 2004). Section 188 (1) of the Constitution empowers the Auditor-General to

> audit and report on the accounts, financial statements and financial management of- (a) all national and provincial state departments and administrations;(b) all municipalities; and (c) any other institution or accounting entity required by national or provincial legislation to be audited by the Auditor-General (RSA, 1996: 95).

3.6.8 Public Audit Act

The powers of the Auditor-General are clearly defined in the Public Audit Act. These powers are only subject to the Constitution, and the Auditor-General is only accountable to the National Assembly when exercising its constitutional role. The Auditor-General must audit and report on the accounts and financial statements of all organs of state, including consolidated financial statements. The Auditor-General may also render assistance or advice to the legislature or its committees outside the normal functions of auditing and reporting. The Auditor-General also has the powers in terms of section 5(1)(d) to "carry out an appropriate investigation or special audit of any institution … if the Auditor General considers it to be in the public interest or upon receipt of a complaint or request" (RSA, 2004:10). While acting in the public interest, the

Auditor-General may report on any matter within its purview to the legislature or any interested organ of state. While the Auditor-General is the supreme watchdog on public financial matters, this office too in terms of section 10 of the Public Audit Act has to account to the legislature. Section 12 of the Public Audit Act grants the Auditor-General powers to set standards to be followed when carrying out its auditing function.

3.6.8.1 Prescribed reporting format

The submission of financial statements to the Auditor-General should be done according to the format of the legislation applicable to the auditee, and in the absence of such, a format prescribed by the Auditor-General becomes applicable. When fulfilling its constitutional function, the Auditor-General must be given unrestricted access to all records, assets and human resources necessary to enable it to carry out its functions. In carrying out this function, the Auditor-General can enter any premises of the audited institution and give directives, do inspections, copy or give directions to any person to make available any information that may be needed for the audit. These powers are extensive to include secret information. Section 16 of the Public Audit Act bestows search and seize powers on producing a warrant issued by a judiciary officer, and auditees are required to render all the reasonable assistance needed by the Auditor-General. The Public Audit Act makes it an offence to hinder or fail to comply with the Auditor-General's instructions when it is exercising its constitutional and legislative duties.

3.6.8.2 Audit reports

In terms of section 20 of the Public Audit Act, the Auditor-General must produce a report that provides an opinion on the following:

> (a) *Whether the annual financial statements of the auditee fairly present, in all material respects, the financial position at a specific date and results of its operations and results of its operations and cash flow for the period which ended on that date in accordance with the applicable financial framework and legislation;*
> (b) *The auditees compliance with any applicable legislation relating to financial matters, financial management and other related matters; and*
> (c) *The reported information relating to performance of the auditee against predetermined objectives* (RSA, 2004: 22).

The powers of the Auditor-General do not end there. The Auditor-General may also make a report on the use of resources of the institution, specifically the efficiency and efficacy of such use. The reports of the Auditor-General, as mentioned, are submitted to the legislature. This paper has already alluded to the oversight function of the legislature. In the event that an audit report of the Auditor-General is not tabled before the legislature, it must be made available publicly within one month. If it is in the public interest, the Auditor-General may, in pursuit of public accountability, even submit a report to any organ of state or any legislature irrespective of whether such an organ of state or legislature is the relevant one.

3.6.9 Companies Act no 71 of 2008

The Companies Act no 71 of 2008 was assented to by the President of the Republic of South Africa on 9 April 2009 and published in Government Gazette no 322121 vol 526. Among its objectives, the act, especially in section 7(b) (iii), is geared towards "encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation" (RSA, 2008:55). For the purpose of this research, a helicopter view of the act focused on its role as an instrument of accountability. All companies conducting business in South Africa must be officially registered. Section 24 of the act stipulates that companies must keep records for a period of at least seven years, including a register of all their directors.

The company records must be accessible, and people with a legitimate interest in the company should have access to such records. Section 28(1) stipulates that

> a company must keep accurate and complete records in one of the official languages of the Republic (a) as necessary to enable the company to satisfy its obligations in terms of this Act or any other law with respect to the preparation of financial statements (RSA, 2008:72).

Failure to keep records constitutes an offence. The financial statements of a company, including annual financial statements, must meet the standards as set out in section 29 of the Companies Act. Section 30 of the act makes it compulsory for companies to produce annual financial statements that must be approved by the board and signed by the director authorised to do so. Any person with a legitimate interest in a company may on demand receive copies of the annual financial statements or related information as prescribed in section 31.

3.6.10 Enhanced accountability and transparency

The Companies Act imposes many obligations that must be met by companies. This section will cover the process to be followed in appointing a company secretary and will also explore in greater detail the functions of a company audit as part of enhanced accountability and transparency mechanisms.

3.6.10.1 Appointment of a company secretary

Chapter 3 of the Companies Act provides for accountability and more transparency for public and state-owned companies, prescribed in section 84 by imposing additional requirements such as the registration of a company secretary and particulars of the company auditor as part of the notice of incorporation. Section 86 (1) stipulates that “a public company or state-owned company must appoint a person knowledgeable or experienced in relevant laws as a company secretary” (RSA, 2008:166). The person or juristic person appointed should be based in South Africa during the period of appointment. The company secretary is accountable to the board. The duties of a company secretary are advising the board members in terms of their duties, reporting and advising on compliance with laws, keeping minutes of board meetings, executing certification and distribution of annual financial statements and returns, and carrying out any functions as prescribed by legislation. Removal of a company secretary by the board must be disclosed in the annual financial statements.

3.6.10.2 Appointment of company auditors

Section 90 of the Companies Act makes it compulsory for public and state-owned companies to appoint auditors as part of incorporation. The act prescribes requirements for the appointment of auditors who should be independent from the company. An auditor is appointed for a period until the next annual general meeting of the company. Section 92 of the act provides for the rotation of auditors every five years. The auditors of a company have the right to access all the company documentation and may in the performance of their duties demand information from any official of the company, including its subsidiaries. The duties of a company auditor include attendance of shareholder meetings and all information and communication pertaining to this. The auditor of a company may even enforce these rights through the courts, including court orders directing the directors to pay legal costs in their personal capacities. The auditor is barred from doing work for a company that may put him/her in a position of conflict of interest.

3.6.11 Functions of a company audit committee

Section 94 (2) of the Companies Act prescribes that “at each annual general meeting, a public company or state-owned company, or other company that has voluntarily determined to have an audit committee as contemplated in section 34(2), must elect an audit committee comprising at least three members” (RSA, 2013:174). The audit committee plays a major role in ensuring good governance and accountability within the company. Its duties are to appoint an independent auditor for the company, including the terms of engagement and fees to be paid, compliance with the law and other nonaudit services to be performed by the auditor and, most importantly, in terms of section 94(7),

> *(f) to prepare a report, to be included in the financial statements for that financial year-*
>
> *(i) Describing how the audit committee carried out its functions;*
> *(ii) Stating whether the audit committee is satisfied that the auditor was independent of the company; and*
> *(iii) Commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company* (RSA, 2008: 176).

The functions of a company audit committee are far-reaching. The company audit committee has the power to investigate any issue relating to accounting, auditing, records, reporting, internal controls or any other matter in respect of the company and may make submissions to the board, including on matters related to governance and risk management. In order to ensure no conflict of interest between the work of the auditor and the company, the audit committee must give an assurance that the auditor receives payment from the company only for audit services rendered and nothing more. This is to ensure the independence of the audit company.

3.6.12 Draft National Museums Policy and budgeting structure

The draft National Museums Policy produced by the national Department of Arts and Culture (RSA, 2014) argues that there are three main functions for any museum: preservation, research, and communication and dissemination. Preservation includes acquisition and deaccession of objects, collections management and conservation, research is collections based and communication is linked to public programming, education and collections (RSA, 2014).

According to the Guidelines on Budget Programmes (RSA, 2010) produced by the National Treasury, there are three types of budget programme structures:

- Support services, such as finance, human resources and administration.
- Service delivery programmes, the core function of the organisation.
- Enabling programmes, such as information technology and communication.

The National Treasury Guidelines on Budget Programmes (RSA, 2010) state that the budget programme structure is based on the results and outcomes that the organisation wants to achieve. An organisational structure (organogram) depicts how the organisation is arranged to realise such outcomes. Consequently, the National Treasury Guidelines on Budget Programmes point out that the organogram of an institution should be aligned as far as possible with the prescribed budget programme structure. The National Treasury observes that "alignment of the budget programme structure and the organisational structure would ensure a single channel for reporting where appropriate and for defining accountability for funds and for attainment of results" (RSA, 2010: 4).

Museums in South Africa are a national and a provincial competency. Museums that are not deemed to be national are a provincial competency. Local authorities are not given explicit powers to run museums, but they can carry out this function if it is delegated to them or as a discretionary function forming part of their broader economic and social development mandate. There are currently 13 museums that are deemed to be national. Two of these museums, Iziko Museums located in the Western Cape and Ditsong Museums located in Gauteng, have been declared as flagship institutions. Flagship institutions are museums that were amalgamated as part of the postapartheid restructuring process.

Museums deemed to be national are governed according to the Cultural Institutions Act no. 119 of 1998 (RSA, 1998). It is to be noted that this act broadly defines museums under the umbrella concept of cultural institutions. According to section 1 (iv), a cultural institution "means any public library, museum, zoological garden or other public cultural institution regarded by the minister to be of kindred character" (RSA, 1998: 2). The act does not describe a museum. Perhaps the International Council of Museums' definition could be useful for our purposes. It defines a museum as

> a non-profit permanent institution in the service of society and its development, open to the public, which acquires, conserves, researches, communicates, and exhibits the intangible and tangible heritage of humanity and its environment for the purposes of education, study and enjoyment (International Council of Museums, 2007).

It is clear from this definition that museums are not expected to make profit but are expected to fulfil a public service role. The Cultural Institutions Act empowers the Minister of Arts and Culture to appropriate funds and make them available as subsidies to declared cultural institutions under conditions determined by him/her. The power to establish or disestablish a cultural institution is also vested in the minister.

A declared cultural institution is a body corporate under the governance of its council and is capable of suing and being sued in its own name. Section 5(3) of the Cultural Institutions Act stipulates that “the members of a council must be appointed in accordance with the principles of transparency and representativity” (RSA, 1998: 5). The Auditor-General must audit the finances of a declared cultural institution. Among the functions of the council is raising funds and keeping proper records of the activities of the institution. The purpose of the act is to give museums autonomy to operate at arm’s length from the government. As agents of the government, they are expected to account for the public resources that they receive from the state and hence they have to submit annual reports and audited financial statements as part of the accountability mechanism.

3.7 Conclusion

This chapter has presented the legislative and regulatory framework that governs governance and accountability in South Africa. The Constitution of South Africa, as the supreme law of the country, is a major instrument of good governance. The Constitution empowers legislatures to provide oversight and accountability over the delivery of public services. It provides for ethical administration and governance guided by ethical values. The PFMA places the National Treasury in the centre as an institution tasked with ensuring accountability regarding the use of public resources. It sets norms and standards for the country, including the Annual Report Guide that prescribes how the annual reports of public entities should be compiled.

The Public Audit Act establishes the Office of the Auditor-General as a constitutional institution tasked with quality assurance and financial accountability. Other institutions tasked with supporting constitutional democracy are found in Chapter 9 of the Constitution. While all the pieces of legislation have been covered thus far the private sector is also held accountable. The Companies Act is applicable to all companies doing business in the country and puts in place a mechanism of governance and accountability for private companies doing business in South Africa.

The next chapter is going to cover the reporting practices of South African national museums and will provide an assessment of whether their annual reports meet the standards as laid out in the International Integrated Reporting Framework read together with the King IV Report.

Chapter 4: South African national museums and corporate reporting

4.1 Introduction

The purpose of this chapter is to provide a content analysis of the annual reports of national museums in South Africa. The analysis will cover the annual reports produced in the period after 2009 when King III came into effect and will use the elements and guiding questions of the International Integrated Reporting Framework as predefined categories. There are 13 national museums (or declared cultural institutions) in South Africa, as indicated in Table 4.1. Two of the museums, Iziko in Cape Town and Ditsong in Gauteng, are an amalgamation of pre-1994 museums that was done as part of the postapartheid restructuring process. Seven museums were inherited from the previous dispensation while four museums were added post 1994 as part of the legacy programme of the government to transform the sector.

Table 4.1: National museums in South Africa

Flagship museums	Pre-1994 museums	Post-1994 museums
Iziko Museums	Afrikaanse Taalmuseum en -monument (Afrikaans Language Museum and Monument)	Freedom Park
Ditsong Museums	KwaZulu-Natal Museum	Luthuli Museum
	Msunduzi Museum (Voortrekker Museum)	Nelson Mandela Museum
	National Museum, Bloemfontein	Robben Island Museum
	National English Literary Museum	
	War Museum of the Boer Republics	
	William Humphreys Art Gallery	

Source: Author's own elaboration

4.2 Literature study and content analysis

Before sliding into the theme of this chapter, perhaps a slight detour into the terrain of the literature that informed this study may be important. Of equal importance is a brief description of the methodology adopted in this study. As mentioned in Chapter 1, the primary objectives of this study were (a) to survey the literature on corporate governance, public accountability and integrated reporting; (b) to critically review the legislative and regulatory framework for corporate governance, accountability and integrated reporting in South Africa; (c) to analyse the contents of the annual reports of national museums against the integrated reporting framework proposed by King IV and the IIRC; and (d) to develop a provisional integrated framework for national museums in South Africa. The following questions informed this study:

- Are national museums currently applying the integrated reporting principles as laid out in King IV and the International Integrated Reporting Framework?
- What are the possibilities of developing an integrated reporting framework specifically applicable to museums, and what will be included in such a framework?

4.2.1 Literature study

The literature study focussed on the interrelated concepts of corporate governance, public accountability and integrated reporting to gain a better understanding of these concepts from both a definition and a theoretical point of view. A detailed review of the literature on regulatory and legislative framework in South Africa supplemented the literature review. Corporate governance, public accountability and corporate reporting function in a legislative environment. The literature review was based on recent academic articles in peer-reviewed journals, books and government and other publications to gain an insight into the theoretical and regulatory framework of the triple concepts mentioned herein.

4.2.2 Research methodology applied

This study adopted a qualitative approach and used the content analysis method. According to Abseysekera & Guthrie (2005), the content analysis method involves codifying qualitative information into predefined categories so that a pattern can be derived in presenting and reporting that information. This methodology allows the presentation of the published information in a symbiotic, objective and reliable manner. The annual reports of 12 of the 13 museums were closely analysed against the predefined categories and questions prescribed by the International Integrated Reporting Framework. The majority of the annual reports were obtained from the websites of the national museums, and in some instances, the Google search engine was used. In some instances, museums were requested by email and telephone to provide the annual reports. Out of the 13 national museums listed as public entities or national museums, only one museum did not respond. Thus, the response rate was more than 95%. The period for analysis was any annual report produced between 2009 and 2014/15, and one annual report per institution was closely analysed.

4.2.3 Research question

This study adopted the content elements of the International Integrated Reporting Framework, specifically the guiding questions used to identify whether the reports met the requirements of integrated reporting as sub-questions for the purpose of content analysis as illustrated in Table 2.7 under the ‘Principles’ column. The key question guiding this thesis was as follows: Are national museums currently complying with the International Integrated Reporting Framework in the preparation of their annual reports?

For each content element, the International Integrated Reporting Framework provides some questions that an integrated report should aim to answer. In this thesis , these questions were subquestions and are listed as follows:

- Organisational overview and external environment: What does the organisation do, and what are the circumstances under which it operates?
- Governance: How does the organisation’s governance structure support its ability to create value in the short, medium and long term?
- Business model: What is the organisation’s business model?
- Risks and opportunities: What are the specific risks and opportunities that affect the organisation’s ability to create value over the short, medium and long term, and how is the organisation dealing with them?
- Strategy and resource allocation: Where does the organisation want to go, and how does it intend to get there?
- Performance: To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?
- Outlook: What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential for its business model and future performance?
- Basis of preparation and presentation: How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?

The next section will provide an analysis of the contents of the annual reports. In particular, it will look at the golden thread that runs through all the annual reports as well as the range of differences among these annual reports.

4.3 Content analysis of museum annual reports

This section of the research report focuses on the actual content analysis of the annual reports of 12 of the 13 national museums in South Africa. As all the museums use a similar template, the Annual Report Guide developed by the National Treasury, the formats of the museum annual reports and elements of disclosure tend to be very similar. This section of the research report provides the findings of the content analysis. In cases where similar findings were discovered among museums, they will not be repeated. The content analysis used the content elements of the IIRC International Integrated Reporting Framework as a guide.

The guiding principles are also presented as a reminder of what constitutes a good integrated report. The intention of this study was to assist in developing a provisional framework that would be user friendly for museums. A content analysis of the following museum annual reports was undertaken using the guiding questions for the content elements of the International Integrated Reporting Framework as predefined categories:

- Afrikaanse Taalmuseum en -monument (Afrikaans Language Museum and Monument), Annual Report 2014/15
- Ditsong Museums of South Africa, Annual Report 2014/15
- Iziko Museums of South Africa, Annual Report 2013/2014
- Freedom Park, Annual Report 2015/16
- Luthuli Museum, Annual Report 2014/15
- Msunduzi Museum, Annual Report 2014/15
- Nelson Mandela Museum, Annual Report 2015/16
- National Museum, Bloemfontein, Annual Report 2014/15
- National English Literary Museum, Annual Report 2014/15
- Robben Island Museum, Annual Report 2014/15
- War Museum, Annual Report 2014/15
- William Humphreys Art Gallery, Annual Report 2013/14

Particular attention was paid during the research to whether the annual report when read in totality did succeed in answering the questions posed by the International Integrated Reporting Framework. From the content analysis of museum reports, it has been observed that although the 12 museums analysed are classified as national museums, there is nothing unique about them when compared to museums other than national museums, except that they receive their funds from the national government and are governed by national legislation. Each museum is unique in shape and size, and therefore it will be very ambitious to expect them to produce similar reports. However, irrespective of the form, shape or size of the museums, their core functions are very similar and comparable from a museological point of view

4.3.1 Analysis of information contained in museum annual reports

This section is guided by the subquestions provided by the contents elements of the International Integrated Reporting Framework as developed by the IIRC.

4.3.1.1 *What does the organisation do, and what are the circumstances under which it operates?*

The annual reports analysed succeed in stating the vision, mission, values and strategic objectives of their institutions. The situational analysis does provide the circumstances under which museums operate. The situational analysis of the museums surveyed tends to focus rather inwardly and does not take into consideration the external and contextual environments. Most of the challenges identified relate to financial audits, funding constraints and the Generally Recognised Accounting Practice (GRAP) 103 process. The annual reports do disclose the operational organogram of each institution. Although all the annual reports analysed do give an explanation of what the organisation does and the circumstances under which it operates, the circumstances differ from one museum to the other. Equally important is that some museums do outline the circumstances under which they operate and others do not bother to outline these. They merely describe what they do. In the annual reports, performance information is disclosed in a tabular format.

4.3.1.2 *How does the organisation's governance structure support its ability to create value in the short, medium and long term?*

All the annual reports of the museums analysed cover governance as a separate item under Part C. All the annual reports analysed provide a list of council members, including the subcommittees under which they serve. The remuneration of council members is also disclosed. Risk management processes, internal audit procedures and compliance with laws are also disclosed as structures of the governing body. However, their ability to create value in the short, medium and long term is not disclosed in the annual reports analysed. The common thread that runs through the annual reports demonstrates a desire to attempt to meet the minimum requirements as prescribed by the Annual Report Guide.

The annual reports of the museums analysed differ in their disclosure of the qualifications of members of the governance structure. Some museums do not disclose the qualifications while others do. The current annual reports of national museums only disclose the functions of the governing structure, the members and their qualifications, remuneration and the subcommittees of the governing structure with a focus on the audit committee. It is not clearly stated in the annual reports how the qualifications of the governing body assist the institutions in creating value. Equally important is the disclosure of the number of governance meetings held. There is disparity among the museums as some disclose while others do not disclose. Most museums in their annual reports simply state their values and ethos but do not demonstrate how these values have a bearing on the financial, manufactured, intellectual, human, social and natural capitals. Equally important is the observation that most museums see reporting as a compliance burden imposed upon them from above and that they just do the absolutely necessary needed to comply.

4.3.1.3 *What is the organisation’s business model?*

The content analysis of museum annual reports indicates that there is no consistency in how museums disclose their business models. This information can at times be indirectly harvested from the mission statements, visions and organisational structures that are mandatorily disclosed. The business models are not explicit beyond the stating of organograms. The environmental overview by chairpersons and museum directors in some instances does give a hint of the business model. Some museums do disclose their business model in very explicit terms.

4.3.1.4 *What are the specific risks and opportunities that affect the organisation’s ability to create value over the short, medium and long term, and how is the organisation dealing with them?*

The annual reports of the museums do succeed in identifying the risks faced by the organisations. The common risks identified include issues such as staff shortages, lack of funding for GRAP 103 and so on. The museums also do not indicate how the risks identified affect the creation of value. The common thread that runs through all the annual reports is that the accountability requirements introduced by financial legislation pose an existential risk to the continued existence of museums as these requirements cost them money to comply. The risks identified by museums differ from museum to museum. The majority of museums studied have not disclosed opportunities. Very few museums have identified the opportunities. Even these have failed to disclose how the opportunities assist them in creating value. Risks feature very strongly in the annual reports of museums. Some museums went the extra mile of explaining how they dealt with risk while others merely stated that they had an audit committee in place.

4.3.1.5 *Where does the organisation want to go, and how does it intend to get there?*

The annual reports of all the museums analysed do succeed in disclosing their strategic objectives. However, the annual reports are not clear on how resources will be deployed to achieve strategic objectives. The performance reports are backward rather than forward looking. The museums are also not clear on stakeholder engagements in relation to the identification of strategic needs. The strategic objectives of museums differ from museum to museum. Some museums state their objectives upfront in clear terms while others do not. One has to use a fine-toothed comb to find them. It would have been ideal if all the museums had similar objectives; then it would be easier to compare them. Most of the annual reports analysed only focus on past performance and do not give the reader a window into the future of the organisation.

4.3.1.6 *To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?*

All the museums surveyed provide reports on performance per programme. Where there is a deviation from performance, a separate table provides commentary on the variance. The museums do not disclose how performance impacts on the six capitals. The Annual Report Guide prescribes that performance information be presented in a tabular format. Some museums over and above presenting information in a tabular format also present information in narrative format. The museum programmes also differ, making it impossible to compare museums against each other. The museum reports analysed provide strategic objectives, but these are not linked to all the six capitals. The strategic objectives of museums are mentioned in the context of past performance.

4.3.1.7 *What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?*

All the museum annual reports analysed do provide future outlook, in terms of either challenges or uncertainties. The only problem is that museums seem to be trapped in the present and simply extrapolate challenges into the future. There is no attempt to take the long view in order to look at how key uncertainties could be mitigated through strategic interventions. The outlooks do not address the impact of these challenges on the business models of the museums. The challenges disclosed by museums differ depending on each museum. The location of the disclosure in the annual report also differs. In some museums, it forms part of the chairperson's overview, for some it is part of the situational analysis and in some cases, it can be found under the CEO's overview. It would have been ideal if the annual reports had a section dealing with future outlook.

4.3.1.8 *How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?*

The annual reports of the museums analysed indicate that the museums make use of a materiality and significance framework prescribed by the National Treasury. However, what is not clearly disclosed is how such materiality is determined from a quantification and evaluation point of view. The performance information of museums does provide qualitative and quantitative indicators against which performance is measured, though. How this is arrived at is not clearly stated. All the annual reports are prepared in accordance with the Annual Report Guide. The manner in which matters to be included in the annual reports are determined differs from museum to museum. Some museums disclose that it is the responsibility of their council to ensure the quality and accuracy of the annual report, but how that is done is a mystery.

4.4 Conclusion

This chapter has provided a content analysis of the annual reports of national museums. The elements and questions contained in the International Integrated Reporting Framework were used as predetermined categories to guide the process. As can be observed, the annual reports, although there are commonalities and differences, do meet the requirements of integrated reporting to a limited extent. National museums as public entities have to prepare their annual reports in line with the Annual Report Guide of the National Treasury. The powers of the National Treasury to set norms and standards have been discussed at great length elsewhere in this paper. As has been disclosed in the analysis of the annual reports, it seems as if national museums are under pressure to comply with many accountability requirements such as the Annual Report Guide.

However, useful documents such as the International Integrated Reporting Framework and the King IV Report are not compulsory in so far as they have not been signed into law, nor are they enforced by the National Treasury. King IV is clear on the fact that where there is a legislated way of doing things, that takes precedence over King IV. This has compelled museums to focus on complying with what is prescribed as a legal requirement. In other words, adding more disclosure elements as required by the principles of integrated reporting will, for museums, add another layer of compliance. In this way, there are no incentives for them to follow the integrated reporting route.

It is the purpose of the next chapter to propose a provisional integrated reporting framework grounded on the International Integrated Reporting Framework but adapted specifically for national museums in South Africa. National museums, although public sector agencies, are operated at arm's length from government. They mainly follow the governance arrangement of NPM. This explains why their governance mechanism import practices from the private sector. As agencies of government, their relationship with the parent department is managed through instruments such as submission of performance plans and they are expected to report annually on their performance. However, museums are not only accountable to the funding department; they are also accountable to the users of their services, the donors and the community at large. It is therefore important for them to report in an integrated manner to account to multiple stakeholders so that they can make their own judgment about how museums create public value in the long term. The next chapter aims to make recommendations on how museum reporting could be improved by customising the International Integrated Reporting Framework.

Chapter 5: Towards an integrated reporting framework for museums in South Africa

5.1 Introduction

The previous chapter provided a content analysis of the annual reports produced by 12 of the 13 national museums in South Africa. From this analysis, it has become clear that museums have not yet embarked on the journey towards full integrated reporting. It is the purpose of this chapter to attempt to chart the way towards an integrated reporting framework for national museums. This chapter will explain the need for museums to adopt an integrated reporting framework. The chapter will end by providing a proposed provisional framework that may assist museums on their journey towards integrated reporting.

5.2 The need for an integrated reporting framework for national museums

As mentioned before, the release of the King III Report, the International Integrated Reporting Framework and now King IV drastically changed the landscape of accountability at a global level. Not only has the rules of the game changed but the game itself has also changed. If organisations such as museums are to be managed effectively, they will have to embrace integrated reporting. The content analysis of the annual reports of the museums indicates that they are still stuck on the runway and have not yet started the journey towards integrated reporting. It will be argued that the multiple accountability demands placed on museums provide them with an opportunity to revisit their planning and reporting practices, and practical examples of how this can be achieved will be provided.

Although the annual reports produced by national museums, in line with the Annual Report Guide of the National Treasury, disclose some of the information required in an integrated report, it is still not enough. An analysis of the annual reports also indicates that museums are not very happy with the compliance regime that is gradually being introduced by the National Treasury to make them more accountable. The immense powers that the National Treasury wields as empowered by the Constitution and legislation have already been alluded to.

5.3 Museums and multiple accountability demands

Museums as institutions tasked with holding in trust the treasures of the nation are always expected to act in the public interest. This means that they are accountable not only to the executive authority and the legislature but to other stakeholders as well. However, accountability should be made easier and should not be seen as a burden; otherwise, this creates what Klenk (2015) refers to as multiple accountability demands that are responded to through acquiescence, compromising strategies, compartmentalisation or even point-blank refusal. It is clear that some museums have responded to added calls for accountability in an acquiescent manner. Annual reports and audited statements are seen as part of compliance and an effort made to meet the basic minimum standards. This takes us to our next point.

The Annual Report Guide provides a good basis for museums to prepare their annual reports in a standardised manner. However, it does not require them to disclose all the information as provided for by the principles of integrated reporting. Some museums to an extent have added more information than what is prescribed by the Annual Report Guide, but some museums have just concentrated on meeting the minimum requirements. It will therefore make no sense to propose that the principles of integrated reporting should be made an additional reporting requirement without visiting the Annual Report Guide itself. It is therefore recommended that the Annual Report Guide developed by the National Treasury be revised in the light of integrated reporting.

5.4 The journey towards integrated reporting

The content analysis of the museum annual reports indicates that there is a mismatch between the organisational structures (organograms) of the museums and the prescribed budget programme structure of the National Treasury. Museums are expected to plan and report in line with the budget programme structure of their sector.

It can be safely argued that for museums, the journey towards integrated reporting should begin with the alignment of their organisational structures with their budget programme structures. Based on the assessment of the annual reports, it seems as if only the Nelson Mandela Museum may have begun the journey of alignment. It can also be argued that the budget programme structure of the National Treasury could be aligned with the organisational structure of a national museum of any shape and size. What is needed is for museums to take a proactive approach in viewing this as part of a long and gradual journey towards integrated reporting that will improve their governance and accountability in the long term instead of seeing it as another unwanted layer of compliance.

5.5 Realignment of national museums

From the analysis, it seems as if the budget programme structure of museums consists of the three main programmes prescribed by the National Treasury:

- Administration
- Business development
- Public engagement

From a museological point view, it is very possible to align museum functions according to this budget programme structure, as shown in Table 5.1 below.

Table 5.1: Nexus between budget programme structure and museum functions

Budget programme structure	Generic museum functions
Administration	• Governing body • Management • Finance • Supply chain management • Human resources • Facilities
Business development	• Collections management • Museum research
Public engagement	• Communication and marketing • Exhibitions • Educational programmes • Public programmes • Visitor services • Information technology

As Table 5.1 demonstrates, the budget programme structure prescribed for museums by the National Treasury is applicable and can be aligned with the functions of any national museum. For this to happen, as recommended by the National Treasury, the budget programme structure mentioned above should be aligned with the organisational structures of national museums. The microstructure (high-level organogram) in Figure 5.1 is proposed for national museums. It will streamline and integrate strategic planning, budgeting and reporting, thereby contributing to more accountability and integrated thinking within museums.

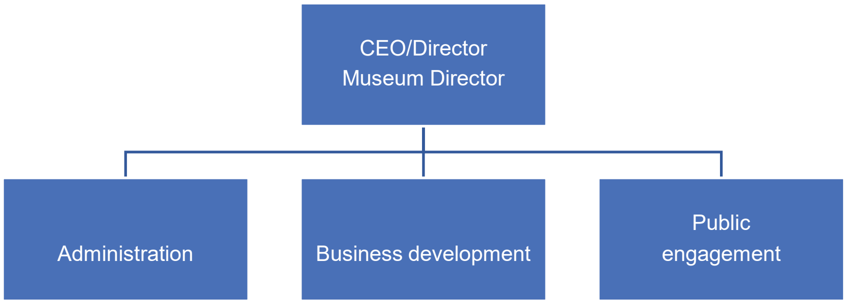


Figure 5.1: Aligned micro-organisational structure

The next level of alignment will be to align the functions of the governing body so that it is able to provide oversight in line with the realigned organisational structure of the museums. Currently, each museum governing body arranges its affairs according to its own needs. To support integrated reporting, it is proposed that the governing body structure of national museums be arranged according to Table 5.2.

Table 5.2: Proposed governance structure for national museums

Budget structure	Governance structure	Functions
Administration	Museum Council	Strategic direction, policy and oversight
	Audit and Risk Subcommittee	Financial affairs, risk and information technology governance and remuneration
Business development	Business Development Subcommittee	Core functions of the museum

Public engagement	Public Engagement Subcommittee	Exhibitions, communications and so on

The benefits of aligning the organisational and governance structure of the museum with the budget programme structure as prescribed by the National Treasury are that it will create clear lines of accountability with reports being scrutinised for credibility and integrity before they are submitted or made public.

5.6 Content elements

From this section onward, it is the intention to slide into the main theme of this study. In Table 5.3, a provisional integrated reporting framework for national museums is presented.

Table 5.3: Provisional integrated reporting framework for national museums

Integrated reporting content element	Proposed framework for national museums
Organisational overview and external environment	An integrated report of a national museum should briefly explain what the museum is about. Most museums normally have a theme that they explore, and this should be disclosed in greater detail. This description should focus on the internal environment, the transactional environment and the external environment. For example, internally the focus could be on the museum's core business, its support functions, its activities and how these activities impact on the six capitals. The external environment could focus on strategic partnerships that the museum has with its communities as a corporate citizen. This could include policy changes, political developments or physical environmental issues such as climate change, which although external to the museum may have an impact on its activities. For example, climate change may create natural disasters that direct funds away from museums or fires and floods that could affect museum buildings. Should these happen, will the museum be ready to respond? The museum could also look at the trends and driving forces

	that may have an impact on its operations and how it plans to respond to these. The museum should also state its institutional culture, values and ethics and how these are applied in its operations. A detailed description of its operating structure aligned with the budget programme structure of the National Treasury should also be provided. Equally important is the disclosure of the target audiences that the museum serves and the services and products that the museum provides. It is not enough to say that the museum is preserving heritage. This has to be concisely explained so that an ordinary person who has no knowledge of museums can gain an insight into what the museum offers. Some of the products and services offered by museums include research, exhibitions, education and public programmes. These need to be explained in relation to the main theme of the museum. When it comes to establishing who their competitors are, museums are very lazy. Most of the competition emanates from outside the museum sector. For example, museums are competing with new technologies and other forms of edutainment. A brief scan of the competitive environment and how the museum plans to respond to it is very important. An overview of how the museum is performing in a brief narrative format may help the readers of the report to gain a better view of the museum. It must be borne in mind that a report is not only for compliance purposes but is also a useful tool for marketing the museum to potential donors and is also an instrument of informing its community about the value that the museum is adding to community life. Equality important is the disclosure of major shifts that may have an impact on the museum such as restructuring, adoption of new technologies and so on and how these impact on the museum's ability to create value in the long term.
Governance	A journey towards integrated reporting will compel museums to report on how their governing bodies assist the organisation in creating value. Stating the number of

	meetings that the governing body has had in a year, as important as this is, does not disclose how it supports the museum in creating value. The current annual reports do disclose the leadership structure of governing bodies and their qualifications and areas of expertise. It might be important to disclose the qualifications and experience of senior managers alongside their remuneration to demonstrate how the human capital is assisting in adding value to the museum. The report should also disclose how strategic decisions are made in the organisation. This will include, for example, the policies that are in place to ensure predictable strategic decision-making processes. This is to ensure that decisions taken can be measured against these prescripts. The report should also disclose how the governing body assists the museum in setting the strategic direction and risk management. This is to ensure that the strategic plan is not viewed as just another compliance document that must be submitted because the National Treasury requires this. An integrated report of a museum should go beyond compliance and add any information that may be of benefit to the users of the report such as donors, friends of the museum, visitors and the community at large. Most innovative practices in museums go unreported because they are not seen as part of compliance reporting. For museums to demonstrate that they are creating value, they need to disclose their innovations in the way in which they operate and these should come from the top. A culture of innovation should be part of the museum governing body meetings.
Business model	Museums need to go beyond mere vision statements by explaining exactly what they do and how they do it and how this links to the six capitals. For example, a nature museum may collect natural specimens such as butterflies for its collections. This may decrease the natural capital but increase the manufactured and intellectual capital. In the case of museums, manufactured capital could be in the form of publications or exhibitions, in this case of butterflies.

	The impact on the environment may be negative, but on the manufactured capital it will be positive. The museum must show both the negative and positive elements in its reports. As mentioned earlier, each museum is unique. An integrated report has to demonstrate this uniqueness to differentiate the museum from others. Equally important is the need for museums to disclose their internal and external outcomes. For example, an exhibition on the effects of war could be an internal outcome but having a warless society may be an external outcome.
Risks and opportunities	Risks identified should be balanced with opportunities. For example, a museum that is running out of exhibition space may be presented with an opportunity to utilise technologies in its exhibitions, thereby minimising the use of artefacts that need a great deal of space. It is not enough for a museum to state the risks and opportunities in its report. A museum should inform the readers of its report on how it plans to tackle the risks identified and to take advantage of the opportunities that have been identified. It is also important for a museum to disclose in its report the likelihood of the risk happening, the impact that it will have on the capitals should it happen and the strategies applied to mitigate it. It should furthermore disclose its plan to maximise the opportunities available.
Strategy and resource allocation	Although national museums are expected as part of the compliance requirements to submit five-year strategic plans and annual performance plans, these tend to be separate documents. An integrated report of a museum must give an insight into its strategic direction. This information is important for museum donors and other interested stakeholders. It is important for them to know that the museum will continue to exist into the future. A report that merely focuses on the past does not succeed in giving such an assurance. However, it is important for museums to also state their objectives with a future focus. Museums as public institutions serve a diverse range of stakeholders. It is very

	important for them to disclose in their reports the public participation processes that informed their strategies. This will ensure that documents such as strategic plans, annual performance plans and annual reports are not merely seen as compliance documents but are also regarded as instruments for community involvement in the planning of strategic interventions and for ensuring that the resources are allocated to serve the service delivery needs of museum stakeholders. It is also important for museums to link their strategies with budgets and human resource allocations. Aligning the budgeting structures and the organisational structures of museums is a first step on that journey.
Performance	The annual reports of the museums analysed indicate that museums do report on their performance on planned objectives. Perhaps in addition to the table reporting format, space should be provided for narrative explanatory information. Some museums are already doing that. The performance report should also be extended to include how performance has created value in terms of the six capitals. This is to ensure a balanced report because a museum could exceed all its performance targets on creating manufactured capital at the expense of burnt-out human capital. All the blockbuster exhibitions (positive outcome) it has created may have created a disgruntled workforce (negative outcome) that had to work on weekends. Equally important is how the museum responds to its stakeholder needs. A museum may be able to report that it has achieved all 20 exhibitions it has planned to mount, but the question will be how many people have visited those 20 exhibitions, what their impact has been on the people they were intended for and how this performance will be sustained into the future. Museums are currently using past trends in their annual reports, but there is a lack of information about the future. Most of the annual reports tested meet the requirements of performance measurement and may be enhanced with the addition of a future outlook that could be provided in a narrative format.

Outlook	As mentioned, the museum annual reports analysed do not venture into the future. There is a need to create a golden thread through the report by indicating the impact of the actions on the capitals. In some of the annual reports, challenges and uncertainties are stated but it is not indicated how they will impact on the operations of the museum. Equally important is for the museum to state how it will respond to these challenges and uncertainties. The majority of museums place the responsibility for salvation on the shoulders of external parties. However, they need to demonstrate how they themselves will deal with the challenges identified.
Basis of preparation and presentation	The materiality provided by National Treasury is a good starting point; however, each museum is unique and may have unique challenges that need an additional materiality framework. For an integrated report, museums need to state exactly how they determine the materiality of the information included in their reports, including listing the stakeholders involved in such determination. This is to ensure the credibility of the report.

5.7 Conclusion

In this chapter, a case has been made for the need for museums to move towards integrated reporting. The study findings suggest that the Annual Report Guide of the National Treasury should be amended and aligned with the integrated reporting content elements as contained in the International Integrated Reporting Framework. It has also been argued that the governance and organisational structures of the national museums need to be aligned with the planning, reporting and budget programme structures prescribed by the National Treasury. This will result in better planning, reporting and accountability by museums, and these could be applied to any museum of any shape and size.

Chapter 6 provides a summary, recommendations and conclusions regarding the study.

Chapter 6: Summary, conclusions and future research

6.1 Introduction

The main purpose of this chapter is to provide a summary and to conclude the research report. The main objectives of this study were to survey the literature on governance, public accountability and integrated reporting, to critically review the legislative and regulatory framework for accountability in South Africa, to analyse the reports of selected national museums against the International Integrated Reporting Framework and the King IV Report principles and to develop a provisional integrated reporting framework for national museums in South Africa.

6.2 Summary and recommendations

This research report commenced with a discussion of the triple concepts of governance, public accountability and integrated reporting. For the purposes of this research, the focus was placed on governance as corporate governance. A definition of corporate governance was presented together with its different theories. Given the undisputable link between corporate governance and public accountability, an attempt was made to define public accountability.

The dimensions and types of accountability were brought to the fore. The promises of accountability and the orders of accountability, including its linkage to transparency, were discussed in great detail. It was also observed that multiple demands for accountability elicited all sorts of responses such as acquiescence, compromise, compartmentalisation and even plain defiance from those who are called to account. Over the years, accountability has been extended to nonstate actors through regulatory mechanisms such as legislative instruments.

An attempt was also made to define integrated reporting using mainly the definition put forward by the IIRC, which has been subsequently used in King IV. A detailed discussion of how an integrated report should be prepared including its guiding principles and content elements laid the foundation for the discussion of the King III and IV reports. The focus on these reports was on how they laid the foundation for integrated reporting in South Africa, including King IV's revision of the principle of apply or explain to the principle of apply and explain, which is the title of this research report. A critique of the International Integrated Reporting Framework was also provided with a particular focus on some of the emerging literature in the field.

A discussion of integrated reporting cannot be complete without a brief discussion of the legislative framework. The Constitution of the Republic of South Africa provides a sound basis for good governance, transparency and accountability. This solid foundation has been extended by legislative instruments such as the PFMA, the Public Audit Act and the Companies Act. The PFMA positions the Nationally Treasury as the strategic nerve centre of accountability, and its regulations, guides, instructions, norms and standards are an extension of the PFMA. With reference to the norms and standards applicable to this research, the Annual Report Guide was discussed in great detail as an instrument of governance and accountability for public entities such as museums.

One of the key findings of the research is that some national museums view annual reporting as a burdensome compliance nuisance. Their reporting is prescribed by the Annual Report Guide of the National Treasury, and as a result, they attempt as much as they can to meet only the minimum requirements prescribed. It is the researcher's argument that putting additional responsibility on museums to introduce additional information without revisiting the Annual Report Guide will be almost an exercise in futility. It is therefore recommended that the National Treasury should consider revising the Annual Report Guide in the light of the International Integrated Reporting Framework and King IV to ensure that museum reports meet these reporting standards. The Annual Report Guide to an extent does provide some of the content elements as provided for in the International Integrated Reporting Framework. What is needed is to ensure that the annual reports also provide future-focussed information as they tend to dwell on past performance.

The museums may also benefit from disclosing the impact of performance on the six capitals. This research report also recommends that the governance and organisational structures of museums should be aligned with the budget programme structure as prescribed by the National Treasury. It is argued in this report that this could be applicable to a national museum of any size and if implemented, it will contribute to greater alignment, better integration and more accountability by those tasked with the utilisation and oversight of public funds. It will also make it easier to compare performance information among museums. This research report ends by providing a provisional integrated framework that could be applied by museums to ensure better and more integrated reporting while waiting for the Annual Report Guide to be amended – if it will ever be amended.

Further recommendations are the training of all museum staff and governing body members on the legislative prescripts governing public service, mainly the PFMA, with a special focus on strategic planning, annual performance planning and integrated reporting. An additional recommendation is to introduce incentives to encourage better reporting from public entities, especially museums. It is the researcher's belief that if such minimum interventions are made, they will lead to good governance and more public accountability.

6.3 Future research

Integrated reporting is an emerging field, and the literature in this area is still limited. Although South Africa is seen as a leader in this field, at least from a practice point of view, there is still a need to study how the International Integrated Reporting Framework has shaped reporting in South Africa. Museums are always seen as the last institutions to embrace change, so a detailed study focussing on one institution may be useful instead of analysing all the museums at the same time. Such a study might shed more light if content analysis of annual reports is coupled with focussed interviews with senior managers or those tasked with reporting and governance.

6.4 Conclusion

This chapter has provided a brief summary of the research report, commencing from the objectives of the study. It has also provided a helicopter view of the literature survey, particularly the literature on governance, public accountability and integrated reporting. An overview of the legislative and regulatory framework has also been briefly outlined. The chapter has also presented the main summary of the research findings, including recommendations, and has concluded with useful suggestions for future research.

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Appendix 1: Summary of annual reports analysed

<u>Afrikaanse Taalmuseum en -monument 2014/15</u>

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	The vision of the museum is "to operate the national Afrikaans language museum and monument in such a manner that Afrikaans maybe respected and appreciated to its full extent and as inclusively as possible" (Afrikaanse Taalmuseum en -monument, 2014: 6). The institution has disclosed that it intends to expand its activities to four more provinces.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	Legislation governing the institution is listed. Risk management strategy, compliance with laws and regulations, and code of conduct are disclosed as measures for ethical governance.
What is the organisation's business model?	The business model is stated as part of the mission statement. The business model is not explicit.
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	The risks identified are financial sustainability, succession planning, costs of digitisation, unstable museum floor and excessive audit fees. State subsidy as a mitigating factor for the risks is identified.
Where does the organisation want to go, and how does it intend to get there?	The objectives are not clearly stated. The chairperson's statement mentions increase in visitor numbers, improvement of museum finances, exhibitions and transformation of collections, visitor accessibility, healing and social cohesion.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	Performance is reported per programme. It includes performance indicators and actual achievements in the previous year. Quantitative and qualitative information is provided.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	Transformation, repairs to infrastructure and increasing revenue are disclosed as challenges.

How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	The materiality framework of the National Treasury is used. If 1% of its revenue is lost, it will be disclosed, including disciplinary steps to be taken.

Ditsong Museums of South Africa 2014/15

Integrated reporting element	**Disclosure in the annual report**
What does the organisation do, and what are the circumstances under which it operates?	The organisational overview is covered in the chairperson's and CEO's overview. The overview covers the appointment of a new CEO, a qualified audit opinion and establishment of a new audit committee. Social cohesion is identified as a priority. The CEO review identifies performance, audit and budget deficits as challenges.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The internal audit provides an early warning system to the organisation. A code of conduct, internal policies and fraud prevention plans are disclosed as being in place.
What is the organisation's business model?	The chairperson's and CEO's statements disclose that the museum will have to contribute to social cohesion and nation building. The mission statement says that the mission of the institution is "to provide a museum management system in order to collect, conserve, preserve and restore the national heritage assets and undertake research for presentation to the public through exhibitions and educational programs thereby ensuring nation building and social cohesion" (Ditsong, 2015: 14).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	The annual report discloses a qualified audit opinion, a financial deficit and judicial matters as risks affecting the organisation. Additional risks are a lack of risk assessment and financial statements that are not reviewed by the audit committee.
Where does the organisation want to go, and how does it intend to get there?	The annual report discloses the existence of a seven-point strategic turnaround programme

	aimed at developing thought leadership, financial sustainability, relevance to stakeholders and society, employer of choice, modernisation, agile business model and contribution to Mzanzi Golden Economy.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	The organisation did not submit its strategic plan to the executive authority. Performance targets are not well defined. Issues such as poor leadership, lack of internal controls and poor record keeping are cited as root causes of challenges.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	A qualified audit report is highlighted as a challenge bearing on the business. Post retirement medical aid benefits are also a threat to the organisation.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	The accounting authority certifies the annual report as accurate. The report is prepared in line with National Treasury guidelines.

Iziko Museums of South Africa 2013/2014

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	Iziko wants to develop and increase access to collections and programmes, and develop new strategies and sound governance. Budget constraints, challenges with staff recruitment, problems with acquisition of new artworks, difficulty in compliance with GRAP 103 and decrease in museum functions due to budget deficits are disclosed.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The report discloses refinement of procedures, risk management included in the job description of senior managers. The audit committee reviews donor funding and financial statements. The council committees are aligned with the organisational structure. Annual reports and financial statements are approved by the council.

What is the organisation's business model?	The annual report states that "Iziko's core business is to manage and promote its unique combination of South Africa's heritage collections, sites and services for the benefit of present and future generations" (Iziko, 2014:. 69).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	Funding, succession planning, postretirement medical benefits, GRAP 103, acquisition of new artworks, new technology and supernumerary staff are identified as risks. A risk register and a risk committee are in place.
Where does the organisation want to go, and how does it intend to get there?	Four strategy-orientated outcome goals are disclosed, namely access and audience development, collections research, corporate advancement and sound governance.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	Performance is disclosed in the CEO's review and in the performance reporting section.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	The risks mentioned above are also disclosed as challenges.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	The materiality of Iziko is determined by its council.

<u>Freedom Park 2015/16</u>

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	Freedom Park's vision is to be "a leading national and international icon of humanity and freedom" (Freedom Park, 2016:6). Mismatch between mandate and core business, financial sustainability, infrastructure maintenance costs, cuts in government grants and decline in use of facility are identified as challenges.

How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The report discloses the identification of 22 medium-term goals including establishment of oversight committees. The council creates value through its strategic role, determination of policy and levels of materiality, risk management, performance monitoring, induction and managing conflict of interest. The council has a charter.
What is the organisation's business model?	The annual report discloses Freedom Park's business model as "the creation of a memorial and monument that will narrate a story spanning a period of 3.6 billion years … as well as the creation of remembrance to acknowledge those that contributed to the freedom of our country" (Freedom Park, 2016: 6).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	Risk-based audits on personnel and payroll, review of park operations were conducted. Information Technology review, Annual Performance Plan review and assurance model review are disclosed. Decline in revenue and funding cuts are identified as risks.
Where does the organisation want to go, and how does it intend to get there?	The following strategic goals are disclosed: social cohesion, management of Freedom Park, Indigenous Knowledge Systems, active partnerships and attraction of talent.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	This information is disclosed under performance reporting in tabular and narrative format.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	Challenges are disclosed in the chairperson's overview as appointment of executives, new strategic inputs into the strategic plan, increase in revenue and visitor numbers, and organisational realignment. The CEO's overview identifies fundraising.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that the accounting authority is responsible for the accuracy, integrity and reliability of the information in the report.

Luthuli Museum 2014/15

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	A celebration of 20 years of freedom and a new lecture on Luthuli are identified as functions of the institution. Challenges disclosed are marketing, staff turnover and financial sustainability.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The report discloses the appointment of a new council. An audit committee and internal audit are disclosed as not existing.
What is the organisation's business model?	This is disclosed in the mission statement, which is "to conserve, uphold, promote and propagate the life, values philosophies and legacy of the late Chief Albert Luthuli" (Luthuli Museum, 2015: 6).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	Staff turnover, sustainability, marketing and no audit committee are identified as risks.
Where does the organisation want to go, and how does it intend to get there?	The strategic objectives are disclosed in the section dealing with performance management.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in tabular format.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	These are disclosed in the chairperson's foreword as securing additional funds, reviewing of research, the growing legacy of Luthuli, publications on Luthuli, commemoration of Luthuli on 21 July, the 50th anniversary of Luthuli, the 1956 Women's March and a clean audit.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that the auditor general tested the material presented and did not find any inaccuracies.

Msunduzi Museum 2014/15

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	GRAP 103 and staff challenges are identified as a threat service delivery. Collaborations undertaken by the museum are disclosed.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The audit committee has ranked its risks. The internal audit committee quality assures all the information. The audit committee did not prepare a three-year plan, the internal audit was not assessed by the audit committee and performance information was not audited.
What is the organisation's business model?	This is disclosed as "to actively preserve, promote and present our cultural heritage to benefit nation building and social cohesion" (Msunduzi, 2015: 7).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	These are not disclosed.
Where does the organisation want to go, and how does it intend to get there?	This is disclosed as the strategic objective of increasing, preserving and developing collections. Increase of access to collections and enhancement of educational programmes are disclosed as additional strategies.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	It is disclosed that the planned targets and indicators for performance "could not be assessed due to a lack of proper systems and processes and documented systems descriptions" (Msunduzi Museum, 2015: 84).
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	These are disclosed as future preservation of heritage, nation building and hiring out of facilities.

How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that the council approved the information contained in the annual report.

Nelson Mandela Museum 2015/16

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	The annual report discloses a moratorium on heritage assets placed by the National Treasury. A new vision and restructuring exercises are being put in place. Poverty, inequality and unemployment are disclosed as operational context.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The council is divided into four committees for content, audit, finance and institutional development. The committees advise the council. The audit committee has identified a lack of internal controls and a lack of performance management policy.
What is the organisation's business model?	It is disclosed in the chairperson's statement that "Nelson Mandela Museum is charged with the responsibility of exercising good stewardship over Nelson Mandela's legacy" (Nelson Mandela Museum, 2015:5).
What are specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	The Auditor General's report and GRAP 103 are identified as risks.
Where does the organisation want to go, and how does it intend to get there?	This is disclosed as the intent to improve heritage conservation, develop the public profile and access, present vibrant programmes with economic opportunities and establish effective governance.

To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in both narrative and table formats.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	Restructuring, a new vision and GRAP 103 are disclosed as challenges and uncertainties.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that the quality of the information in the annual report was assured by the audit committee.

National Museum, Bloemfontein 2014/15

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	Space constraints, lack of employment equity, funding constraints, uncompetitive remuneration, information technology challenges, demands for more compliance, and lack of exhibition and storage facilities are identified as challenges. A new accountant was appointed to address compliance.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The governance structure is not adequately disclosed. The audit committee reviews the financial statements.
What is the organisation's business model?	This is disclosed in the director's overview as the provision of "curatorial and conservation, research and education services relevant to heritage based collections, of benefit to the entire community" (National Museum, Bloemfontein, 2015: 7).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	The risks are disclosed in in the organisational overview. The existence of a three-year risk plan is disclosed.

Where does the organisation want to go, and how does it intend to get there?	This is disclosed as part of the strategic objectives.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in table and narrative format. Also disclosed that an official was employed to monitor performance information.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	The museum only disclosed past information.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that it applies the materiality framework approved by the National Treasury.

<u>National English Literary Museum 2014/2015</u>

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	The report mentions policy review, extension of the museum mandate, demand for services by scholars and schools, digitisation and staff shortages as challenges.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The report discloses council subcommittees such as the EXCO, which deals with quarterly reports and urgent matters, the finance and general purposes committee and the risk management committee.
What is the organisation's business model?	This is disclosed in the mission statement, which is to "promote reading, storytelling and research by providing access to its diverse collections, exhibitions and public programs" (National English Literary Museum, 2015: 10).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	The cost of remunerating the council and demands for compliance are identified as risks. Opportunities disclosed are expanding the language offering and moving into a new building.

Where does the organisation want to go, and how does it intend to get there?	This is disclosed as three strategic outcomes: sound governance, being an authority on the South African literary heritage and promotion of the enjoyment of literature.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in tabular and narrative format.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	These are disclosed as a new building and new partnerships.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that it adopted a materiality framework approved by the National Treasury.

War Museum of the Boer Republics 2014/15

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	A growing demand for services, universal accessibility, fire protection, air-conditioning and parking are disclosed as challenges.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The audit committee reviews only the financial statements of the entity and not the entire report.
What is the organisation's business model?	The business model is disclosed in page 13 and outlines the services rendered by the organisation.
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	No risks are disclosed.
Where does the organisation want to go, and how does it intend to get there?	This is disclosed as conservation and preservation of heritage, promotion of access to information and marketing of the heritage sector,

	inclusivity promotion, education, employment and so on.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in tabular format.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	The museum discloses the vision of a society without war, interactive exhibitions and inclusivity.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that it has adopted the materiality framework approved by the National Treasury.

William Humphreys Art Gallery 2014/15

Integrated reporting element	Disclosure in the annual report
What does the organisation do, and what are the circumstances under which it operates?	A qualified audit, the cost of GRAP 103, the size of the museum that should exempt it from compliance, building maintenance costs and a lack of support from government are listed as challenges. Lack of space, understaffing, the vastness of the service area and the lack of vehicles are identified as problematic.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The report mentions that the institution has adopted a number of governance policies and structures that are approved by its council and are revised from time to time.
What is the organisation's business model?	This is disclosed as "to collect and conserve South African works of art excellence and hold these in trust for the nation" (William Humphreys Art Gallery, 2014: 12).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	These are disclosed as lack of funding.

Where does the organisation want to go, and how does it intend to get there?	This is not clearly disclosed.
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in tabular format.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	Only historic information is disclosed.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	It is disclosed that it has adopted the materiality framework approved by the National Treasury.

Robben Island Museum 2014/15

Integrated reporting element	**Disclosure in the annual report**
What does the organisation do, and what are the circumstances under which it operates?	Maintenance of the island, organisational refinement, filling of critical posts, adaptive use of the island, a conservation management plan, a new ferry management model, matching funding with performance and relations with former political prisoners are identified as challenges.
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	The governance structure is disclosed and consists of the council, audit and risk committee, finance and remuneration committee, human resources governance, ethics and integrity committee and heritage education and tourism committees.
What is the organisation's business model?	This is disclosed as "to conserve and act as a custodian of the multi-layered tangible and intangible heritage of Robben Island, to offer an inclusive, holistic and balanced interpretation of the island to the visitors and showcase many of the possible experiences and to present a responsible ethical, environmentally-sensitive

	and inspirational tourism experience" (Robben Island Museum, 2015:16).
What are the specific risks and opportunities that affect the organisation's ability to create value in the short, medium and long term, and how is the organisation dealing with them?	Appointment of a senior risk manager is disclosed.
Where does the organisation want to go, and how does it intend to get there?	This is disclosed in the vision, which is "to develop and promote Robben Island as an inspiring world class heritage site that symbolises the triumph of the human spirit over adversity and injustice" (Robben Island, 2015: 16).
To what extent has the organisation achieved its strategic objectives for the period, and what are its outcomes in terms of effects on capitals?	These are disclosed in tabular format.
What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what is the potential for its business model and future performance?	Implementation of a new business model and seven elements that will guide the museum into the future is disclosed.
How does the organisation determine what matters to include in the integrated report, and how are such matters quantified or evaluated?	Appointment of a senior manager responsible for risk is disclosed. Audit committee and implementation of a conservation management plan.