




Factors impeding the implementation of oversight mechanisms in South African municipalities



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Background: Many developing countries are experiencing many financial management and control challenges such as corruption, fraud and misappropriation of public funds. In South Africa, municipalities are among the most affected public institutions.

Aim: This article investigated factors impeding the successful implementation of oversight mechanisms meant to promote accountability, with specific reference to South African municipalities.

Methods: A qualitative research methodology approach was used, and an extensive review of literature and key policy documents and reports was conducted.

Results: The findings revealed the following factors as impeding the implementation of oversight mechanisms in South African municipalities: ineffective internal control tracking, Auditor General's limitations to regularly make progress checks on recommendations made, nepotism in municipal appointments, futile audit committees and management's inability to enforce consequences.

Conclusion: In the process, this article recommended that municipalities should adopt a radical metamorphosis through greater accountability measures, strengthened monitoring and evaluation mechanisms and improved leadership and accountability.

Contribution: This article proposed options for improving the effectiveness of oversight mechanisms at local spheres of government in developing nations such as South Africa. Furthermore, in general, this article contributed to literature on local government oversight mechanisms and local government performance in South Africa.

Keywords: Oversight; internal control; accountability; leadership; municipalities; Auditor General.

Introduction

The objective of this article is to investigate factors impeding the implementation of oversight mechanisms in South African municipalities. Existing research reveals that South African municipalities are riddled with corruption and maladministration. For a couple of years now, reports from the Auditor General of South Africa (AGSA), have been revealing a downward spiral of local government financial management. Audit outcomes remain poor and have regressed in the last 4 years, internal controls have not improved and the response to calls to strengthen internal controls and fill critical vacancies has been slow (AGSA 2021:18). Budhram and Geldenhuys (2018:28) observed that every year the government spends millions of rands on unauthorised, fruitless and wasteful expenditure. In this regard, Merten (2021) pointed out that only 27 of South Africa's 257 municipalities had obtained a clean bill of financial health, according to the local government 2019–2020 audit. Mbanye (2021) argues that this is because of a lack of accountability and good leadership. According to Transparency International (TI) (2020), insufficient oversight leads to greater chances of public funds being pocketed by public officials. Consequently, this behaviour has negatively affected service delivery and led to service delivery protests throughout the country.

Given the ongoing state of poor service delivery and escalating service delivery protests, an examination of factors impeding the implementation of oversight mechanisms in South African municipalities is of great significance. This can help policymakers spot internal control and oversight issues that have a significant influence on municipal finances. Overall, this article proposes options for improving the effectiveness of oversight mechanisms at municipal level in developing nations such as South Africa. Furthermore, it contributes to literature on local

government oversight mechanisms and local government performance in South Africa.

Key research questions to be answered in this article are: what are some of the common causes of poor management at municipal level? What is the effectiveness of internal financial control mechanisms used in municipalities? What causes municipalities not to have clean audits? Why are public officials not being held accountable more frequently? What measures can the government put in place to ensure adherence to the rule of law and effective performance management?

Previous studies have explored a broad array of research conducted on specific regions and provinces in South Africa regarding maladministration and corruption. However, fewer data have been collected from a country-wide perspective, as this study will reveal. In this article, the framework that supports internal control and oversight systems is introduced, for the reason of exposing the failing finances and delivery of services within municipalities. In addition, questions surrounding municipalities' technical resource capacity, including causes and effects faced by municipal authorities, are addressed.

Background and context

The following sections will give some background to oversight, highlight the statutes and framework that govern oversight and define the oversight mechanisms utilised within municipalities, which include internal control, internal auditing and reporting.

Postapartheid municipal service delivery demands

According to Ngcamu (2019), the postapartheid era was prone to multiple protests and defiance campaigns, ignited and coordinated by several civil society groups. The violent service delivery protests, which were more prominent at the municipal level, were linked to the impact of apartheid, which was central to segregation. Most people, particularly the black population, were subjected to marginalisation of basic needs such as clean drinking water, proper sanitation, electricity, health care accessibility, formal housing and infrastructure (Ngcamu 2019). Since transitioning to a democratic era in 1994, the South African government has focused on providing services to society (Mutymbizi et al. 2020:1). However, the new democratic government, led by the African National Congress (ANC), inherited a country with great inequality, widespread poverty and scarce employment opportunities (Mananga 2012). According to Steyn and Van Heerden (2011:167), there was a perceived lack of basic service delivery and widespread corruption at municipal levels. In addition, Steyn and Van Heerden (2011:167) state that local councils and municipal officials were not held accountable, technical and financial management was inadequate and cadre deployment was a common ritual.

Statutory and legislative framework for oversight

In the three spheres of government, the legislative and regulatory frameworks provide a base for accountability and oversight. For the purpose of this article, focus will be on the requirements of improving accountability and oversight within municipalities.

According to Section 155(7) of the *Constitution of the Republic of South Africa, 1996* (hereafter referred to as the Constitution), the national government and provincial governments have the legislative and executive authority to ensure that municipalities fulfil their service delivery tasks effectively. Service delivery tasks are required to be carried out by municipalities as per Schedules 4 and 5 of the Constitution. Section 195 of the Constitution lists the core values of governing public administration, including the need to be accountable, while in Section 215, the Constitution promotes transparency, accountability and effectiveness regarding the management of public finances.

Section 65(2)(a) of the *Municipal Finance Management Act, 2003 (Act 56 of 2003)* (MFMA) calls for municipalities to establish effective expenditure control systems that will detail how funds will be approved, authorised, withdrawn and paid out. Furthermore, Section 65(2)(b) requires the establishment of systems that will recognise incurred expenses and account for creditors and payments made by municipalities. Section 165 of the MFMA mandates each municipality to establish an internal audit unit to report to an audit committee on matters relating to internal audit, internal control, risk and performance management and compliance with applicable laws. Section 166(1) of the MFMA, 2003, requires each municipality to have an independent audit committee with the objective of identifying risks that would jeopardise the municipality and advising the council, management and the accounting officer on matters related to municipal oversight. Similarly, Section 79 of the *Municipal Structures Act, 1998 (Act 117 of 1998)* establishes the essential prerequisites for the formation of committees to help the local council in carrying out its oversight responsibilities. Kraai, Holtzhausen and Malan (2017:63) affirm that the council uses oversight committees to encourage good governance, which allows municipalities to fulfil their tasks, while oversight committees help to increase executive responsibility.

Municipal oversight, committees and mechanisms

Kraai et al. (2017:63) assert that oversight comprises watching over the executive's work in order to improve service delivery and improve the living conditions of all inhabitants. In addition, oversight is critical for ensuring that the executive is operating in a regulatory manner that applies the principles of good governance. Kraai et al. (2017:65) further declare that oversight ensures adherence to clean audit processes and that concerns mentioned in the Auditor General report receive the required attention.

As stated by Toxopeüs (2019), municipal authorities are responsible for ensuring that laws and policies are created and efficiently executed in a way that guarantees the delivery of basic services to their respective communities. According to Toxopeüs (2019), the responsibilities of oversight are channelled through two essential committees within municipal organisations, established to support the council. The Municipal Public Accounts Committees (MPACs) are responsible for internal oversight, while municipal audit committees are established more autonomously to serve a more outward monitoring function. Toxopeüs (2019) further expresses that mechanisms such as internal financial controls, internal audits, risk and performance management, accounting policies and legislative compliance are utilised by committees to effectively advise municipal councils. In addition, Toxopeüs (2019) states that these committees are responsible for responding to any issues raised by the Auditor General and investigating financial misconduct, per the council's request.

The commonly used oversight mechanisms by oversight committees are internal control, internal auditing and financial reporting. Internal controls are a collection of policies used by managers to ensure that financial transactions are implemented in an orderly manner, ethically, economically, efficiently and effectively in order to prevent waste, theft and abuse of resources (Abdulai, Salakpi & Nassè 2021:2; National Treasury 2000:28). Internal auditing is a consultancy service rendered independently and objectively to review and report on the adequacy, efficacy and adherence of the internal control structure established by management. It also involves examining financial and operational records and evaluating compliance with relevant laws and management practices (Abdulai et al. 2021:2; Institute of Internal Auditors 2016:23; National Treasury 2000:31). Financial reporting involves a timely submission of information that is relevant, verifiable and dependable over time; ensuring that information can be similarly compared with other spending units; and observing acceptable norms and standards (National Treasury 2000:19; Pauw et al. 2015:152).

Research methods and design

The research approach of this article was qualitative. The qualitative research method seemed to be the best fit for this article as it is interpretive, reflexive and detailed in nature. Babbie (2010) describes qualitative studies as the interpretation of observations in a non-numerical examination for the purpose of determining fundamental meanings and designs or relations.

The article used secondary sources of data. According to Martins, Da Cunha and Serra (2018:2), 'Secondary data may include data that has been previously gathered and is under consideration to be reused for new questions, for which the data gathered was not originally intended'. Vast amounts of valuable primary data and secondary data are collected and archived by relevant institutions or researchers all over the world (Weijun 2008). Gathering facts from existing secondary sources in this

article included consulting documents from municipalities, government, agencies, projects and web scraping.

The thematic analysis technique was used to analyse collected data. Kiger and Varpio (2020) posit that thematic analysis is a method for analysing qualitative data and entails searching across a data set to identify, analyse and report repeated patterns. To enable the thematic analysis technique, this article adopted a manifest content analysis using deductive reasoning. Bengtsson (2016:10) describes manifest analysis as a process where the researcher stays true to the text being collected as practically as possible, makes use of the actual text and labels the obvious in the text. The manifest analysis was ideal as it enabled the researchers to get in-depth understanding of the factors influencing the implementation of oversight mechanisms in South African municipalities.

Review findings

Challenges affecting the effectiveness of financial oversight mechanisms

Various studies were reviewed and conclusions drawn on the challenges that affect the success of financial oversight mechanisms within South African municipalities. These challenges include staffing and skills shortage, funding, lack of consequence management and corruption.

Staffing and skills shortage

Insufficient human resources are one of the factors affecting local government performance. Abdulai et al. (2021:4) point out that staffing deficiency can lead to mismanagement, errors and violence in some cases. Furthermore, Abdulai et al. (2021:4) declare that the proper staffing of an internal audit department, as well as good management of the workforce, are critical to the success of internal auditing. However, some officials appointed in key positions do not meet all the requirements and lack the necessary expertise to carry out their functions (Abdulai et al. 2021:6). Dodo (2017:19) indicates that a lack of technical experience and financial auditing skills are key factors that contribute to the ineffectiveness of audit committees. Other factors include the acquisition of adequate committee personnel and political involvement during the recruitment and selection processes. Corruption Watch (2021:9) lists nepotism and cronyism as key contributors that increase skills shortages in South African municipal governments. Riggio and Saggi (2015:19) define nepotism as preferential treatment given to a family member of a public official, regardless of qualifications, while Zudenkova (2015:473) defines cronyism as the appointment of friends or colleagues to positions of authority, also without adequate qualifications.

According to Madumo and Koma (2019:588), some municipalities have been appointing municipal managers in an acting capacity since 2011 because of a shortage of skills. For example, in 2011, 30 out of 83 municipal managers lacked the necessary educational qualifications, while 65 out of 83 municipal managers failed to either fulfil all of the competency

standards or satisfied only some of them. In view of Abdulai et al. (2021:6), most internal auditors lack a diverse set of skills, including analytical abilities, business intelligence, efficient communication and honesty, bravery and conflict resolution abilities. According to the AGSA (2021:8), municipalities continuously rely on consultants to generate financial statements and analyse underlying records for major financial errors. Over the 2019–2020 financial year, consultancy expenditures for financial reporting services amounted to over R1 billion (AGSA 2021:8). This resulted in complex issues remaining a challenge for management to implement creditable audits in a timely manner. The AGSA (2021:8) further declared that poor quality work was a result of inexperienced auditors, limited skillsets, poor training, unclear audit objectives, a lack of report writing skills and demotivation.

Funding

Effective performance and the implementation of adequate oversight are sometimes hampered by a lack of funding, as it is difficult for managers to hire extra staff to guarantee a sufficient division of functions (Wadesango et al. 2017:62). The ability to adequately pay staff has an impact on the way data are processed, including adherence to reporting standards (Abdulai et al. 2021:5). According to Matlala (2018:92), financial limitations contribute to the delay in implementing internal control mechanisms, as resources are diverted away from dealing with discovered findings. Another important factor underlined by Matlala (2018:106) is that the public sector salary scale does not compete at the same level as that of the private sector, including benefits such as superior career and development opportunities and systematic mentoring programs which are offered to their employees. In his deduction, Matlala (2018:106) is of the notion that political, economic and environmental instability make it difficult for some countries to attract, motivate and retain high-quality staff.

Lack of consequence management

Abdulai et al. (2021:6) are of the view that internal auditors take a long time to go over voluminous records and other documentation, which affects the levels of production negatively. As a result, Abdulai et al. (2021:6) believe that auditing faces challenges such as fraudulent financial reporting and audit failures. Further, the audit committees do not have the authority to subpoena municipality administrations for nonperformance or not submitting required financials on time. As a result, the committees' demands for information most often go unanswered, leaving them with minimum options to work with (Toxopeüs 2019). Toxopeüs (2019) expresses that this has a significant impact on their capacity to report financial and institutional performance to the council timeously.

In releasing his latest report on the performance of South Africa's municipalities, former Auditor General, Kimi Makwetu, expressed that the undesirable state of deteriorating

audit outcomes shows that various local government role players have been slow in implementing, and in many instances even disregarding, the AGSA's recommendations (AGSA 2019:1). This, according to Mr Makwetu, has resulted in the decline of accountability and financial and performance management in most municipalities. In a 2018 AGSA media release statement, Mr Makwetu criticised the lack of repercussions for senior government officials who misused state monies in unauthorised, fruitless, wasteful and irregular activities (AGSA 2018:1). Mr Makwetu also lamented that his municipal audit results from 2011 to 2012 revealed a lack of decisive leadership to address the lack of accountability by enforcing legal implications against those who violated basic processes that hampered effective municipal governance (AGSA 2018:1). Mr Makwetu further stated that the same accountability and governance challenges flagged over the years had not been addressed, and there was a reversal in audit outcomes observed instead. In another statement, Mr Makwetu stated that some municipalities had not yet investigated the previous year's irregular, unauthorised and fruitless expenditures and had failed to determine if anyone was liable, or could be held liable, for the purpose of recovering such funds as required by the *MFMA* (AGSA 2019:3). In Mr Makwetu's deduction, until consequences are implemented, the misappropriation of funds will continue for the foreseeable future and audit outcomes will either remain stagnant, be delayed or be poorly produced (AGSA 2018:2).

Matlala (2018:74) reveals that findings extrapolated from Auditor General reports from 2013 to 2015 show that negative findings in South African municipalities recur year after year. According to Matlala (2018:74), the AGSA presented such findings in 148 municipalities during the 2015–2016 financial year, indicating that nearly half of these municipalities did not investigate any of the findings, while a quarter of municipalities only investigated some of the findings. Furthermore, Matlala (2018:74) declares that for the 2016–2017 financial year, negative findings were reported by the AGSA in 145 of the municipalities, 71% of which were recorded in 2015–2016. This demonstrates that municipal councils failed to conduct investigations into all cases of unauthorised, irregular, fruitless and wasteful expenditure reported in the previous year and exposed their inability to take adequate and long-term corrective measures. As stated in the consolidated general report on the local government audit outcomes, *MFMA* 2019–2020, the AGSA has sent consistent warnings to the government over the past couple of years regarding the deteriorating state of local government that has put a heavy strain on the financial health of state funds (AGSA 2021:14). In the view of the AGSA (2015:85), officials who are not held accountable for their actions create the perception that such behaviour and results thereof are acceptable and tolerable.

Corruption

According to Budhram and Geldenhuys (2018:30), corruption is the misuse of power or authority to achieve or facilitate the

acquisition of a benefit or advantage to which the recipient or beneficiary is not lawfully entitled. Section 4 of the *Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)* declares any public officer who receives, accepts or seeks to obtain compensation from another person, whether it be of benefit to himself or herself or others, to be corrupt. This includes persuading someone else to act in an illegal, dishonest, unauthorised, incomplete or discriminatory manner. Furthermore, the Act considers a public official's breach of trust or violation of a lawful responsibility or set of norms as a corrupt activity (Section 4 of the *Prevention and Combating of Corrupt Activities Act, [Act 12 of 2004]*).

The findings of this study reveal that corruption thrives in public entities that lack effective financial controls. Since its inception in 2012, Corruption Watch has received over 5000 reports of corruption in local government (Corruption Watch 2021:1). These reports provide a disturbing overview of how some municipalities are captured to serve private interests, how municipal managers abuse their power and position and how procurement and employment processes are constantly undermined. All of this, as Corruption Watch (2021:1) reports, results in disadvantaged communities being denied access to basic human rights and services. Matlala (2018:96) expresses that the country's major difficulty is the lack of a strong state champion committed to fighting corruption. According to Matlala (2018:96), the anticorruption drive appears disconnected, with minor success achieved by members of the public, the media and certain government entities. Furthermore, Matlala (2018:96) claims that a culture of greed, propelled by South Africa's ever-present economic inequality, is destroying personal integrity at the national, provincial and municipal levels. As stated by Corruption Watch (2021:1), the public also has the responsibility to insist that authorities keep their hands clean and out of the state coffers, by subscribing to anticorruption, accountability and transparency principles.

Implications and recommendations

Lack of financial and performance management, which involves financial misuse, fraud and violations of the *MFMA* regulations, is the most recurring challenge facing South African municipal administrations, according to the findings. This is a problem that has gone unresolved for more than a decade, implying that public finances are not being managed effectively and efficiently within some municipalities. The findings also reveal that municipal leaders and officials do not take their responsibilities, including the AGSA's audit recommendations, seriously. This lack of leadership has had a negative impact on municipal governance and oversight. There are systems in place to curb maladministration and corruption, but they are weak and ineffective. The next section lists recommendations to these recurring challenges, namely increasing internal staffing and skills, stronger leadership and policy implementation, improvement of monitoring and evaluation mechanisms, increased authority for the Auditor General and strengthening the anticorruption framework.

Increasing internal staffing and skills

Matlala (2018:91) asserts that adequate staffing is needed for a system to operate at its full potential. Madumo and Koma (2019:588) recommend for staffing in municipalities to be evaluated against a number of objectives, including ensuring that people with adequate skills and qualifications fill senior positions. In addition, Madumo and Koma (2019:588) call for human resource development and capacity building to be provided on an ongoing basis. Regarding nepotism and cronyism, Riggio and Saggi (2015:19) are of the view that if all candidates applying for a position are considered through a fair screening and evaluation procedure, no one would be harmed. In the same breath, Riggio and Saggi (2015:19) add that if an individual with a social or family connection happens to be the best candidate for the position, although no one is harmed, the perceptions of nepotism or cronyism may affect employees' satisfaction, motivation and the opinion of the organisation and its practices.

Stronger leadership and policy implementation

Based on the findings, it is clear that in order to have an efficient governance system in place, the complexities of local government operations require strong leadership. In the view of the AGSA (2015:75), in order to improve the performance and productivity of staff, the leadership should set the correct tone by implementing sound performance management processes. In the view of the AGSA (2015:75), leadership that consistently takes action demonstrates to all officials that poor performance has consequences.

Pauw et al. (2015:248–249) recommend two approaches for mitigating recurring leadership challenges, namely the policy implementation approach and the policy compliance and accountability approach. Pauw et al. (2015:248) believe that the fundamental principle that is required in terms of the policy implementation approach is for the municipal council and the accounting officer to guarantee that the *MFMA* policies are executed effectively. According to Pauw et al. (2015:248–249), this would necessitate an organised and well-planned approach in which the requirements of the law and other directives are assessed. In the view of Pauw et al. (2015:249), municipalities must include provisions for these policies in their Integrated Development Plans (IDPs), as well as their Service Delivery and Budget Implementation Plans (SDBIPs). Regarding the policy compliance and accountability approach, Pauw et al. (2015:249) believe that a municipality that does not comply with the applicable financial management rules and regulations, including its own standards, will be unable to account for its financial management. To avoid qualified audit reports or disclaimers from the AGSA, Pauw et al. (2015:249) believe that reporting should take place on a regular basis throughout the financial year and that disciplinary actions should be made as soon as possible. Additionally, Pauw et al. (2015:249) emphasise that it is important to apply best practices and benchmarking, which will require competent financial management practitioners and a political will at the council level.

Improvement of monitoring and evaluation mechanisms

According to the AGSA (2015:75), failure to comply with legislated obligations and the repeated offences of unauthorised, irregular, fruitless and wasteful expenditure should be investigated and addressed accordingly to avoid financial misconduct on the part of accounting officers or officials. One of the recommendations for effective performance management in municipalities involves the enhancement of monitoring and evaluation systems, which require municipalities to report their performances to the relevant national and provincial government entities (The Presidency 2007:4). This means that municipalities must prepare reliable quarterly, midyear and yearly reports on performance information that will be used by the relevant stakeholders for financial performance analysis and evaluation (National Treasury 2015:9). Matlala (2018:44) proposes that the Department of Performance, Monitoring and Evaluation (DPME) assume a more active role in providing technical assistance and guidance to municipalities during the self-assessment phase, as well as involving provinces in the process, to create a learning environment for the respective municipalities. Furthermore, Matlala (2018:44) advocates for internal capacity to be enhanced for municipalities to perform assessments more frequently.

The National Treasury (2015:5) regards audit action-monitoring as other means of corrective processes that can guarantee that appropriate measures are performed on issues highlighted by external and internal auditors. According to Wadesango et al. (2017:51), audit action-monitoring is a method where auditors employ effective communication channels, such as face-to-face interactions in a straightforward, simple and structured manner, in order to decide the best way to convey findings and recommendations. Another recommendation presented by Toxopeüs (2019) involves establishing binding processes for MPACs in order to obtain the required information. Toxopeüs (2019) advises that increasing the municipal council's ability by enabling MPACs to take appropriate action against bad governance and maladministration will improve effectiveness and provide findings that are more credible.

Increased authority for the Auditor General

Matlala (2018:92) is of the belief that because of the lack of consequences, managers usually take advantage of workplace environments and ignore or overlook the norms and standards required for effective consequence management. The findings of this study deduced that some municipalities could have been reluctant to implement the performance management principles or Auditor General recommendations because of the consequences of non-application.

In addressing the poor implementation of performance management, Budhram and Geldenhuys (2018:38) recommend the alteration of the *MFMA* to make it criminally punishable for officials at all levels who intentionally,

unreservedly or illogically fail to comply with procurement and financial management duties resulting in irregular, unauthorised, fruitless and wasteful expenditure. Furthermore, Budhram and Geldenhuys (2018:40–41) specify that the amendments are a necessity, as the *MFMA* does not have provisions to hold public officials criminally accountable, especially for actions resulting in unauthorised, fruitless and wasteful expenditure.

As a remedy for implementing the Auditor General's recommendations, the *Public Audit Amendment Act (Act 5 of 2018)* now gives the Office of the Auditor General the authority to refer major abnormalities to relevant parties for investigation, as well as some degree of authoritative capacity, such as the ability to recover financial losses as a result of irregularities discovered (AGSA 2018:10). This remedy allows the Auditor General the same powers entrusted to other Chapter 9 institutions. The Public Protector, for example, is empowered by Section 182 (1)(c) of the Constitution to take effective action against governmental malpractice. Such corrective actions are enforceable by law, and their legal implications must be adhered to and followed. A case in point, as stated by the International Ombudsman Institute (IOI), is the Public Protector's report on the investigation into allegations of impropriety and unethical conduct relating to the installation of security measures by the Department of Public Works at the private residence of former President Jacob Zuma in Nkandla, KwaZulu-Natal. The Constitutional Court ruled in this matter that the remedial action taken by the Public Protector against former President Zuma was binding, and was ordered to comply with these actions (IOI 2016).

In reaction to the possibility of the introduction of the new bill, the AGSA believes that the continuous waste of taxpayer funds will be prevented, and those responsible for inadequate financial management, be they the applicable director-general, board or municipal manager, will be held personally accountable and will be compelled to refund the state (AGSA 2020:3).

Strengthening the anticorruption framework

The AGSA (2015:85) emphasises that leaders and officials who deliberately or negligently ignore their duties and contravene legislation should be dealt with in a decisive manner. According to the National Development Plan 2030 (NDP), South Africa requires a zero-tolerance response to corruption, and an anticorruption system must be established to confront the issues of corruption and lack of accountability (The Presidency 2012:447). Furthermore, the NDP emphasises that the anticorruption system must hold public officials accountable in order to increase transparency, solidify public service, involve the participation of citizens and reinforce the integrity of the judiciary (The Presidency 2012:447). The Department of Public Service and Administration (DPSA) developed the Public Service Anti-Corruption Strategy to combat government-related corruption. The strategy proposes an increased institutional capacity, improved reporting of corrupt acts and whistle-blower protection

and the introduction of robust procedures to keep corrupt people out of government jobs (DPSA 2002:3–5). In addition, the strategy recommends improved management policies; a professional ethics management system; training, education and awareness campaigns; and stakeholder collaboration with entities such as the National Anti-Corruption Forum, the private sector, citizens and labour unions (DPSA 2002:3–5).

Conclusion

The objective of this research was to determine the factors impeding the implementation of successful oversight mechanisms, with specific reference to South African municipalities. In order to reach the study's objectives, the AGSA's consolidated general reports on the audit outcomes of local government for the financial years 2015 to 2021, as well as other relevant material, were studied. Research showed that while the institutional mandate of local government is to ensure appropriate management of municipal finances, the AGSA's annual consolidated general reports revealed that municipal management and finances were in jeopardy, resulting in poor service delivery across the country.

Through the use of document analysis anchored in qualitative methodology, the findings revealed a couple of challenges that hindered the implementation of effective oversight in selected municipalities. Staffing and skills shortage were identified as challenges involving the appointment of inadequate staff or friends and colleagues in key municipal positions. Funding was a recurring challenge, affecting the hiring of a capable staff and retaining critical skills. The lack of consequence management revealed the inadequacy of managers in implementing effective performance management within municipalities, including the AGSA recommendations, resulting in unauthorised, fruitless, wasteful and irregular expenditure. This was apportioned to indecisive leadership, the lack of consequences for mismanagement and the disregarding of the AGSA's recommendations. Corruption was identified as a challenge involving the abuse of power by municipal managers and the floundering of procurement processes.

Recommendations were made for the oversight challenges. These included improving the quality of municipal administration by appointing competent professionals in senior management positions without political interference and strengthening human resource development. Fair screening and evaluation procedures were recommended in order to dispel any discouraging perceptions among employees, which may affect employee productivity. For stronger leadership, recommendations called for the implementation of sound performance management processes, including adequate assessment and execution of policies and ensuring policy compliance and accountability, with regular reporting and prompt disciplinary actions. Recommendations also called for the strengthening of

monitoring and evaluation systems within municipalities, with the DPME providing technical support and guidance. This would allow municipalities to produce credible financial performance reports on a quarterly, midyear and annual basis. Recommendations were also made for the MFMA to include criminal punishment for officials found guilty of irregular, unauthorised, fruitless and wasteful expenditure. Regarding the enforcement of the Auditor General's recommendations and adjustments to the *Public Audit Act, 2004 (Act 25 of 2004)*, which are underway, will endow the Auditor General with the ability to enact binding recommendations. Regarding corruption, the NDP calls for a zero-tolerance response, while the Public Service Anti-Corruption Strategy calls for corrupt activities to be exposed, whistle-blowers to be protected and training, education and awareness campaigns to be structured. As this was a broad desktop study of what has been written by others, including reports from various state organs, it is recommended that for future studies, one can use a case study approach and delve deeper by conducting interviews with professionals from different provinces.

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Competing interests

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Authors' contributions

L.M. conceptualised the study, analysed the data and wrote the original draft. N.T.M. supervised L.M. as a student and provided guidance through the original draft. T.M. strengthened the paper, reviewed and edited the manuscript.

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Data availability

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