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Assessing the effectiveness of oversight and accountability on municipal finance management: A case of Dr A.B. Xuma Local Municipality

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DECLARATION

I, Sebe Skampula, declare that:

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17 August 2026

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DEDICATION AND ACKNOWLEDGEMENTS

This dissertation is dedicated first and foremost to my father and mother, Vuyisile and Nomdiliya Skampula, whose investment in prayers and teachings of values and godly principles has yielded this outcome. Secondly, to my wife Singcwalise, whose love, support and care are unwavering and unmatched. Lastly, to my daughter Oyama, whom I hope will find courage, motivation and inspiration to keep focused and grounded, achieving even bigger goals.

I thank Jesus Christ, my Lord and Saviour, for the guidance and strength that carried me throughout this challenging journey. I acknowledge the municipal officials and councillors of Dr A.B. Xuma Local Municipality who volunteered to participate in this study. To my supervisor, Dr Bongani O. Mkhize, thank you for your efforts in guiding and supporting me, you are my hero in this journey. I would also like to acknowledge my friend and brother, Dr Fana Mwelase, for inspiring me to embark on this project and providing emotional support and guidance throughout the years. Lastly, I wish to express my heartfelt gratitude to everyone who contributed towards the completion of this study.

ABSTRACT

Municipalities in South Africa have been a subject of criticism, particularly for the widespread reports of maladministration and poor financial management, which in turn severely affect service delivery. Part of the challenges faced by municipalities can be attributed to a lack of effective oversight and accountability. In addition to the financial management challenges faced by municipalities, the municipal council structures, which are by law entrusted with oversight responsibilities, are also struggling to carry out their duties effectively. The primary objective of this study was to assess the effectiveness of oversight and accountability at the DR A.B. Xuma Local Municipality. This study utilised a mixed-methods approach. For quantitative data collection, a census approach was employed, targeting the entire population of 57 councillors and managers in aggregate. A purposive sampling methodology was utilised to select only a few councillors and officials.

The quantitative findings revealed that oversight and accountability are effective in this municipality. However, there are areas needing improvement, particularly the need to enhance the technical understanding of financial management among the oversight committees. The qualitative findings agreed to some extent with the outcomes of the quantitative approach, but expressed strong criticism regarding the lack of capacity in the oversight committees. Both components of the study also agreed that oversight committees face challenges, in varying degrees, and that interventions are urgently needed to improve oversight and accountability. Interventions proposed range from training and development programmes to the need to assist councillors in obtaining some form of academic qualifications to improve their financial literacy.

Keywords: Oversight, Accountability, Financial management, Councillors, Officials, Oversight committees.

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LIST OF ACRONYMS

AGSA	Auditor General of South Africa
FSC	Finance Standing Committee
IDP	Integrated Development Plan
MSA	Municipal Systems Act 32 of 2000
MFMA	Municipal Finance Management Act 56 of 2003
MPAC	Municipal Public Accounts Committee
MSA	Municipal Structures Act
RSA	Republic of South Africa
SDBIP	Service Delivery and Budget Implementation Plan
UIFW	Unauthorised, Irregular, Fruitless and Wasteful

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Introduction

The municipal council is, by law, empowered and required to conduct oversight and hold the municipal managers to account over all municipal activities to ensure effective and efficient delivery of basic services. The administrative management of a municipal is, on the other hand, required to provide an account to the municipal council over implementation of council decision, including the management of municipal finances. The mismanagement of municipal finances and the resultant poor financial management results have been linked to a lack of effective council oversight and accountability in municipalities, Botlhoko (2017), Mello (2018) and AGSA (2022). This study aimed to assess the effectiveness of oversight and accountability in the Dr A.B. Xuma municipality, with a particular focus on the area of financial management. In this regard, the study examined the role of legislative and executive authorities in ensuring sound financial management in this municipality through oversight and accountability.

1.2 Background to the Study

The legislative and regulatory frameworks of government provide a solid ground to enable accountability and oversight in all government spheres. The Constitution of the Republic of South Africa provides for the establishment of municipalities in their respective categories, as per Section 155. Section 215 of the Constitution promotes key governance values, such as transparency, accountability, and effectiveness, with a particular emphasis on financial management. Section 79 of the Municipal Structures Act of 1998 provides for the government to establish oversight committees in municipalities to ensure that proper accountability and oversight are maintained over their affairs. The purpose of the oversight committees is to ensure that the executive authority has an appropriate structure in place for the municipality's mandated deliverables, ensuring they are effectively and efficiently accounted for.

The accounting officer, as part of its duties, is responsible for implementing council decisions and ensuring that the affairs of the municipality are managed in a manner that ensures effectiveness and efficiency (Madumo & Koma, 2019). At the centre of the municipality's affairs is the aspect of sound financial management, ensuring the

financial sustainability of the municipality to enable delivery of services as envisaged in the Constitution. In this regard, the Municipal Finance Management Act 56 of 2003 becomes the centre of attention, as it provides the framework for the sound management of municipal finance, including budgeting, revenue, and expenditure management. Additionally, the accounting officer serves in an advisory role to the council, providing a correct interpretation and application of the various laws and regulations governing the municipality (Madumo & Koma, 2019). The council can perform its oversight through the relevant committees, utilising credible and reliable information from the accounting officer. For various critical reasons, most of which are linked to an efficient and effective municipal service delivery system and financial sustainability, the effectiveness of the oversight is of utmost importance.

1.3 Statement of Problem

The Auditor General of South Africa (AGSA) has been painting a gloomy picture on South African municipalities' performance, particularly on the issue of poor financial management (AGSA, 2022) (AGSA, 2023). According to the AGSA, from the ten (10) municipalities that repeatedly obtain a disclaimer of audit opinion in the country, one of the key issues that was noted was the poor oversight by the council (AGSA, 2022). Furthermore, the AGSA also suggest that proper council oversight is one key measure that can be used by municipalities to address material irregularities that are reported to the municipal managers (AGSA, 2022). A study conducted by Botlhoko (2017) on fifteen (15) municipalities in the North-West province, ten (10) of which received a disclaimer audit opinion, revealed that the MPAC was reluctant to investigate unlawful expenditure incurred, such as irregular and fruitless expenditure. This implies that the MPAC either neglects or falls short in fulfilling its oversight responsibilities as contemplated in the Municipal Finance Management Act 56 of 2003 (MFMA) and the Municipal Structures Act 117 of 1998 (MSA) Acts. Moreover, it appears that a poor string of audit opinions or poor financial management can be directly linked to a lack of oversight and accountability. The study suggests that the MPAC should, in these cases, hold the accounting officers accountable using its powers as an oversight committee (Botlhoko, 2017).

Research conducted by Okafor *et al*. (2015), Botlhoko (2017) and Mbatha (2020) also points to a local government that is overwhelmed by financial maladministration and

corruption. Madumo and Koma (2019) allude that “The Great Bank Heist”, which led to the failure of the VBS bank, was overwhelmed by various critical capacity failures on the part of mayors and municipal councils. This study indicates that one of the issues identified as contributing to the bank’s collapse included poor oversight exercised by councils over mayors (Madumo & Koma, 2019). Even more importantly, it was also identified that the MPAC committees failed to perform their oversight function over financial management activities and related control (Madumo & Koma, 2019) s. A similar finding was made by Mello (2018), which states that one of the key reasons for poor performance by the municipalities is directly attributable to a serious lack of oversight. Poor oversight is also to blame for various non-compliance issues at municipalities across the country (Khaile *et al*., 2021).

Although in the 2021/22 financial year, Dr AB Xuma Municipality obtained an unqualified audit opinion, the AGSA raised several significant issues, such as failure to prevent irregular expenditure and other financial management-related non-compliance matters (AGSA, 2022). Most of these issues are a repetition of issues from the 2020/21 financial year, when the municipality was issued a qualified audit opinion, as per the municipality’s audit report. The presence of these negative issues could indicate a fundamental inadequacy or poor oversight of financial management activities, which would be of great concern to taxpayers and the government. It has also been noted that the phenomenon of oversight has not been scientifically studied in this municipality as a potential tool to help improve its financial management and audit outcomes. Furthermore, the municipality may also be negatively affected in its ability to fulfil its primary mandate of delivering basic services to the community by poor management of municipal finances.

Oversight structures have an important mandate to ensure that there is sound management of municipal finances by holding the municipality’s administrative arm accountable for its actions and decisions. The existence of the above-mentioned problems in municipalities could indicate a serious failure by the relevant committees in fulfilling their role of exercising adequate oversight. There is, therefore, a crucial need to study the role played by these committees and their effectiveness or lack thereof. Considering the problems identified above, the purpose of this study is to assess the effectiveness of oversight structures in fulfilling their role of holding management accountable in the area of municipal finances.

1.4 Objectives of the study

1. To evaluate the oversight committee's understanding of its oversight roles and responsibilities.
2. To examine the effectiveness of the oversight and accountability committees at the municipality.
3. To assess the impact of the committees' oversight activities on financial management.
4. To explore the improvement areas on oversight and accountability.

1.5 Research Questions

1. What is the oversight committee's understanding of its oversight roles and responsibilities?
2. How effective are the oversight and accountability committees at the municipality?
3. What is the impact of the committees' oversight activities on financial management?
4. How can oversight and accountability be improved to be more effective in carrying out its functions?

1.6 Significance of the Study

Financial mismanagement and poor service delivery by municipalities have been the centre of criticism. This can be attributed to poor oversight in these critical areas of interest by the public. According to Transparency International (2020), where there is a lack of oversight over government resources, these are likely to be misused by the administrators entrusted with them. However, most similar studies conducted by Mbatha (2020); Khaile and Davids (2020); and Khomo *et al*. (2023) focused only on the Municipal Public Accounts Committee (MPAC) and Audit Committee but came short on the Finance Standing Committee (Section 79 and 80 committees), which performs monthly oversight duties over finance management functions for reporting to Council.

The study will give particular focus on examining the factors that affect oversight and accountability, specifically in the context of financial management. It is essential to conduct this study, as it will reveal whether the oversight committee in Dr A.B. Xuma is fulfilling its role effectively. No study has been conducted on the factors affecting the

effectiveness of oversight and accountability in financial management within Dr A.B. Xuma Municipality. This study aims to fill the aforementioned empirical knowledge gap and contribute to the existing body of knowledge. The study will also provide evidence on practical measures to improve the effectiveness of oversight and accountability in the municipality's finances. The study's outcomes would then assist the municipality in devising ways to strengthen these committees and improve their functioning, potentially overcoming financial management-related challenges. Moreover, this study will help the council ensure that the oversight committee's recommendations are translated into tangible decisions through council resolutions and subsequently implemented. This study can also serve as a benchmark for similar-sized municipalities and assist their similar committees within the Eastern Cape province.

1.7 Delimitations of the study

This research was conducted with the following delimitations:

1. The scope of the study was confined to Dr A.B. Xuma Municipality only.
2. The study was limited to the field of oversight on municipal financial management within Dr A.B. Xuma Municipality.
3. The research population was limited to the councillors and municipal officials within Dr. A.B. Xuma Municipality.

1.8 Organisation of the study

The study was made up of five chapters and structured as follows:

Chapter one provides the foundation upon which this dissertation is built. This includes the background of the study, discussion of the problem statement, research aims and objectives, research questions, the significance of the study, limitations of the study, and organisation of the study.

Chapter two provides a review of the literature on similar studies in the field of financial management oversight and accountability in municipalities. In addition, it provides the legislative framework, definitions of key concepts, and theories relevant to the study and discussion of various factors affecting the effectiveness of oversight and accountability, as identified in the existing literature.

The third chapter discusses an overview of the scientific methodology adopted in conducting this study. Population and sampling techniques, as well as data analysis and interpretation procedures, are also discussed in this chapter.

The fourth chapter presents an analysis of the data and a discussion of the research findings, focusing on the interpretation and implications of the findings, and comparing them to existing literature to address their significance in relation to the study question.

The fifth chapter summarises the findings of each chapter of this study and the overall study findings. It also provides recommendations and suggests areas for future research.

1.9 Conclusion

This chapter provides the foundation and basis of the entire research by highlighting the background to the study, defining the research problem, and emphasising the importance of conducting this study. It also defined the research objectives, which are derived from the research questions. The layout of all five chapters of the research has also been defined in this chapter.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the review of empirical literature, aimed at unpacking some of the key factors identified through other scientific research studies which affect the effectiveness of municipal oversight committees. The empirical review primarily focuses on the oversight of financial management activities and processes, rather than other municipal processes. The chapter will first dissect the concepts of oversight and accountability, and also bring the legislative background into context through a discussion of research on related areas. Furthermore, the existing theory that underpins this study will be discussed, along with its intended application in the research. The chapter will also discuss the review of the existing literature on the factors which affect the effectiveness of municipal oversight committees. A reflection will also be made on the knowledge gaps that still exist and how this research can bridge such gaps.

2.2 Overview of oversight, accountability and effectiveness

The Parliament's oversight and accountability model defines oversight as the strategic and systematic scrutiny and monitoring done by the legislative authority to ensure proper adherence and implementation of the relevant laws by management (RSA Parliament, 2003). Madue (2013: 44) posits that "oversight is an important legislative means of ensuring that laws passed are implemented, that approved budgets are spent, and that the executive is held accountable following democratic principles". Oversight is also referred to as the tool that is used to supervise the administrative performance of the government institution in both financial and non-financial areas of administration (Makhado *et al*., 2012) The MPAC guide and toolkit define it as various activities undertaken by someone to ensure tasks are properly carried out (National Treasury, 2018).

It can be deduced from the above definitions that oversight needs someone or a group of people who are independent of the implementation process of the particular task to perform monitoring and evaluation. Furthermore, it can be concluded that the oversight figure should, to the extent that its independence is not compromised, have some form of involvement in the process of carrying out the task, from the planning stage up to

after implementation and reporting stages. The oversight should be carried out by a legitimate structure established in accordance with legislative prescripts to oversee the management's work. In turn, the management is accountable to the oversight body. The MPAC guide further demonstrates three critical dimensions involved in oversight: prior approval of the proposed task before implementation, adequate and strategic monitoring and evaluation of progress during implementation, and appraisal of the actual performance against planned tasks after implementation.

Literature reveals that oversight seeks to achieve various purposes, namely: holding the administration accountable, efficient and effective utilisation of public resources, and preventing maladministration (Krishnan & Subban, 2022; South African National Treasury, 2006; RSA Parliament, 2003). It is also argued by McGrath (2013: 350) that the purpose of oversight is to ensure “accountability and transparency”. In the context of government, an oversight body provides an independent view and accountability on the planning and implementation of service delivery and related administrative tasks by the administration. In municipalities, the Municipal System Act (MSA) and the Municipal Financial Management Act (MFMA) are the most crucial tools which guide the separation of roles and powers between the councillors and the management to enable an effective system of accountability and oversight (South African National Treasury, 2006:19). The oversight committees are discussed in detail later in this chapter.

Accountability, on the other hand, is defined by Mulgan (2006) as a constructive duty to be answerable for the performance of tasks. Being answerable implies that a government institution, employee, or political principal is required to provide information to an oversight structure to substantiate decisions or actions taken, or to explain why certain actions were not taken. It is also viewed as an institutional tool for assigning responsibility, assessing the actions and outcomes of the assignee, and sanctioning undesirable outcomes (Olsen, 2015). This means that the person assigned responsibility is accountable for the performance or non-performance of those responsibilities. Within the context of public accountability, this would entail holding politicians and management accountable to the general public for their decisions and actions, or holding management accountable to politicians. It is therefore evident that for accountability to exist, one party must be answerable to the other, and the other party must have authority to enforce such accountability. In the

context of municipal finance, accountability typically entails an obligation to provide credible financial information that accurately accounts for the use of public funds.

In a democratic society, accountability is essential in government institutions to ensure that officials are held responsible for the misuse or maladministration of state resources. The significance of oversight and accountability is then portrayed through effective and efficient utilisation of public resources and the eradication of maladministration. Municipal financial accountability, in particular, provides an effective safeguard against mismanagement of municipal resources, non-compliance with laws and regulations and unethical behaviour in the municipalities (Khalo, 2013).

Having defined the concepts of oversight and accountability, the complementarity between them is considerably evident. This is suggested by van Niekerk and Dalton-Brits (2016), who argue that a combination of effective accountability and oversight yields benefits such as improved municipal performance and governance, as well as enhanced municipal financial management. Furthermore, it is perceived that these two concepts are also in a dependency relationship, whereby accountability is significantly dependent on the level of oversight performed (Santiso, 2015). This means that poor oversight can lead to poor or weakened accountability, and vice versa. Therefore, for accountability to be effective, there must be a strong sense of oversight, as accountability significantly depends on the effectiveness of the oversight performed. However, Janda and Masango (2024) argue that it is rather the oversight that depends on the accountability. For oversight to be meaningful and achieve the desired impact, accountability should be of appropriate quality through the implementation of strong municipal internal controls, systems, policies and procedures (Janda & Masango, 2024). Based on the two seemingly opposing views, arguably, there is an element of interdependency between the two concepts, where if either of them is improved the other will also likely be enhanced.

As outlined in Chapter One, this study aims to examine the effectiveness of oversight and accountability, with a particular focus on financial management at Dr AB Xuma Municipality. Therefore, oversight and accountability will be examined for their effectiveness, in particular. The term “effectiveness” has been defined by various authors; however, one simple definition is that of Hinrichs-Krapels and Grant (2016:3), who define effectiveness as a “measure of outputs for all inputs”. Furthermore, within

the context of oversight and accountability, effectiveness is also defined specifically in the induction handbook of members of parliament and legislatures, as “doing the right things” (RSA Parliament, 2014:6). The handbook further explains that the focus of “effectiveness” is on the achievement of the final outcomes or outputs against the set targets (RSA Parliament, 2014). Therefore, the concept of effectiveness will be evaluated from the perspective of whether there is a considerable positive impact resulting from the relevant inputs employed towards oversight and accountability, to achieve the desired results.

2.3 Legislative framework on oversight

In the South African government environment, the concepts of oversight and accountability are founded and guided by a legislative and regulatory framework. For this study, being narrowed down to a local government environment, the following key legislative prescripts were found to be relevant to oversight and accountability and will be explored in detail. These are:

1. The Constitution of the Republic of South Africa of 1996 (Constitution);
2. Municipal Finance Management Act No. 56 of 2003;
3. Municipal Structures Act No. 117 of 1998;
4. MFMA Circulars No. 11 of 2005, No. 32 of 2006, and No. 71 of 2014

2.3.1 The Constitution of the Republic of South Africa of 1996

Section 2 of the Constitution explains that the “Constitution is the supreme law of the Republic”. A municipality is established in terms of Chapter 7 of the Constitution. It is implied, therefore, that municipal policies, legislative prescripts, and decisions should be consistent, uphold and promote the principles set out in the Constitution. In line with Section 153 of the Constitution, the main aim of a municipality is to provide basic services and nurture an environment that enables development for its community (RSA, 1996). In terms of Section 151 of the Constitution, the municipal council possesses both legislative and executive powers within itself. In the context of oversight, this section grants the municipality the authority to establish its legislative body, which will perform oversight functions over the executive branch of the municipality.

2.3.2 Municipal Structures Act 117 of 1998

Sections 79 and 80 of the Municipal Structures Act No. 117 of 1998 provide for the relevant oversight structures that a municipality should have. Section 79(1) of the Municipal Structures Act gives effect to the establishment of any one or more committees that the municipal council may need to assist in carrying out its duties. In terms of subsection 2, the council can decide on the functions, duties and powers of the committee it elects to establish. The Municipal Structures Act was amended in 2021 to include section 79A, which includes a compulsory requirement that the municipality "must establish a committee called the municipal public accounts committee."

Before the amendment explained above, it was not compulsory to have this committee specifically, as with other committees. The functions of this compulsory committee (MPAC) are clearly outlined in section 79(A)(3), which include, among others, reviewing matters communicated by both the Auditor General and internal audit in their audit reports, and conducting investigations assigned to it by the council. The inclusion of Section 79A is intended to strengthen the council's oversight functions over the operations of the municipality. The introduction of the "Guide to Municipal Finance Management for Councillors" in 2006 was also aimed at strengthening oversight activities with specific focus on financial management. To further strengthen oversight and accountability, Okafor *et al*. (2015) suggest that a municipality should develop a proper system of delegation, explaining the separation of powers within its political structures.

2.3.3 Municipal Finance Management Act 56 of 2003

One of the key objectives of the MFMA is to ensure that the financial-related matters of municipalities and municipal entities are properly managed in a manner that will achieve their sustainability (National Treasury, 2003). The Act outlines the various functions, roles, and responsibilities of different role players and stakeholders within the realm of financial management in the local government. Part of these financial management performance areas, which include deliberations and investigations, must be fulfilled by the committees as contemplated in Section 79 of the Municipal Structures Act.

2.3.4 MFMA Circulars 11 of 2005; 32 of 2006 and 71 of 2014

MFMA Circular 11, issued in 2005, provides guidance to municipalities on preparing their annual reports. This circular emphasises the required alignment between the planning documents, which are the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Annual Budget with the Annual Report. MFMA Circular 32, issued in 2006, provides further explanation of the oversight responsibilities related to the annual report guidelines, spanning from institutional strategic planning to the annual reporting stage.

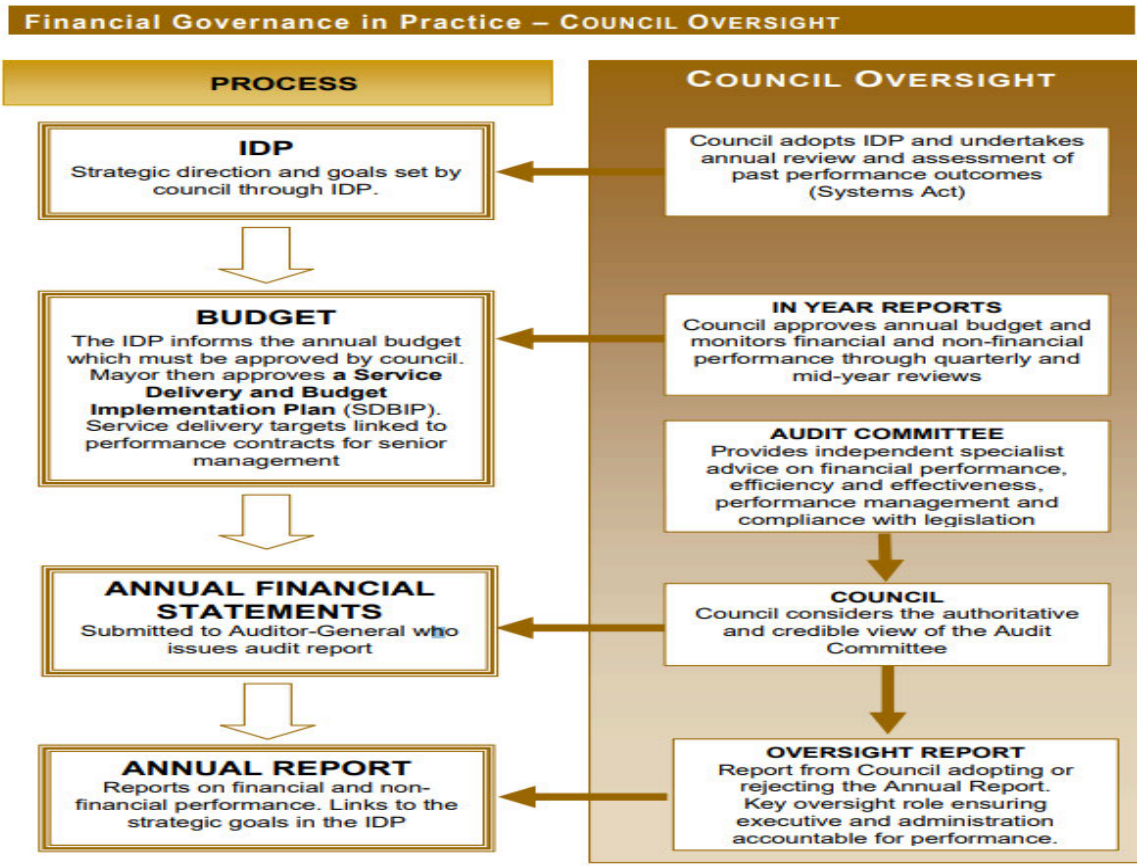

Figure 1

Source: MFMA Circular No. 32 (issued on 15 March 2006)

The table above illustrates the flow of municipal planning and reporting processes, as well as the role of the oversight function within these processes. The municipality starts by adopting its plans in the form of an IDP, SDBIP, and the Budget at least one month before July 1 each year. Oversight and accountability are ensured through the council's approval of these measures and the monitoring of their implementation by the relevant council committees. Upon reporting through AFS and the annual report,

the council again plays an oversight role, using the oversight report to detail the review, monitoring, and evaluation processes, ensuring accountability by the executive authority.

MFMA Circular 71, issued on 17 January 2014, on the other hand, provides a set of key ratios or parameters that serve as a criterion for measuring the soundness and sustainability of the municipality's financial management activities and its affairs. These ratios, formulas and norms give various indications of how good or bad is the state of financial management is in a municipality. The oversight committees also play a role in ensuring the municipality operates within the set financial management indicators. Where there is significant variance, both the political and administrative arms are required to account.

2.4 Oversight structures in municipalities

Primarily, the municipal council has the ultimate responsibility to ensure that adequate oversight is exercised over all municipal activities carried out by the administration. Subsequently, the duty to perform oversight over the municipality's finances rests with the municipal council (South African National Treasury, 2006:20-22). Furthermore, the council can choose to establish various other committees to perform oversight on its behalf, just as Parliament has established various parliamentary portfolio committees. At the discretion of the council, these portfolio committees are established to assist the council.

Each department in a municipality should produce and present reports to its allocated portfolio committee, which performs oversight on its work regularly (Krishnan & Subban, 2022). Generally, the finance department in a municipality will have a finance portfolio committee overseeing financial management processes, procedures and internal controls. As per the guide to Municipal Financial Management for Councillors, the Finance Portfolio Committee ought to carry out the oversight activities over the finance department led by the Chief Financial Officer, and report `thereof to the Council (South African National Treasury, 2006:21). This is the committee which oversees both the daily and strategic operations of the finance department of the municipality on behalf of the council.

The MPAC and the audit committee, as mandatory committees established in terms of the law, have a duty to assist the council in executing its oversight work. Both committees are the committees of council established in terms of section 79 of the MSA and section 166 of the MFMA Act. These two committees are also key in the carrying out of financial oversight as part of the council's role of oversight (Mofolo, 2020). Toxopeüs (2019) supports this view by stating that in a municipal environment, there are two main committees assigned to perform oversight: namely, the MPAC and the Audit Committee. Section 79(A)(3) of the MSA Act provides for the establishment of the MPAC, primarily to review matters raised by both the Auditor General and internal audit, and to conduct investigations assigned to it by the council, among others. This committee should be considered a key role player in performing council oversight by means of bestowing powers and authority on it to hold the council and the management of the municipality to account (Adonis, 2021). The audit committee, on the other hand, is a committee established in terms of both Section 79A of the MSA Act and Section 166 of the MFMA to serve in an advisory capacity and as an investigating body on matters including internal financial control, financial reporting, and annual financial statements, among others. This committee's role in the municipality is categorised as an oversight role, in addition to its monitoring and management work, which involves reporting to and advising the council.

In summary, the oversight committees have a primary responsibility to enhance the country's democracy and accountability on the effective and efficient utilisation of government resources for the greater good of society. In carrying out these tasks, it is clear that these committees must ask the relevant questions and perform thorough scrutiny to ensure that municipal officials account for their actions.

2.5 Key areas of oversight on financial management

Toxopeüs (2019) suggests that internal finance control, internal auditing and financial reporting are the most used facilities to implement oversight by the relevant committees. Furthermore, oversight committees play a crucial role in ensuring that the findings raised by the AGSA are addressed and that public resources are not wasted (Fourie & Van der Waldt, 2023). When there is inadequate oversight of municipal finances, there is an increased opportunity for government officials to loot and embezzle state funds (Transparency International, 2020). Oversight is therefore

expected to cover the areas discussed below to ensure the achievement of the objectives of the MFMA Act on sound and sustainable financial management. Based on the legislative background discussed in paragraph 2.4 above, the key municipal financial management aspects upon which oversight ought to be exercised will be discussed.

2.5.1 Unauthorised, irregular, fruitless and wasteful expenditure

Section 65(2) of the MFMA requires the municipal manager to maintain strong internal control systems for expenditure, ensuring that public funds are used appropriately in compliance with all relevant laws. As defined in section 1 of the MFMA, the unauthorised, irregular, fruitless and wasteful expenditure is all unlawful expenditure and should be prevented at all costs. The incurrence of this type of expenditure implies that there was a breakdown in controls and or a lack of monitoring and oversight over the internal controls, which are meant to prevent it.

In line with section 32 of the MFMA, an instance of unauthorised, irregular, fruitless and wasteful expenditure must be reported by the accounting officer to the council. The council should then refer the matter to its committee, generally the MPAC, to investigate and make recommendations on the steps that need to be taken by the municipality. Such unlawful expenditure can either be recovered from the responsible person or written off, depending on the outcome of the investigation as per Section 32. The AGSA also pleads with the oversight structures of the municipalities to investigate all the unlawful expenditure speedily to fulfil their mandate as outlined in section 32 of the MFMA Act and section 79 of the Municipal Structures Act (AGSA, 2022). Failure to investigate and address this expenditure could be viewed as condoning the actions of the employees responsible for incurring it. Therefore, the MPAC is expected to perform thorough oversight over this unlawful expenditure through investigations, institute recovery and promote prevention of future occurrences.

2.5.2 Integrated development plan and budget

Part of the municipal council's key mandates is the preparation and review of the IDP in terms of Chapter 5 of the Municipal Systems Act, as well as the preparation of the annual budget in terms of Chapter 4 of the MFMA. The guide to MFMA for councillors

puts an emphasis on the councillors' responsibilities in terms of the MFMA which include exercising oversight on the IDP and budget (South African National Treasury, 2006:47). The administrative arm of the municipality led by the accounting officer is delegated with the duty to generate the IDP and annual budget in terms of section 30(b) and section 68 of the MFMA respectively, and the in-turn the municipal council structures will perform oversight over these functions.

The municipal manager is required, in terms of Section 71 of the MFMA, to submit a statement of financial performance to the mayor and the provincial treasury on a monthly basis, within 10 working days after the end of each month. Included in the statement are the actual revenue earned, expenditure incurred, an explanation of variances against the budget, and future projections, among other things. This statement is first presented to a subcommittee of the council, commonly referred to as the Finance Standing Committee, before being presented to the council. Further to this, after tabling in council, the statement is then forwarded to MPAC for further deliberations and review to determine if there are any issues that require investigation. The MPAC may then advise the council accordingly for a sound council resolution.

2.5.3 Annual financial statements and annual report

Municipalities are required, in terms of Section 126(1)(a) of the MFMA, to prepare and submit their AFS to the AGSA for audit. By complying with this requirement, the municipality is fulfilling its public financial accountability duties by being answerable to the public regarding how government resources are used. Furthermore, the duty to accountability is enshrined in Section 152(1)(a) of the Constitution, whereby a municipality is required to account to its local community on its affairs. The AGSA is then required to audit those AFS and give a report with an audit opinion as required by Section 126(3) of the MFMA. The audit committee, as part of its oversight responsibility as a council oversight body, is also tasked with reviewing these financial statements in terms of Section 166(2)(b) of the MFMA and reporting to the council on the outcomes thereof. The AGSA, as an enabler of oversight, is required to audit the AFS and the annual report to confirm their credibility for the users, as contemplated in Section 126(3) of the MFMA. Councillors are required to understand the AFS, annual report, and audit report, among others, as these are the tools they can use to perform oversight and ensure that service delivery promises were actually fulfilled (South

African National Treasury, 2006:105-106). An oversight committee of the council is expected to perform a detailed analysis of the annual report and present its oversight report for adoption by the municipal council.

2.6 Factors affecting oversight effectiveness.

This study aims to discuss and analyse the factors identified in other similar studies conducted in the same area of research. These factors, as discussed below, were empirically found to influence the effectiveness of oversight and accountability, with the main focus on municipal financial management.

2.6.1 Education, training, and experience

The members of the oversight committee need to be able to understand and critically analyse budget and finance-related processes to add value to the municipality's finance portfolio committee (Rabrenovic, 2009). However, the existing literature suggests that the councillors have such understanding and ability to comprehend financial information (Okafor *et al*., 2015; Krishnan and Subban, 2022; Fourie and Van der Waldt, 2023). Sambumbu and Boniface (2017) posit that one main reason that councillors struggle to interpret complex reports and other data is that their level of education or expertise is not considered when they are elected. During the elections and deployment of councillors, it appears that there is little to no consideration given to suitability in terms of educational qualifications or experience in a specific field. In a study conducted by Fourie and Van der Waldt (2023), the incapacity of councillors to comprehend information such as project-related reports and financial reports is described as extensive. The aforementioned study further found that, although various stakeholders have implemented interventions to build the capacity of councillors, these efforts are not adequately addressing this incapacity (Fourie & Van der Waldt, 2023). However, this study does not discuss the reasons for the inadequacy of the interventions and mechanisms meant to improve the councillors' capacity.

It is argued that the inability of councillors to properly prepare for oversight committee meetings leads to poor participation in the meetings, thereby affecting the quality of the decisions made (Fourie & Van der Waldt, 2023). A similar finding is made by Krishnan and Subban (2022), who posit that the technical capacity of councillors is

lacking in matters related to financial management, thus limiting their ability to engage meaningfully in meetings. The councillors' issue of a lack of technical skills presents a challenge in monitoring and overseeing the actions of municipal officials (Mofolo, 2020:101). The findings in the latter were obtained from a fairly representative sample, including chairpersons of the Section 79 oversight committees from various municipalities across the country, and these could be reasonably generalised to all municipalities in the country. Furthermore, there is a consensus and positive alignment with the other studies on education and training of councillors as highlighted in this section (Okafor *et al*.,2015; Sambumbu and Boniface, 2017; Fourie and Van der Waldt, 2023).

Okafor *et al*. (2015) in the Alfred Nzo District Municipality of the Eastern Cape discovered that, amongst other things, the councillors' educational and leadership capacity to understand good governance and financial accountability needed improvement to hold the executive accountable. This argument is supported by Mnguni and Subban (2022), who recommend that, for effective oversight, the right skills and technical experience should be a prerequisite for members of the oversight structures. To conduct oversight effectively over municipal finances, councillors need technical skills and financial literacy. Mofolo (2020:106) also emphasises the need for incremental training, particularly to councillors who are part of the executive committee, mayoral committee and MPAC, to enhance oversight in municipalities. The existing promulgated legislative framework, as discussed as part of the legislative background, does not prescribe any minimum level of education or experience that a councillor who is a member of the oversight committee should have. This can be viewed as a shortcoming in the legislation, which then creates a gap in not having the suitable skill set as a requirement for oversight. Moreover, the existing literature does not seem to be specific in pointing out the exact skills set that councillors dealing directly with financial management oversight should possess or acquire. Therefore, financially illiterate or unskilled councillors may be elected and deployed to an oversight committee role and may not be able to perform to acceptable levels due to their inability to dissect complex information.

2.6.2 Staffing and skills shortage

Under-capacity, in relation to a lack of skills, was identified as a cause for the ineffectiveness of municipal council oversight in most municipalities (Gbaffou, 2008). Although the aforementioned study was conducted over a decade ago, it appears that newer studies concur with the findings, implying that the status quo may not have changed significantly. In a more recent study, similar findings were made, where it is claimed that sound knowledge and technical understanding by the middle management is key in ensuring the effectiveness of oversight committees (Ndevu, 2019). A study conducted by Botlhoko (2017) in municipalities of the North-West Province in 2017 found that sound knowledge and understanding of financial management and accounting are critical for the oversight committee to perform its effective oversight duties. The officials' lack of financial management and accounting skills may lead to incompetence and the provision of information that is not credible for effective use by the oversight committees. The study then recommended that the municipal administration and oversight committees should be equipped with knowledge and skills in areas such as financial management, among others. However, the research also noted that the MPAC councillors' commitment to prioritising and attending training sessions was very low (Botlhoko, 2017). Nevertheless, due to limitations related to the sample size of municipalities and key role players in the study, the researcher believes that generalisation of the results to the entire population is not possible.

AGSA claims that one of the critical areas which led to an increase in the number of disclaimed audit opinions in Mpumalanga province over the past five years is the lack of appropriately skilled staff (AGSA, 2022). Similarly, a study conducted in Alfred Duma Local Municipality, Kwa-Zulu Natal, by Mbatha (2020), questions the adequacy of the skills of both officials and the oversight committees in relation to the municipality's inability to obtain a clean audit opinion from the AGSA. The questioning of skills is justified, as competency is needed in both preparation and oversight functions for a high-quality outcome. Municipalities have been hampered from attaining properly skilled personnel due to issues such as nepotism and cronyism, where jobs are not obtained on merit but through association and connection with certain people in high positions (Corruption Watch, 2021).

Based on the discussion above, it can be inferred that the competency of municipal officials impacts the effectiveness of oversight, as committees rely on the accuracy and relevance of information provided to them in the form of reports. The oversight function would be compromised if officials are not skilled enough or diligent in their duties, or if they provide information that is not credible to the oversight committee. Moreover, the proper performance or lack thereof by the staff would have an impact on the accountability of the same staff to the oversight bodies and structures. The AGSA recommends that municipalities ensure that the key positions are filled and solicit support from the relevant premier's office and provincial treasuries to upskill their finance directorates through skills and training programmes (AGSA, 2022). The development of skills in the local government sphere of government should be prioritised as it is ultimately key for municipalities' ability to deliver services to the people (Masiya *et al*., 2021). It is also equally important for the oversight committees to be capacitated on various skills related to their responsibilities, such as reading, comprehension and analysis of financial-related information and reports, to enhance the quality of their work.

2.6.3 Funding

According to Matlala and Uwizeyimana (2020), the unavailability of financial resources is also a cause of delays in implementing internal controls, as resources are diverted to other programs. A similar observation is made by Abdulai *et al*. (2021), who stated that the level of employee remuneration has an impact on how the employees will handle and process data and comply with the reporting requirements. The ability to recruit and retain highly skilled employees also partly depends on the municipality's ability to remunerate its workers adequately, which also requires sufficient funding (Abdulai *et al*., 2021). It can be deduced that when the financial resources are severely scarce, the implementation of internal controls, which include accurate financial reporting, could be compromised.

On the other hand, some researchers view the issue of funding as directly related to the actual oversight work. Van Niekerk and Dalton-Brits (2016) are of the view that the limited budget allocation for oversight structures, such as the MPAC and the audit committee, hinders the impact that the committees are meant to have. It is apparent that the activities of council committees require some form of funding to carry them

out, and limiting funding may hinder the committee's work. Botlhoko (2017) recommends that adequate financial resources should be allocated for the training of councillors and MPAC members to enhance the effectiveness of oversight.

2.6.4 Lack of consequence management

There is a certain level of stewardship that employees who are the custodians of public resources should demonstrate (Gyüre, 2012). This expectation is supported and guided by relevant legislation, such as the MFMA Act, its regulations, code of conduct, and policies, to which employees are bound to comply in the execution of their duties. However, municipal employees do not always comply or adhere to these prescripts, thereby compromising oversight and financial accountability. The example of cases of non-compliance is evident in the AGSA report, where it is reported that the breach of supply chain management processes resulted in irregular expenditure of R30.34 billion incurred by municipalities across the country during the 2021/22 financial year (AGSA, 2023). In such cases, the political or administrative leadership ought to take corrective action to deter possible future breaches. The AGSA also advocates that municipal officials who transgress or do not act or act inappropriately should be taken through consequence management processes (AGSA, 2023). The consequence management and accountability framework defines consequence management as a systematic process of detecting transgressions with laws and regulations, with the intention of implementing corrective action, which may include imposing punishments or penalties (National Treasury, 2022). According to Mathiba (2020), consequence management involves the process of holding the relevant players to account concerning the appropriate utilisation of resources and implementing consequence management where there is evidence of misuse. In other words, consequence management is designed to rectify non-compliance or wrongdoing by implementing suitable corrective measures to prevent future occurrences.

According to the existing literature, it does not appear that the municipality is implementing consequence management effectively. Van Niekerk and Dalton-Brits (2016) highlight that the high levels of unauthorised, irregular and fruitless expenditure recorded in the Mangaung Metropolitan Municipality in the 2014/15 financial year are directly linked to a lack of consequence management. The study further attributes this unlawful expenditure to the failure of oversight functions to effectively address poor

performance and acts of financial misconduct. The AGSA also indicated in the 2021 MFMA general report that municipalities that repeatedly obtained a disclaimer of audit opinion showed a severe lack of consequence management in cases of transgressions related to laws and regulations (AGSA, 2022). Furthermore, when there is no consequence management, unethical conduct is likely to rise, resulting in corrupt practices and persistent non-compliance with laws and regulations (Fourie & Van der Waldt, 2023). It is evident from the above points that where wrongdoing is not punished, the oversight committee would also be found wanting in fulfilling its responsibilities. In other words, the outcomes of the oversight process or recommendations thereof from the oversight committees may not be implemented where their non-implementation will not result in any punitive measures against the transgressors.

Transgressions related to financial irregularities should be punished through serious sanctions to discourage similar future occurrences (Allen & Koshima, 2018). In addition, for the sanction to be effective, Allen and Koshima (2018) recommend that it should be imposed in a transparent manner and in proportion to the severity of the financial breach. It can be concluded from the results of this study that the implementation of consequence management has the potential to deter future transgressions, thereby increasing accountability among officials and enabling effective oversight. Mnguni and Subban (2022) raise a concern that there is a general lack of political will to implement consequence management against the perpetrators. (Fourie & Van der Waldt, 2023) recommend that, for oversight to be effective, the oversight committees should be provided with the essential resources to implement consequence management.

The review of the literature discussed above provides evidence that where consequence management is not implemented or is ineffective, the effectiveness of the oversight committees' work will be negatively affected.

2.6.5 Peer accountability

Accountability in the context of government institutions relates to a process whereby the public representatives are answerable to the public on institutional performance and compliance (Nguyen *et al*., 2017). These authors suggest that this process involves the public holding those in the municipality’s leadership accountable for

various matters such as the municipality's financial affairs, policies, public concerns, inquiries and commitments made (Nguyen *et al*., 2017). It is therefore implied that oversight has an inverse relationship with accountability, as one party is accountable to the party performing the oversight. In agreement with this argument, Rulashe and Ijeoma (2022) contend that the government must be transparent and accountable to the public in carrying out its functions and making decisions, as the public deserves to be provided with such information.

Sambumbu and Boniface (2017) contend that in a municipal context, the work of the oversight committees is an indication of the effective function of accountability. The AGSA is of the opinion that when the leadership of the organisation fails to hold people accountable, it indirectly creates a perception that their behaviour or actions are allowed and can be tolerated (AGSA, 2015). Therefore, it can be deduced that where accountability is understood and exercised effectively, leadership will exercise adequate oversight over the municipality's performance. In other words, in a municipality, if the public community effectively holds the council accountable, the councillors will, in turn, perform proper oversight over the performance of the administrative management of the municipality.

2.6.6 Political-administrative relationship

From the discussion of the legislative background above, it can be inferred that both councillors (politicians) and management (administration) have responsibilities and functions assigned to them. The functioning of government is divided into two parts, namely, deciding and executing, wherein the first is the function of politics and the latter is the function of administration (Waldo, 2006). Furthermore, these roles, although distinct between the two parties, are interrelated and interdependent as outlined in the relevant laws and regulations, such as the MSA and the MFMA Acts. In the South African local government context, the detailed roles and responsibilities of politicians and administrators are provided in section 53 of the MSA Act. A clear separation between the functions and powers of the politicians and the municipal administration creates a good environment for accountability and oversight (South African National Treasury, 2006:19).

Cameron describes the relationship between politics and administration as multifaceted and complicated to navigate, and its complexity is evident from the regular interactions required to resolve the municipality's daily issues of service delivery (Cameron, 2008). Overeem (2008) argues that the relationship between politics and administration is the most central factor to consider when contemplating matters of public administration. The interference between administration and politics on each other's territory is one major challenge facing the South African local government (Maqoko & Asmah-Andoh, 2019). The fragility of this relationship is also emphasised by Makhafola and Makamu (2022:326), who posit that these two parties come from different backgrounds, with one being a politically deployed individual and the other a professional; thus, the differences in perspectives are evident and likely to lead to friction. Given the interrelationship between politics and administration, Maqoko and Asmah-Andoh (2019) are of the opinion that these two can be separated and attached at the same time and that then creates difficulties in having absolute separation of powers between the two parties.

It can therefore be argued that separating the politics from the administration is a very intricate task, as these are interrelated, as one depends on the other to fulfil its responsibilities, while drawing on completely different backgrounds. It is also likely that politicians may be led to believe they are undermined by administrators, whereas administrators may have the view that councillors lack sufficient technical knowledge and skills to make informed decisions. A similar argument is made by one of the councillors interviewed in research conducted by Mofolo (2020:104), who stated that the councillors' lack of qualifications and skills has led to them being undermined by the municipal officials. The unintended shortcoming is that the performance of oversight gets caught in the middle of this struggle and is likely to be compromised.

A study conducted on a sample of eight South African municipalities (Masiya *et al*., 2021) discovered that a tussle of power exists between political principals and the municipal officials, negatively affecting officials' performance. The study's results further reveal significant political interference, with instructions and priorities from politicians superseding internal controls and properly approved institutional plans. The power struggles and political interference alluded to also negatively impact the effectiveness of oversight, as there is perceived mistrust between municipal officials

and the members of the oversight committees (Masiya *et al*., 2021). Mbatha (2020) found that the string of poor audit outcomes at Alfred Duma Local Municipality is to some extent directly linked to a sour relationship between the political office of the municipality and its administrative head. The performance of oversight by the committees over the administration, particularly on financial management matters, may have been hindered by the poor relations between the two offices. It is also argued in another study that misunderstandings between the political and administrative offices often result in poor decision-making, which may lead to non-compliance with legislation (De Visser, 2010).

In order to have an effective political oversight over policy implementation and service delivery, the political leadership of the municipality should nurture a reciprocal relationship with the municipal administration (Maqoko & Asmah-Andoh, 2019) . (Mbatha, 2020) concludes by recommending that the political and administrative offices should mend this important relationship for the benefit of sound financial management and the corresponding oversight thereof.

2.6.7 Independence from the ruling party

In a study conducted on the effectiveness of Parliamentary oversight by the SCOPA, it was found that cultivating a culture of oversight is one of the main challenges resulting from having an overwhelming majority for the ANC as the governing political party (Matebese-Notshulwana, 2019). The study claims that this is due to the huge support that political leaders of the majority party have at their disposal, which then protects them from being held accountable. Although the study was conducted in the parliamentary space, the principles and mechanisms of political oversight are similar and comparable to those in a municipal environment.

According to research conducted specifically on council committees, Khaile and Davids (2020:69) argued that “the effectiveness of the municipal oversight committees is dependent on how independent it is from the ruling majority party in the legislature”. Furthermore, in another study conducted at Ulundi Local Municipality, it was found that councillors generally prioritise the needs of their political parties over those of the municipality and its community (Khomo *et al*., 2023). Although the study does not specifically attribute this behaviour to any reason, it appears that the Ulundi councillors have a duty to shield their peers from possible breaches of financial management

prescripts (Khomo *et al*., 2023). In this way, the councillors' duty to accountability and oversight would be severely compromised as they cannot act in the best interest of the municipality, independently of their ruling political party. From the above points, it can be concluded that when the membership of the oversight committee is from the governing party, it may not thoroughly scrutinise information as it is not independent of the party, thereby impacting the effectiveness of oversight.

2.6.8 Internal audit and audit committee effectiveness

Section 165 of the MFMA states that municipalities must establish an internal audit unit. Additionally, in accordance with Section 166 of the MFMA, municipalities are required to establish an audit committee that should liaise with the internal audit unit when carrying out its functions. In essence, Sections 165 and 166 imply that the internal audit unit, in performing its duties, should provide the audit committee with the necessary information and assurances for the latter to effectively perform its functions. Furthermore, section 79A of the MSA Act also gives effect to the establishment of the audit committee as the legislated oversight structure in municipalities.

The internal audit unit enables oversight by promoting financial accountability through the audits conducted and recommendations for proper internal control systems (Sibanda *et al*., 2020). Internal audit has a duty to assess the design, adequacy and effectiveness of the internal controls and provide recommendations to enhance such controls (Moji *et al*., 2022). The success of an internal audit function, as an enabler of oversight, largely depends on the skills and competency of the internal auditors (Abdulai *et al*., 2021). The internal audit staff's competency can be measured by their academic qualifications, level of technical experience, and the amount of accumulated professional development programmes completed (Abdulai *et al*., 2021).

The audit committee is considered the most important of all oversight committees due to its technical capacity and its ability to report on the status of the municipality's internal controls (Krishnan & Subban, 2022). The AGSA conducts an audit to determine whether the audit committee has complied with the legal requirements and has been effective in fulfilling its duties (Krishnan & Subban, 2022). In the 2022 MFMA audit cycle, the AGSA commended the oversight role played by most functional audit committees in municipalities, which include monitoring and evaluating the

municipalities' financial and performance information, as well as compliance (AGSA, 2022). However, the audit committees' oversight work did not always make the desired impact due to the non-implementation of its recommendations by the administration, thereby undermining its effectiveness (AGSA, 2022). This argument is also echoed by Sibanda *et al*. (2020), who posit that the lack of implementation of internal controls, as suggested by the internal audit and the audit committee, poses a challenge for the oversight committees to early detect unethical practices. A study conducted in Tunisia concluded that the audit committee does not necessarily have a positive impact on effective oversight and monitoring (Oussii *et al*., 2019). The study further claims that the chairpersons of audit committees are often influenced negatively by the other governance structures. However, it appears that the implementation of audit committees in Tunisia is still relatively new and has not yet matured. Therefore, the view against the audit committee may be premature to the extent that their establishment and functioning are still in early phases in the country.

A study conducted on municipalities based in the KwaZulu-Natal province discovered that there is a poor relationship between the audit committees and the municipal political structures (Krishnan & Subban, 2022). This apparent breakdown in the relationship could hinder the effectiveness of the audit committee in carrying out its duties, as its work is largely dependent on regular interactions with both management and councillors. One of the shortcomings of the audit committees is that their qualifications and skills are often mainly concentrated on finance and auditing, neglecting other areas such as performance management and service delivery (Krishnan & Subban, 2022). Another gap identified by Toxopeüs (2019) in the audit committees is that they are not empowered by law to summon or impose punitive action on municipal officials for failing to manage municipal finances or for substandard financial reporting. The audit committee, in the case of dereliction of duty by municipal finance officials, is crippled in their quest to perform the necessary oversight and cannot report and advise the municipal council appropriately due to a lack of powers and authority to do so. Collaboration between the audit committee, management and councillors could yield better results from the oversight activities and ultimately enhance the levels of service delivery (Krishnan & Subban, 2022). It is further recommended that conducting a performance assessment of the audit committee

based on its charter and work plan could help in enhancing its effectiveness and in so doing, the oversight would be more effective.

The literature reveals several interconnected factors. This study will focus particularly on the education, training, and experience of councillors; staffing and skills shortages; and the political-administrative relationship. Moreover, the study will utilise the Principal-Agent Theory to analyse the political-administrative dynamic that underpins many of these challenges at Dr A.B. Xuma Municipality.

2.7 Gap in the literature review

The review of the existing literature revealed that, although a considerable number of research studies have been conducted on oversight, the emphasis on oversight of municipal financial management appears to be lacking. With the government currently embarking on professionalising the municipalities, it may be crucial to ensure that their financial management trajectory also takes a positive shape. The need to study how oversight can be improved to positively influence the municipality's financial affairs is important.

Oversight works hand in hand with accountability as one party provides an account and the other oversees the performance and reporting. The review of the literature has revealed that poor audit outcomes or poor management of municipal finances can be attributed primarily to inadequate oversight by the relevant oversight structure of the council. Several factors were identified as influencing the effectiveness of oversight. These factors range from staff and council literacy and skills, political-administrative relations and peer accountability, amongst others.

2.8 Theoretical Framework

Having discussed the concepts and legislative background and outlined key factors affecting the effectiveness of oversight and accountability, this section presents the theoretical framework. The theoretical framework is key in helping the researcher to explore the phenomenon, and it provides guidance in analysing and discussing the findings. The Agency Theory was found to be relevant and is intended to be used as a point of departure for this study.

2.8.1 Principal-Agent Theory

The principal-agent theory, normally referred to as agency theory, originates from the context of a relationship between a principal and an agent (Segal & Lehrer, 2012). The agency relationship refers to a contractual agreement in which an agent agrees to deliver specific services on behalf of the principal (Segal & Lehrer, 2012). The origin of the theory is linked to the shareholder-manager relationship in private companies; however, the theory has now developed further so it can be easily applied to relationships such as those between a political principal (legislative) and an agent (executive and administrative) (Van de Walle & Groeneveld, 2017). The principal-agent theory is centred on the two main actors: the principal and the agent, whereby the principal is the employer and the agent is the employee tasked with carrying out a specific task.

The challenge with the principal-agency relationship is that sometimes there could be a conflict of interest, whereby the agent advances their own interests rather than those of the principal (Waterman & Meier, 1998). A similar argument is made by Mahaney and Lederer (2011), who state that the agents may disregard the objectives of the principals and focus on achieving their own. The differing goals and objectives, as well as information asymmetries, between the two parties primarily perpetuate the conflict. The principal-agent theory then seeks to address the challenges that arise when the principal delegates decision-making powers to the agent, such as the conflict of interest alluded to above.

However, the theory has received some criticism because, to be appropriately applied to each different scenario, it requires constant adjustment of its two main assumptions. These assumptions are the informational asymmetries and objective conflict between the principal and the agent (Meier & Krause, 2003) and (Waterman & Meier, 1998). For example, politicians (principals) might not possess the technical knowledge required for management (agents) to effectively perform their duties, creating a gap that allows management to advance their own selfish interests. Another possible flaw with the theory, particularly in the municipal context, is that it assumes the councillor, as a principal, must monitor the municipal administrator, whereas the overview of the body of literature points to some failures by councillors in carrying out adequate oversight. In this regard, Pellizo and Stapenhurst (2013) propose that tools for

accountability and oversight should be developed and applied to deal with the challenges related to informational asymmetries.

For this study, which is in a municipal context, the principal-agency relationship is used to define and analyse the relationship between the municipality's political leadership and the municipal administrative management. Therefore, the agency theory presumes that politicians in the form of the municipal council are the principals, whereas the administrative management led by the accounting officer is the agent in the relationship. The application of this theory seeks to suggest that, in the management of municipal finances, the management (agent) ought to be trusted and have competence to honour the agreement with the principal. Therefore, this theory will be used to explain and understand the dynamics of the aforementioned relationship, interactions, and potential conflicts between politicians and management, as it may shed light on the oversight exercised by politicians over the work performed by management.

2.9 Chapter summary

This chapter provides a detailed background on oversight, including the governing legislative framework and the key areas requiring oversight within the municipal finance management environment. The review of the literature revealed various factors that can impact the effectiveness of accountability and oversight in the area of municipal financial management. These include, among others, the education, training, and experience of councillors, staffing and skills, consequence management, and the political-administrative relationship. As discussed in the literature, the general overview is that the status of oversight and accountability in municipalities is not ideal and needs urgent attention. Furthermore, these issues are found to be associated with poor audit outcomes, maladministration and negative impact on the level and quality of service delivery to communities. The various studies reviewed in this study also made some key recommendations on how these issues could be addressed to improve the situation.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter aims to describe the detailed process by which the research was conducted. The discussion includes determining and justifying the research design, research paradigm, research methodology, and procedures followed in conducting the study.

3.2 Research paradigm

This study was situated within the pragmatist paradigm. Pragmatism was selected as it prioritises the research problem over commitment to a single philosophy and is conducive to mixed methods of research (Creswell & Clark, 2007). This paradigm also acknowledges the multiplicity of realities, which is expected to help the researcher resolve the complex problems that may arise when using the mixed-methods research approach. The researcher anticipated that the research participants would have the relevant information which could be used to create knowledge regarding the municipality's oversight and accountability activities. Moreover, pragmatism also enables the collection and analysis of both quantitative and qualitative data to gain a deeper understanding of the complex issues surrounding oversight and accountability.

Unlike the positivist and interpretivist perspectives, the pragmatist does not take a specific position, as it believes that differing world viewpoints help solve the research problem. Positivism intends to employ a scientific process to obtain factual, unbiased and unambiguous data with no human manipulation or influence in the process (Saunders *et al*., 2019). Essentially, positivists move from the premise that knowledge and reality can be discovered objectively through neutral observations, experiments and measurements, which makes it more suitable for a quantitative method of research in its character of numerical analysis and measurement. On the other hand, in the interpretivist paradigm, researchers can create different versions of the truth based on their differing interpretations of reality (McGregor & Murnane, 2010). In this paradigm, the researcher uses existing data to come up with a theory; therefore, the researcher's own interpretation of the data plays a key role. Therefore, pragmatism is the most suitable for this study over the interpretivism and positivism paradigms.

There are three pillars to the research paradigm: ontology, epistemology, and methodology. This study acknowledges a pluralistic ontology, recognising that multiple subjective realities, such as the experiences of different councillors and officials, exist. This understanding recognises that each councillor and official may have a different experience and perception of how oversight and accountability are conducted at the municipality. The epistemology is pragmatic, which is based on the premise that knowledge is gained through both objective measurements, such as survey scales, and subjective interpretation of the results. The epistemology of pragmatism will facilitate the acquisition of knowledge about effective oversight practices through survey responses and narrative feedback from research participants, supplemented by the researcher's perspectives.

3.3 Research strategy

There are three main methodological approaches to research, namely quantitative, qualitative, and mixed methods (Creswell & Creswell, 2017). This study adopted a mixed methods approach to research, collect and analyse data, and formulate conclusions on the council oversight over financial management in the municipality. The mixed-methods approach refers to the use of both quantitative and qualitative approaches to collect and analyse data where neither approach can on its own sufficiently answer the research questions (Saunders *et al*., 2019). The primary reason for adopting the mixed-methods approach is that neither of the other two methods, on their own, will be sufficient to fully respond to the research objectives. In determining the suitable approach, the researcher considered the type and amount of data required to comprehensively address the research questions and achieve the research objectives satisfactorily. The research objectives in this study require both quantitative and qualitative data.

The quantitative data focuses on numeric data, such as the number of times a specific response is given by respondents to a particular question. In this study, this would refer to the extent to which the oversight committee members fulfil their oversight roles, quantified or measured in numbers by the respondent. Using quantifiable variables, the researcher will be able to test the defined theories to have a better understanding of the phenomenon. The results of quantitative data will be interpreted using numbers

and without probing the respondents on their responses or exploring further explanations thereof. This entails analysing and interpreting the extent and frequencies of the statistical data extracted from the survey responses.

The qualitative data encompasses non-numeric information, such as words, images, audio, and video clips, as well as related data, providing explanatory insights that are not necessarily quantifiable numerically. This data encompasses the lived experiences and perceptions of municipal officials and councillors on matters related to the effectiveness of oversight activities within the municipality. The qualitative data will provide useful insights through the constructive explanations from the councillors and the top management of the municipality. The in-depth material, which will be obtained through the qualitative method, will give the researcher information about the lived experiences of the respondents for meaningful analysis and conclusion about the phenomenon. The use of qualitative data will enable the researcher to obtain insights into the areas where quantitative data on its own cannot achieve the desired results, ensuring a balanced research project. Furthermore, the qualitative data will also strengthen the reliability of the conclusions to be deduced from the quantitative data.

An explanatory sequential research design was used. This involved first collecting and analysing quantitative survey data, followed by qualitative written narratives from the respondents to help explain, elaborate on, or clarify the initial quantitative results. This design aligns with this study because the researcher aims to derive relevant arguments from quantitative data before employing qualitative methods to explain the quantitative results.

3.3.1 Quantitative phase

3.3.1.1 Research Strategy

A survey strategy was used to collect data from the research participants. The survey was chosen as an efficient and cost-effective tool that can also be distributed fairly simply to the intended participants (Creswell, 2014). The relationship between the oversight and accountability mechanism, as an independent variable, as well as the effectiveness of that mechanism on financial management, as a dependent variable, was explored through the survey questionnaire.

3.3.1.2 Data Collection Instrument

To collect the quantitative data, the researcher administered 27 structured, self-administered questionnaires to all municipal councillors and managers. A questionnaire was a preferred choice due to its nature of being a simple, fairly easy and fast means of collecting and assessing information about a population. Du Plooy-Cilliers *et al*. (2014) explain that questionnaires are commonly used by researchers as a tool for collecting data. The questionnaire contained a five-point Likert-scale question to measure perceptions of councillors and employees on the effectiveness of oversight and accountability in the municipality. These questions measure whether the participants agree or disagree and how strongly, with each of the 27 statements in the survey. These statements were derived from each of the four research objectives and are linked to the various themes as uncovered through the review of the literature. In particular, the various factors which affect the effectiveness of oversight and accountability, as uncovered from the literature review, were significantly utilised to derive the survey statements. Furthermore, these were constructed in a matrix format for ease of comparability of responses and for time efficiency purposes. Demographic-related questions were also included at the beginning of the survey to enhance the meaningfulness of the data for analysis purposes.

The researcher is confident that these questions are appropriate, unbiased and sufficient to enable the formulation of reliable findings and conclusions about this study. On average, it took respondents about 20 minutes to complete these questions.

The research instrument consisted of three parts as described as follows:
Part I: General question and demographic information.
Part II: Self-administered (pre-coded) questions.
Part III: Self-administered (open-ended) questions [*discussed in section 3.4.2 below*].

3.3.1.3 Sampling

This research was based on a case study of one municipality, Dr A.B. Xuma Municipality, wherein a mix of its councillors and officials was considered in identifying the population. A census approach was utilised for the quantitative phase, targeting the entire population of 57 councillors and managers in aggregate. The methodology employed in this study is a mixed-methods research design, which involves collecting

both quantitative and qualitative data. The quantitative survey will identify general patterns and perceptions regarding the effectiveness of oversight. The subsequent qualitative open-ended questions are designed to probe the underlying reasons for these patterns, such as why councillors may feel they lack independence or how political interference manifests. For the purpose of collecting quantitative data, it is the considered view of the researcher that the population of this research is relatively small, consisting of no more than 57 persons. Essentially, this population consists of all councillors, along with only those officials involved in oversight and accountability activities relevant to this study, which the researcher intends to select. As a result, it was considered justifiable, more informative, and expected to yield better outcomes by including the entire identified population rather than selecting a sample. This approach aligns with the justification for selecting a sample, as provided by Pickard (2013), who argues that sampling is typically used when the use of the entire population is impractical. Sampling is defined as the process of selecting only a few items from a defined population, but which are a true representation of such population (Sekaran & Bougie, 2016). In this study, it was both possible and practical to collect quantitative data from the entire target population; hence, the population was used rather than a sample. Therefore, the total population sampling methodology was employed to collect the quantitative data. This sampling is therefore more focused on ensuring fair and appropriate representation of those selected, rather than the entire population.

Pickard (2013), describes population as “the entire set of individuals about which inference will be made”. These individuals, in this case, are all the councillors of the municipality, as they are the ones who primarily perform oversight, particularly over financial management activities. Furthermore, all officials holding management positions, including middle managers, were also considered part of the target population. These officials are considered key in preparing information and the reports from which oversight is performed, and are also accountable to the councillors directly and indirectly.

Table 3.1 below reflects the stratified target population, comprising all councillors and management officials of Dr A.B. Xuma Local Municipality.

Table 3.1 Total Population Stratification

Position	Further Description	Number of councillors/personnel
Mayor, Council Speaker and Chief Whip	Troika	3
Executive Committee	Heads of Portfolios	5
Ward and PR Councillors	Members of various oversight committees	30
Municipal Manager	Accounting Officer	1
Senior Managers	Managers reporting directly to the Municipal Manager	4
Middle Managers	Managers reporting directly to Senior Managers	14
Total Population		**57**

3.3.1.4 Data Analysis

Quantitative data were analysed using descriptive statistics such as means and frequencies, and inferential statistics such as correlation analysis, using the Statistical Package for Social Sciences (SPSS) software. Data was stored and sorted in this software to enable statistical data analysis. Creswell and Guetterman (2021) explain that data analysis also encompasses the preparation of data for analysis, as well as the reporting and discussion of the results. The quantitative data was prepared for analysis by assigning a score for each of the anticipated responses, using a single-item score. This study envisions that the raw quantitative data be manipulated and analysed in relation to different variables using SPSS software to provide optimal and relevant interpretation and meaning. One of the primary purposes of collecting data is to use it to identify relationships between variables and conduct a thorough analysis of these relationships (Sekaran & Bougie, 2016). The data analysis will also examine if any correlation exists between a set of independent variables and the effectiveness of oversight and accountability. The researcher converted the collected data into numerical data and draw relationships and conclusions between these variables. As such, a descriptive and inferential statistical method was used to determine the

statistical relationship between the independent variables and the dependent variable. However, the format was adjusted to suit the context of this study for a meaningful analysis. Furthermore, the data was analysed carefully to ensure that the generalisation of perceptions to the entire population is done in a meaningful and befitting manner.

3.3.2 Qualitative phase

3.3.2.1 Research Strategy

A case study strategy involving self-administered, open-ended questions was used to explore the themes derived from the research objectives. The questions were developed to obtain in-depth explanations of how each councillor and manager perceives the oversight and accountability in the municipality. To facilitate the convenient and seamless completion of responses, these were distributed to the research participants along with the closed-ended questions.

3.3.2.2 Data Collection Instrument

Open-ended questions, which are self-administered, were used to collect the qualitative data. These self-administered questions are designed to be open-ended, allowing the respondent to provide any response without the researcher imposing a predetermined set of answers. The expected key benefit of using open-ended questions is for respondents to think more deeply about the themes and provide unique perspectives and details in greater depth. Furthermore, this type of question was expected to provide an opportunity for respondents to offer in-depth insights without being unduly influenced by the researcher, and with further details that could not be covered by closed-ended questions.

3.3.2.3 Sampling

A purposive sample of the following portfolios or positions was selected for their expert knowledge and central oversight roles: municipal troika (n = 3); committee chairpersons (n = 5); and senior managers, including the accounting officer and finance managers (n = 9). Purposive sampling is defined as a non-probability sampling where the researcher selects a specific target group either because the group meets the researcher’s criteria or the information needed can only be obtained from the target

group (Sekaran & Bougie, 2016). Pickard (2013:104) puts it more directly and emphatically by stating that “case study research always uses purposive sampling” to obtain the core source of research data, as this would be identified in advance by the researcher. The researcher has identified these specific participants to be part of the study through purposive sampling because of their unique knowledge and involvement in the activities related to the subject matter.

It has been established that, in this study, there is a limited number of categories of people who are expected to possess the required information to respond to the open-ended questions. Essentially, the primary focus was placed on the views of only the entire municipal troika, whole of members of the executive committee, the accounting officer, as well as the entire senior management of the municipality, including all the finance managers. Based on the above justification, there were seventeen (17) individual councillors and officials who were selected to participate in collecting qualitative data through open-ended questions. Included in the sample is the municipal troika (Mayor, Speaker and Chief-Whip); the portfolio committee chairpersons (political heads of directorates); the accounting officer and the administrative heads of directorates and finance managers. The selected numbers represent the maximum number of persons or positions available on the above-mentioned portfolios in the municipal organisational structure. This selection is due to the critical positions these individuals occupy, their close proximity to the municipal financial management activities, the key roles they play, as well as the rich understanding they are expected to possess in ensuring effective oversight and accountability within financial management. Furthermore, these are the individuals who are expected to have the first-hand information on oversight and accountability at this specific municipality, due to their critical involvement in the related processes. The remainder of the councillors, the middle managers and other municipal officials were excluded from the sample, as they are either not directly involved or not involved at all in oversight activities. Table 3.2 below presents the targeted sample.

Table 3.2 Qualitative data sampling

Position	Further Description	Total Population	Targeted Sample
Mayor, Council Speaker and Chief Whip	Troika	3	3
Executive Committee	Heads of Portfolios	5	5
Ward and PR Councillors	Members of various oversight committees	30	0
Municipal Manager	Accounting Officer	1	1
Senior Managers	Managers reporting directly to the Municipal Manager	4	4
Middle Managers	Managers reporting directly to Senior Managers	14	4
Total		**57**	**17**

3.3.2.4 Data Analysis

Qualitative data were transcribed and analysed using thematic analysis (Braun & Clarke, 2006) to identify key patterns and themes. Braun and Clarke (2006) explain that thematic analysis is the process within qualitative data analysis of rearranging data into its simplest form and then grouping it into relevant themes that correspond with the research questions as determined by the researcher. The researcher employed thematic analysis to interpret the qualitative data and subsequently classified the collected data into themes. The thematic analysis was then used to analyse these themes for a meaningful conclusion. The results obtained will assist in meeting the objectives and answering the research questions, and will also enable the researcher to draw a conclusion.

3.4 Validity, Reliability and Trustworthiness

3.4.1 Quantitative data

The internal consistency of scales was tested using Cronbach's alpha through SPSS using the entire sample of 57 respondents, based on the 27 questions. Cronbach's

Alpha is 0.92, which is above 0.7, indicating a high level of internal consistency for these scale items. The 0.92 value as derived from the reliability of the variables is presented in Table 3.2 below. The content validity of the questionnaire was assessed by developing questions that closely reflected the factors affecting the effectiveness of oversight and accountability, as discussed in the literature review. Furthermore, a similar oversight and accountability effectiveness instrument was used to compare and benchmark the questions developed in this study.

Table 3.3 Cronbach's Alpha

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
0.916	0.92	27

3.4.2 Qualitative data

Credibility was used to ensure the quality and trustworthiness of the findings (Creswell, 2018). This entails verifying that the results of qualitative research are reliable and can be trusted. For this study, the researcher piloted the testing of the instruments by presenting them to a small group of participants (04) to attempt the questions before distributing them to the rest of the respondents. The group was able to return the completed survey within an average of 35 minutes with only one clarity seeking question from one participant. The feedback from the group was positive in terms of the simplicity of the questions and the relevance of the questions to achieve the intended research objectives. This feedback from was vital to the researcher, as it confirmed that the questions were indeed clear and unambiguous. The data collection instrument was then declared feasible with no changes made to the questionnaire, and it was distributed to the rest of the participants. The results of the piloted instrument were combined with the results from the rest of the participants, and are discussed in chapter four of this study.

Dependability was ensured by clearly documenting in detail the data collection, analysis, and interpretation, allowing any other competent researcher to replicate and reach similar conclusions under similar conditions. Confirmability was enhanced by ensuring that the researcher's own interpretation of qualitative data is supported by

direct quotes from the research participants' responses and use of in-depth description of the context. Data transferability was also achieved by clearly justifying the purposive sampling method followed as well as giving adequate contextual detail of data collection, so other researchers can fairly evaluate the applicability of the findings thereof to similar circumstances. To ensure transferability, the following information was considered useful to give context to the users:

a) The study was based on the case study conducted at a small municipality situated in the rural areas of the Eastern Cape province, Dr A.B. Xuma Local Municipality, with visible minimum local economic development activities.
b) The participants were senior councillors and senior officials of the municipality and were present at the municipality's offices at the time of distributing copies of the questionnaire. As explained in the sampling strategy, these participants are the most experienced and involved members in the oversight activities at the municipality.
c) These councillors included the three most senior councillors in terms of the political leadership structure of the municipality, with the remainder being the five chairpersons of the oversight committees. The officials consisted of the senior management and middle-level finance managers.
d) Participants were allowed to complete questionnaires at their own time and pace. A few participants (councillors) took the questionnaires home and these were collected from them at later stages at the municipal offices. Based on the feedback from all the participants, the exercise took approximately 30 to 40 minutes to complete on average.
e) The boundary of the study was set only to the five pre-set open-ended questions on the effectiveness of oversight and accountability at the Dr AB Xuma Municipality, only as far as it relates to municipal financial management, according to their own experiences and perceptions.
f) Responses provided were read and analysed by the researcher for each question separately, as detailed in section 4.5 of this study.

3.5 Ethical Considerations

It is crucial to consider ethical considerations in research studies to ensure that the necessary ethical principles are adhered to. Amongst other things, ethics requires that

the researcher respect the rights of the research participants. Kumar (2011) explains that to ensure the rights of participants are respected, it is critical that the participant's consent to participate in the research is voluntary and should be communicated as such to the participants. In this regard, the research should provide the necessary details to the participants about the research and its potential effects on them, if any. This principle was achieved by providing participants with consent forms to complete and sign, serving as evidence of their voluntary consent to participate prior to data collection. The participants were requested to confirm their willingness to participate in the study. The informed consent letter, which contained the necessary details about the study, were accompanied by the informed consent forms and distributed to, and signed by, all research participants as evidence of their understanding and consent to participate.

Kumar (2011) considers it unethical behaviour to disclose or use the participant's information for purposes other than the research study itself. It is therefore critical to ensure the confidentiality and anonymity of the details of the participants, including their names and addresses. Moreover, the researcher understands the duty of confidentiality and other ethical principles related to research and will ensure that the anonymity of the participants is maintained when discussing their responses. For this study, the researcher used key identifiers, such as codes, to distinguish between participants. In addition, to adhere to the requirements of the Protection of Personal information Act (POPIA) (Act 4 of 2013), the researcher immediately separated the consent forms, which contained personal information, from the completed survey with no personal information. Furthermore, the documents have been stored with restricted access, both in electronic and physical copies.

The researcher has also obtained ethical clearance from the university's ethics committee before collecting the data. Ethical clearance was obtained [protocol reference number: HSSREC/00007696/2024], and the approval letter is attached as Annexure D. The gatekeeper's letter approved by the accounting officer was obtained to confirm approval to conduct the study.

3.6 Research Limitations

As the study was conducted in a municipal environment that also involved councillors, there was reluctance to participate by some councillors due to political reasons. The

apparent management and political dynamics proved to be a limitation as the researcher was not permitted to address the councillors in a meeting gathering, but rather arranged to meet them individually. The researcher was therefore unable to meet with and discuss the research objectives with all the councillors, or to address their fears, as some were unavailable. Another possible reason for hesitation may have been a lack of understanding of the research's objective and a fear that their responses would be used against them. In general, the respondents appear not to have been as truthful in their responses, in particular on the quantitative questionnaire, to paint a positive picture of the municipality's oversight performance and activities. In addition, this study identified Agency Theory as the only relevant theory to serve as a point of departure. The limited variety of suitable theories upon which this study could be framed proved to be a limitation in providing different perspectives on the same research data.

3.7 Chapter Summary

This chapter explained the rationale for the choice of a mixed method of research that will be used in the study. The study provided for the use of structured closed-ended survey questionnaire for the quantitative element of the study as well as the closed-ended questions for the qualitative element. The pragmatism paradigm was adopted to conduct this study to determine the impact of the factors identified on the effectiveness of accountability and oversight of Dr. AB Xuma Municipality. The Agency theory and the factors identified and discussed in chapter two of the study have also been used to develop the survey questions. The chapter also provides details of how the participants in this study will be selected using the full population sampling for quantitative data and the purposive sampling methodology for the qualitative data. Furthermore, this chapter briefly outlined the plans to analyse and measure the data to ensure that it produces reliable, trustworthy and valid research results. Lastly, various considerations of ethical principles and requirements have also been made and complied with.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter discusses the analysis of both the quantitative and qualitative data collected from the research participants. The responses obtained from the research questions are thus analysed to make a meaningful interpretation. The quantitative data were collected through administering closed-ended questions, whereas the qualitative data were collected from open-ended questions in the same survey. The first part of the analysis focuses on the demographics of the respondents, followed by the responses received for each of the closed-ended questions. The results of the quantitative component are presented in tables for each of the closed-ended questions, enhancing the quality and meaningfulness of the analysis. The final section addresses the analysis and interpretation of the open-ended questions. The detailed discussion of the findings, in direct response to the main research questions, is presented at the end of this chapter.

4.2 Response Rate

The compiled surveys for quantitative data collection were distributed to 57 participants physically. A total of 33 completed questionnaires were collected by the researcher. The majority of the 24 uncollected questionnaires were distributed to the councillors. Only three officials did not return the completed surveys, whilst the number of unreturned surveys by the councillors is 21. The number of respondents within each category or designation, in relation to the total number of participants, is also reflected in Table 4.3.4 below. Additionally, from the 17 targeted samples intended for qualitative data collection, a minimum of 15 responses were received for each of the five questions posed. After several follow-up enquiries were done on these outstanding questionnaires, the researcher concluded that these participants may have chosen not to participate in the study.

The 33 completed questionnaires received represent a response rate of 57.9%, whereas the 15 respondents who answered the open-ended questions represent 88.2%. Sekaran and Bougie (2016) consider a 30% response rate to be reasonably acceptable, and could even be exceptional in some cases. Considering that the

researcher targeted the entire population of 57 people for quantitative data collection through the purposive sampling method, the 57.9% response rate can be considered an exceptional representation of the population. Effectively, the 57.9% response rate is the percentage of the total targeted population that responded, which in this case is considered an exceptional response rate.

4.3 Socio-demographic characteristics of respondents

The demographic data of the respondents varied from person to person, and is presented below from Tables 4.3.1 to 4.3.4. There were no anomalies noted from the characteristics of the respondents, as all the ratios on each appeared reasonable within the expected norms.

Table 3.3.1 Gender of the respondents

Gender		Frequency	(%)	Valid (%)	Cumulative (%)
	Male	16	48.5	48.5	48.5
	Female	17	51.5	51.5	100.0
	Total	33	100.0	100.0	

The table above reflects the gender characteristics of the respondents. Males comprised 48.5% of the respondents, while females comprise 51.5% of the respondents. This ratio depicts a fairly balanced representation of both genders in the management as well as in the council of the municipality.

Table 4.3.2 Age of the respondents

Age	Frequency	(%)	Valid (%)	Cumulative (%)
31 to 40	15	45.5	45.5	45.5
41 to 50	12	36.4	36.4	81.8
51 to 60	4	12.1	12.1	93.9
Above 60	2	6.1	6.1	100.0
Total	33	100.0	100.0	

Table 4.3.2 shows the different age groups of the respondents. All the 33 respondents are above 30 years of age, whilst only 6.1% are above 60 years of age. The majority of respondents are between the ages of 31 and 40 years, at 45.5%, followed by the ages between 41 and 50 years, at 36.4%. There are no respondents over the age of

65, which is currently the retirement age in the country. The age distribution of the respondents suggests that the majority of officials and councillors are aged between 30 and 50 years, which is generally regarded as the economically active ages.

Table 4.3.3 Highest Qualification Held by Respondents

Qualification	Frequency	(%)	Valid (%)	Cumulative (%)
Less than Matric	3	9.1	9.1	9.1
Matric	9	27.3	27.3	36.4
Diploma/Degree	14	42.4	42.4	78.8
Postgraduate	7	21.2	21.2	100.0
Total	33	100.0	100.0	

Only seven respondents hold a postgraduate qualification, accounting for 21.2%. The majority of respondents hold a degree or diploma as their highest qualification. Those with less than a diploma/degree constitute 36.4% of the respondents, which includes those with Matric or less than Matric as their highest qualification. Those with Matric and Less than Matric as the highest qualification are councillors, as there are no minimum academic requirements for political candidates to be deployed as municipal councillors.

Table 4.3.4 Respondent's Designation

Designation	Frequency	(%)	Valid (%)	Cumulative (%)
Official_Non-Finance	11	33.3	33.3	33.3
Official_Finance	5	15.2	15.2	48.5
Finance Standing Committee	2	6.1	6.1	54.5
Executive Committee	5	15.2	15.2	69.7
MPAC	2	6.1	6.1	75.8
Other Oversight Committee	8	24.2	24.2	100.0
Total	33	100.0	100.0	

The respondents were categorised into different designations to enable the researcher to better understand their roles within the accountability and oversight cycle. Municipal officials, including those working in finance and those in other departments, constituted 48.5%, while councillors comprised 51.5% of the total respondents. This distribution gives a fair representation of both officials and councillors for a balanced perspective to the phenomenon. Notably, as the study focuses on the financial management of the municipality, finance officials made up 15.2%, whereas councillors serving on the finance standing committee accounted for 6.1% of the respondents. Understandably, finance officials and members of the finance standing committee are relatively few in

numbers in relation to the total population; therefore, these numbers appear to be reasonable and representative of the respective sub-groups mentioned.

4.4 Quantitative Data Analysis

A total of 57 copies of survey questionnaires, each consisting of 27 closed-ended questions were distributed to the research participants. These questions are grouped into four themes, which were derived from the study's four main research questions, as guided by the structure of the survey questionnaire. The various questions presented under each theme are crafted with the intention of ultimately responding to each relevant main research question. The four themes are presented below for a meaningful analysis and interpretation of results:

1. Oversight committee's understanding of its oversight roles and responsibilities;
2. The effectiveness of the oversight committees;
3. The impact of the committees' oversight activities on financial management; and
4. Improvement areas on oversight and accountability.

Tables 4.4.1 to 4.4.7 aim to provide a breakdown and descriptive analysis of the findings related to the first theme, which examines the understanding of oversight committees regarding their roles and responsibilities in various aspects of financial management. The questions contained in the second theme aim to obtain results and findings on the effectiveness of oversight committees in carrying out their respective duties, and their analysis is presented in Tables 4.4.8 to 4.4.17. The third theme, which examines the impact of the oversight committees' work on financial management, is analysed in Tables 4.4.18 to 4.4.24. Lastly, Tables 4.4.25 to 4.4.27 address the fourth theme, which aims to gather respondents' perceptions on the interventions needed or potential areas for improvement in oversight and accountability. The research results obtained from the respondents for each question from the survey questionnaire are presented and analysed below.

4.4.1 Oversight committee's understanding of its oversight roles and responsibilities.

As discussed above, this sub-group in Section 4.4.1 aims to explore the first focus area, as presented in Tables 4.4.1 to 4.4.7. In other words, these afore-mentioned

tables are attempting to respond to the first main research question: "*What is the oversight committee's understanding of its oversight roles and responsibilities?",* as discussed in chapter one of this study.

It was noted that one participant did not respond to all seven questions, whereas another participant skipped only one question in this focus area. However, the missing responses represent only 3% for each of the seven questions and 6.1% for the eighth question, which is considered insignificant in relation to the total number of responses received. Therefore, the analysis of frequencies is based on the Valid% column. It is possible that the respondent missed the page containing these questions. These responses were unclear and did not provide sufficient data to assess the committees' capacity.

Table 4.4.1 Oversight committees have full appreciation and understanding of their financial oversight roles on UIFW, IDP and Budget, financial reports and the audit outcomes.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.3	6.3
	Neutral	2	6.1	6.3	12.5
	Agree	14	42.4	43.7	56.3
	Strongly Agree	14	42.4	43.7	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

While a strong majority (87.4%) perceive that oversight committees understand their roles, as shown in Table 4.4.1 above, the qualitative data reveal a nuance. Several officials expressed concerns about the committees' ability to implement this understanding, particularly in interpreting complex financial concepts (Table 4.4.4). This discrepancy between perception and practical capacity is a critical finding. The 87.4% represents the combination of respondents who either agreed or strongly agreed with the statement. Respondents who indicated disagreement with the statement constitute 6.3%, while another 6.3% did not indicate whether they agree or disagree with the statement. The results indicate that the majority of respondents believe that the oversight committee has a good understanding of their oversight roles in matters of municipal finance management.

Table 4.4.2 Oversight committees understand their duty to bring the management to account through regular and accurate reporting.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.1	3.1
	Disagree	1	3.0	3.1	6.3
	Neutral	2	6.1	6.3	12.5
	Agree	17	51.5	53.1	65.6
	Strongly Agree	11	33.3	34.4	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

Table 4.4.2 reflects that the majority of the respondents (87.5%) agree with the statement that the *oversight committees understand their duty to bring the management to account through regular and accurate reporting.* This outcome is supported by 53.1% of respondents who agree with this statement, and 34.4% strongly agree. Therefore, an overwhelming majority of 87.5% of the respondents believe that the oversight committees understand their duty to bring the management to account through regular and accurate reporting. Only 6.2% of respondents expressed their disagreement with the statement, while 6.3% remained neutral.

Table 4.4.3 Oversight committees understand their duty to correctly interpret the contents of the municipality's Budget, AFS and other financial reports that are presented to the committees.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.1	3.1
	Disagree	1	3.0	3.1	6.3
	Neutral	4	12.1	12.5	18.8
	Agree	16	48.5	50.0	68.8
	Strongly Agree	10	30.3	31.3	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

As reflected in Table 4.4.3, only 18.7% of the respondents disagreed with the statement that the oversight committees understand their duty to correctly interpret the contents of the municipality's budget, AFS, and other financial reports presented to the committees. Just over 6% expressed their disagreement, whereas 12.5% are

neutral. The majority (81.3%) of respondents believe that the statement is true at the municipality, with 31.3% of those respondents strongly agreeing with it.

Table 4.4.4 Oversight committees understand and can correctly interpret key municipal finance concepts such as financial ratios, unfunded budget, UIFW, cashflow etc.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	2	6.1	6.3	6.3
	Disagree	3	9.1	9.4	15.6
	Neutral	6	18.2	18.8	34.4
	Agree	10	30.3	31.3	65.6
	Strongly Agree	11	33.3	34.4	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

The data gathered, as shown in Table 4.4.4 above, indicate that the majority of respondents (65.7%) agree with the above statement, with 34.4% strongly agreeing. Surprisingly, a slightly higher number, 18.8%, of respondents are neutral compared to the first three questions, which is a matter of concern that will be addressed later in the discussion of findings. Furthermore, the respondents who disagreed with the statement also appear to be slightly higher than the previous three questions, at 15.7%.

Table 4.4.5 Oversight committees are able to provide sound financial advice to the council based on the financial information presented by the administration.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.1	3.1
	Disagree	2	6.1	6.3	9.4
	Neutral	4	12.1	12.5	21.9
	Agree	12	36.4	37.5	59.4
	Strongly Agree	13	39.4	40.6	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

As per Table 4.4.5 above, a total of 25 (75.8%) of the respondents agree that the *oversight committees are able to provide sound financial advice to the council based on the financial information presented by the administration,* while three (9.4%) respondents disagree with this statement. There are four respondents who remained neutral to this question, which constitutes 12.1%.

Table 4.4.6 Councillors discharge public accountability to the public through road shows and imbizos (public meetings).

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Neutral	2	6.1	6.3	6.3
	Agree	13	39.4	40.6	46.9
	Strongly Agree	17	51.5	53.1	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

The results presented in Table 4.4.6 indicate that there are no respondents who disagree the above statement. Except for the 6.3% of respondents who were neutral to this question, all other respondents (93.9%) believe that the councillors discharge public accountability to the public through road shows and imbizos.

Table 4.4.7 The municipality's management is fully accountable to the oversight structures of the municipality through timely, consistent and accurate reporting.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.2	3.2
	Disagree	1	3.0	3.2	6.5
	Neutral	2	6.1	6.5	12.9
	Agree	8	24.2	25.8	38.7
	Strongly Agree	19	57.6	61.3	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

Table 4.4.7 above indicates that only two respondents (6%) did not believe that the municipality's management is fully accountable to the oversight structures of the municipality through timely, consistent, and accurate reporting. Another two (6.1%) respondents could neither agree nor disagree with this statement. Therefore, a total of 27 respondents (87.1%) expressed their agreement with this statement.

Overall analysis: Sub-Section 4.4.1

Tables 4.4.4 and 4.4.5 above are considered by the researcher as one of the key questions in attempting to ascertain whether the oversight roles and responsibilities are understood by all the role players. This is because these two questions inquire into both the understanding of key concepts and demonstrate such understanding in implementation. Table 4.4.4, in particular, reflects the highest number of respondents

who either disagreed (15.7%) or remained neutral (18.8%), compared to any other table within the first main research question. This trend is followed by the result in Table 4.4.5, which reflects the second-highest number of those who disagreed (9.4%) or remained neutral (12.5%). These two tables broadly assess the oversight committees' ability to accurately interpret various financial concepts and provide sound financial advice to the council. Although these figures in both tables do not constitute the majority of the respondents, they are a cause for concern. This is also because the results of the other five tables show relatively consistent numbers of respondents who either disagree or remain neutral. Upon further analysis of these two tables, it was noted that the majority of participants who provided these responses are municipal officials, compared to municipal councillors. This means that there may be a view among employees, although not as strong, that to some extent, councillors lack an adequate understanding of municipal finance concepts. The analysis of the results from this theme also revealed that nearly all the respondents agreed that the municipality holds the imbizos as a vehicle to ensure effective accountability to the public. For the remainder of the questions, the results reflect a sound understanding of oversight and accountability among the different role players in various aspects.

4.4.2 The effectiveness of the oversight committees.

Tables 4.4.8 to 4.4.18 below present the results obtained from the respondents as they relate to the effectiveness of the oversight committees. The aforementioned tables present an analysis of the 10 survey questions linked to the second theme, which ultimately address the second main research question: *"How effective are the oversight and accountability committees at the municipality?"* as discussed in chapter one of this study.

Table 4.4.8 Education, training and experience of councillors on municipal finance concepts is at satisfactory levels.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.0	3.0
	Disagree	5	15.2	15.2	18.2
	Neutral	7	21.2	21.2	39.4
	Agree	14	42.4	42.4	81.8
	Strongly Agree	6	18.2	18.2	100.0
	Total	33	100.0	100.0	

As presented in Table 4.4.8 above, 20 (60.6%) of the respondents believe that the education, training and experience of councillors on municipal finance concepts are at satisfactory levels. Of the 20 respondents, 14 (42.4%) agreed with the statement, whereas six (18.2%) expressed a strong agreement. It was also noted that the respondents who were indifferent, as indicated by their neutral response, constituted 21.2%. A total of six (18.2%) did not believe that the education, training and experience of councillors on municipal finance concepts are at satisfactory levels, with one (3%) respondent expressing a strong disagreement.

Table 4.4.9 Municipal staff working in the finance directorate have the necessary skills and knowledge to manage and accurately report on municipal finances.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Neutral	3	9.1	9.1	9.1
	Agree	17	51.5	51.5	60.6
	Strongly Agree	13	39.4	39.4	100.0
	Total	33	100.0	100.0	

The municipal staff working in the finance directorate have the necessary skills and knowledge to manage and accurately report on municipal finances. This is what 30 (90.9%) of the respondents believe, as presented in Table 4.4.9 above. Notably, there are no respondents who disagreed with this statement, whilst 3 (9.1%) respondents chose to remain neutral. Furthermore, this question drew the highest number of respondents who agreed with a statement within this theme.

Table 4.4.10 Adequate funding is reasonably available to fund oversight activities.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	6	18.2	19.4	19.4
	Neutral	9	27.3	29.0	48.4
	Agree	12	36.4	38.7	87.1
	Strongly Agree	4	12.1	12.9	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

Table 4.4.10 above indicates that six respondents (19.4%) do not believe there is adequate funding available to support oversight activities. The respondents who could neither agree nor disagree constitute 38.7%, which implies that in total there are 15

(48.4%) of respondents who do not believe the above statement is true. Sixteen (51.6%) respondents gave positive responses, indicating agreement with the statement. The results from this question show the highest rate of respondents who remained neutral, within this same theme.

Table 4.4.11 Oversight committees meet with management regularly and consistently, to discuss the committee reports

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.1	6.1
	Neutral	6	18.2	18.2	24.2
	Agree	17	51.5	51.5	75.8
	Strongly Agree	8	24.2	24.2	100.0
	Total	33	100.0	100.0	

The municipality's oversight committees meet regularly with management to discuss the committee reports. This view is expressed by 25 respondents (75.7%), as reflected in Table 4.4.11 above. There are six (18.2%) of respondents who remained neutral regarding this statement, whilst two (6.1%) indicated that they disagree.

Table 4.4.12 Oversight committees can identify key indicators of either good or poor management of municipal finances from the reports presented by the management.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	4	12.1	12.1	12.1
	Neutral	7	21.2	21.2	33.3
	Agree	15	45.5	45.5	78.8
	Strongly Agree	7	21.2	21.2	100.0
	Total	33	100.0	100.0	

As presented in Table 4.4.12 above, four respondents (12.1%) do not believe that oversight committees can identify key indicators of either good or poor management of municipal finances from the reports presented by management. Seven (21.2%) of the respondents remained neutral, whilst 22 (66.7%) agreed with this statement.

Table 4.4.13 Consequence management measures are always implemented in the municipality when needed, particularly on financial mismanagement.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.0	3.0
	Disagree	3	9.1	9.1	12.1
	Neutral	3	9.1	9.1	21.2
	Agree	17	51.5	51.5	72.7
	Strongly Agree	9	27.3	27.3	100.0
	Total	33	100.0	100.0	

Table 4.4.13 above shows that the majority of respondents believe that consequence management measures are always implemented in the municipality when needed, particularly in cases of financial mismanagement. This is evidenced by the 26 (78.8%) respondents who agreed with this statement. The respondents who disagreed with this statement constitute 12.1% whereas 9.1% remained neutral.

Table 4.4.14 The public community effectively holds the council accountable on financial performance and administrative matters.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	3	9.1	9.7	9.7
	Neutral	5	15.2	16.1	25.8
	Agree	13	39.4	41.9	67.7
	Strongly Agree	10	30.3	32.3	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

According to Table 4.4.14 above, the survey outcomes reflect that only 3 (9.7%) of the respondents disagreed that the public community effectively holds the council accountable on financial performance and administrative matters. A total of 23 (74.2%) of the respondents agreed, whilst only 5 (16.1%) could not agree or disagree with this statement.

Table 4.4.15 There is a sound and harmonious relationship between the political leadership and the administration.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.1	3.1
	Disagree	2	6.1	6.3	9.4
	Neutral	7	21.2	21.9	31.3
	Agree	11	33.3	34.4	65.6
	Strongly Agree	11	33.3	34.4	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

The survey outcomes, as shown in Table 4.4.15 above, indicate that a total of 22 (68.8%) respondents agree that there is a sound and harmonious relationship between the political leadership and the administration. Another group of respondents (21.9%) could not explicitly express whether they agree or disagree with this statement. The remaining 3 (9.4%) respondents explicitly disagreed with the statement.

Table 4.4.16 The councillors of the ruling party can make decisions independent of the ruling party, in the interest of the municipality.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	6	18.2	18.2	18.2
	Disagree	3	9.1	9.1	27.3
	Neutral	6	18.2	18.2	45.5
	Agree	9	27.3	27.3	72.7
	Strongly Agree	9	27.3	27.3	100.0
	Total	33	100.0	100.0	

According to Table 4.4.16, nine (27.3%) respondents do not agree that the councillors of the ruling party can make decisions independent of the ruling party in the interest of the municipality. Those who agree with this statement constitute 54.6% (18) of the total respondents, whereas the remaining respondents, at 45.4%, either disagreed or remained neutral. The results from this question show the highest rate of respondents who did not agree with a statement at 45.5%, within the same theme.

Table 4.4.17 The audit committee is perceived as strong and effective in executing its duties in line with Section 166 of the MFMA Act.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.3	6.3
	Neutral	3	9.1	9.4	15.6
	Agree	15	45.5	46.9	62.5
	Strongly Agree	12	36.4	37.5	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

According to the majority of respondents (84.4%), the audit committee is strong and effective in executing its duties in line with Section 166 of the MFMA Act. Only 2 (6.3%) of respondents disagreed with this statement, whilst the remaining 3 (9.4%) neither agreed nor disagreed.

Table 4.4.18 Financial results of the municipality have improved because of proper oversight performed on financial management.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.5	6.5
	Neutral	6	18.2	19.4	25.8
	Agree	18	54.5	58.1	83.9
	Strongly Agree	5	15.2	16.1	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

As reflected in Table 4.4.18, 23 (74.2%) respondents believe that the financial results of the municipality have improved due to proper oversight of financial management. The other 8 (24.3%) respondents who did not agree with the statement are constituted by 6 (19.4%) who are indifferent, while 2 (6.1%) explicitly expressed their disagreement.

Overall analysis: Sub-Section 4.4.2

In this subsection, Tables 4.4.8 and 4.4.9 present some of the crucial questions being probed, among others, regarding the literacy of both councillors and finance officials. As shown in Table 4.4.9 above, an overwhelming 90.9% of respondents agreed that officials possess the necessary knowledge and skills required to perform their duties optimally, with only 9.1% remaining neutral. This is particularly not the case in contrast to councillors, as a much smaller number is convinced that their literacy is at

acceptable levels, with only 42.4% of the respondents agreeing that this is the case, as reflected in Table 4.4.8 above. Although the respondents who expressly disagreed with the statement do not form the majority, it is a cause for concern. The question of whether councillors can make decisions independent of the ruling party attracted the highest number of respondents who disagreed (27.3%). This rate is also exacerbated by those who remained indifferent (18.2%), which together make up 45.5% of respondents who did not agree with the statement, a matter of concern.

On a positive note, for the remainder of the questions, the respondents generally agreed with all the statements. In particular, the statement on the adequacy of knowledge and skills relating to staff working in finance received unanimous agreement from all respondents, which has a positive impact on the overall effectiveness of oversight and accountability.

4.4.3 The impact of the committees' oversight activities on financial management

Tables 4.4.19 to 4.4.24 present the results relating to the questionnaire that deals with the impact of oversight activities on financial management.

Table 4.4.19 The oversight committees have positively influenced the financial performance of the municipality.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	1	3.0	3.2	3.2
	Neutral	6	18.2	19.4	22.6
	Agree	15	45.5	48.4	71.0
	Strongly Agree	9	27.3	29.0	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

According to Table 4.4.19, it can be inferred that the majority of respondents, 24 (72.8%), believe that the oversight committees have had a positive influence on the municipality's financial performance. Although only one respondent (3%) disagreed with the statement, six others (19.4%) remained indifferent.

Table 4.4.4 The oversight committees are most likely to identify areas of mismanagement of finances from the municipality's statutory financial reports

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	1	3.0	3.2	3.2
	Neutral	8	24.2	25.8	29.0
	Agree	14	42.4	45.2	74.2
	Strongly Agree	8	24.2	25.8	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

As reflected in Table 4.4.20, respondents constituting 25.8% (8) neither agreed nor disagreed that the oversight committees are most likely to identify areas of mismanagement of finances from the municipality's statutory financial reports. Although the majority of respondents (22), constituting 71%, believe the statement to be true, only one respondent (3.2%) disagreed.

Table 4.4.5 Oversight committees have effective mechanisms to monitor compliance with standards and regulations pertaining to financial management.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	3	9.1	9.7	9.7
	Neutral	5	15.2	16.1	25.8
	Agree	15	45.5	48.4	74.2
	Strongly Agree	8	24.2	25.8	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

According to the results presented in Table 4.4.21, the cumulative number of respondents who did not agree with the statement is 8 (25.8%), which is made up of 3 (9.1%) who explicitly disagreed and 5 (16.1%) who were indifferent. The remaining respondents (23), who constitute 74.2%, agreed that oversight committees have effective mechanisms to monitor compliance with standards and regulations pertaining to financial management.

Table 4.4.22 UIFW is being dealt with adequately by the MPAC in line with Section 32 of the MFMA Act.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.7	6.7
	Neutral	8	24.2	26.7	33.3
	Agree	15	45.5	50.0	83.3
	Strongly Agree	5	15.2	16.7	100.0
	Total	30	90.9	100.0	
Missing	System	3	9.1		
Total		33	100.0		

UIFW is being dealt with adequately by the MPAC in line with Section 32 of the MFMA Act. This view is held by the majority of respondents (66.7%), while two respondents (6.7%) disagreed with the statement, as evidenced by the results shown in Table 4.4.22 above. Although only two respondents (6.7%) indicated that they disagreed, this was worsened by eight respondents (26.7%) who did not necessarily agree or disagree.

Table 4.4.26 The quality of the IDP, Budget and regular financial reports (Sec71 and 72 reports) is improving because of the oversight work performed.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	1	3.0	3.2	3.2
	Neutral	3	9.1	9.7	12.9
	Agree	15	45.5	48.4	61.3
	Strongly Agree	12	36.4	38.7	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

According to the results presented in Table 4.4.23, 87.1% (27) of respondents believe that the quality of the IDP, Budget, and regular financial reports is improving due to the oversight work performed. From the remaining four (12.9%) respondents who did not agree with the statement, three (9.7%) were indifferent, whilst one (3.2%) explicitly indicated to disagree.

Table 4.4.24 The audit committee reports which are presented to council are concise with sound recommendations or improvement areas on the management of municipal finances.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Neutral	5	15.2	16.1	16.1
	Agree	15	45.5	48.4	64.5
	Strongly Agree	11	33.3	35.5	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

The results presented in Table 4.4.24 above indicate that the audit committee reports that are presented to the council are concise and include sound recommendations and areas for improvement in the management of municipal finances. This is the expressed view of 26 respondents, who constitute 83.9% of the respondents. The remaining five respondents (16.1%) did not agree or disagree with this statement. Notably, none of the respondents explicitly disagreed with the statement.

Overall analysis: Sub-Section 4.4.3

The analysis of the results revealed that the responses in this theme contain the highest number of respondents who did not express agreement or disagreement, and this is particularly the case with Table 4.4.20, which attracted 25.8% whilst Table 4.4.22 had 26.7% of respondents who were indifferent. These two questions, although asking about different aspects, both inquire into whether the work of the oversight committee has any impact on the municipality's financial management. The first question, as addressed in Table 4.4.20, addresses whether, upon presentation of financial reports, the oversight committee members would be able to pick up indicators of mismanagement. On the other hand, the second question seeks to determine whether the pertinent issue of UIFW is being adequately addressed. Although both questions received an overwhelming "agree/strongly agree" response, there is a cause for concern due to the vast number of respondents who remained neutral only for these two. This has the potential to cast doubt on the positive contribution made by the oversight committees to the municipality's financial management, thereby negatively affecting the effectiveness of the oversight.

The results from the remaining questions revealed a positive impact on financial management outcomes caused by the oversight committees. This is evidenced by the

significant majority of "agree/strongly agree" responses noted in most questions, as well as the smaller number of "disagree/strongly disagree" responses as compared to the previous two themes. Therefore, overall, the results reflect a good change in the municipality's finances as a direct impact of the work of the oversight committees.

4.4.4 Improvement areas on oversight and accountability

The results presented in Tables 4.4.25 to 4.4.27 below relate to the three statements included in the survey questionnaire, with the intention of gaining an understanding of the intervention measures needed to improve the effectiveness of oversight and accountability at the municipality. These statements are linked to the fourth theme of this study.

Table 4.4.25 Intervention is needed to enhance the level of education, training and experience of councillors.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.3	6.3
	Agree	14	42.4	43.7	50.0
	Strongly Agree	16	48.5	50.0	100.0
	Total	32	97.0	100.0	
Missing	System	1	3.0		
Total		33	100.0		

Table 4.4.25 depicts that out of 32 valid results, 30 (93.7%) of the respondents agreed that indeed intervention is needed to enhance the level of education, training and experience of councillors. This is made up of 16 (50%) who indicated to strongly agree with this statement, whilst 14 (43.7%) said they agree. Only two respondents (6.3%) believe that no intervention is needed in this area. Remarkably, no respondents were indifferent to this statement.

Table 4.4.26 Intervention is needed to enhance the skills and knowledge of the staff working in the finance directorate.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Disagree	2	6.1	6.5	6.5
	Neutral	2	6.1	6.5	12.9
	Agree	17	51.5	54.8	67.7
	Strongly Agree	10	30.3	32.3	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

Only two respondents (6.5%) out of 31 do not agree that intervention is needed to enhance the skills and knowledge of staff working in the finance directorate, as reflected in Table 4.4.26. Another two (6.5%) respondents were neutral as they could neither agree nor disagree with the statement. The remaining 27 (87%) respondents agreed with the statement.

Table 4.4.27 Other intervention measures are critically needed to improve the work of oversight committees.

		Frequency	(%)	Valid (%)	Cumulative (%)
Valid	Strongly Disagree	1	3.0	3.2	3.2
	Disagree	1	3.0	3.2	6.5
	Neutral	2	6.1	6.5	12.9
	Agree	16	48.5	51.6	64.5
	Strongly Agree	11	33.3	35.5	100.0
	Total	31	93.9	100.0	
Missing	System	2	6.1		
Total		33	100.0		

As per the results shown in Table 4.4.27, two (6.5%) respondents disagreed with the statement: *other intervention measures are critically needed to improve the work of oversight committees*. On the other hand, 27 (87%) respondents agreed with the statement. Those who remained neutral constitute only 6.5% (2) of the total respondents.

Overall analysis: Sub-Section 4.4.4

The last three statements probed the research participants on the areas for improvement required to enhance either the councillors or the officials, or both. The minimum percentage of respondents who agree with the three statements is 87.1% which indicates that indeed interventions are critically needed to improve the work of the oversight committees. Furthermore, the key difference between the intervention needed for councillors and that of finance officials is that a significantly higher proportion of respondents expressed strong agreement (50%) for councillors compared to finance officials (32.3%). This overwhelming agreement with the need for improvement can be interpreted as suggesting a critical lack of capacity among both councillors and finance officials. Ironically, the responses from Tables 4.4.8 and 4.4.9, which probed the level of satisfaction with the education, skills, and knowledge of both councillors and finance officials, were overwhelmingly positive. This disjuncture

suggests a lack of consistency between the responses obtained from these two aspects. In other words, where the capacity in terms of skills and knowledge is at satisfactory levels, the need for intervention is not reasonable expected to be that significant.

4.5 Qualitative Data Analysis

The study included five open-ended questions from the questionnaire that was distributed to the participants. As discussed in Chapter Three of this study, the collection of qualitative data was meant to augment and complement the responses obtained from the quantitative data. It is, however, noted with concern that not all the respondents provided responses to all the questions posed. On average, three respondents did not attempt the open-ended questions at all. Unfortunately, the researcher was unable to engage the non-respondents to determine the reasons. The remaining respondents were able to provide responses, although some of these were partially completed. The researcher noted that the 15 respondents represent 83.3% of the targeted population, which is an acceptable response rate from the sample selected through the purposive sampling methodology. The non-respondents did not pose any significant limitation to the qualitative data analyses of the results.

The responses to the open-ended questions were then analysed under each of the four themes as follows:

4.5.1 Oversight committee's understanding of its oversight roles and responsibilities.

Question 1: Describe your understanding of oversight, particularly on the municipality's financial management.

This question was posed to the participants to establish their understanding of the concept of oversight as it relates to this municipality's finances. The purpose of this question is primarily to address the first research objective of this study, which is to evaluate the oversight committee's understanding of its oversight roles and responsibilities. This includes the key areas of oversight on financial management, as well as the related oversight activities, as discussed in chapter two of this study.

One respondent did not attempt to answer this question, which could imply that the concept may not be fully understood by all the role players, particularly the councillors who are expected to enforce accountability through oversight. Another three respondents provided responses which could not be comprehended, and therefore were unable to display that indeed the oversight and accountability are understood by all. The failure to adequately address this question could be viewed as implying that these participants do not have sound knowledge and practical understanding of oversight and accountability concepts. Of concern is that the majority of 'no' or 'poor' responses were obtained from the councillors, and as the enforcers of accountability and the drivers of oversight, it is worth taking note of. The researcher could not further engage with the above responses, as they did not provide sufficient information to conduct an analysis. The responses which could not be understood by the researcher were narrated as follows:

> *"Monitory if work done in line expenditure"; "oversight the work that gives management by council"; "MPAC councillor and relevant stakeholders".*

Thirteen respondents were able to respond fully to this question, which revealed a sound understanding of the concept. Some of the 13 respondents narrated their responses as follows:

> "*Oversight structure performs oversight on the work that has been performed during the financial year, both financial and non-financial. Financial oversight involves the analysis of reports and investigations on the UIFW."*
>
> *"Oversight management refers to the process of monitoring, reviewing and supervising financial activities to ensure key aspects such as transparency, accountability and compliance. Effective oversight in a municipality's financial management helps build trust, prevent corruption and ensure the efficient use of public resources."*
>
> *"The oversight on the municipality finances is the responsibility of the councillor and to make sure that all the finances of the municipality is used to provide the services delivery on our communities."*

The analysis of the 13 responses, in general, revealed a sound understanding of oversight and accountability, particularly in relation to the finances of the municipality,

with some respondents articulating the relevant pieces of legislation governing these activities. Furthermore, the majority of these responses demonstrated an understanding that oversight provides for effective safeguarding by council committees against the mismanagement of municipal resources, non-compliance with laws and regulations, and unethical behaviour in municipalities. The vast number of responses also mentioned key oversight committee roles, which include monitoring the municipality's revenue and expenditure, and how these roles should positively influence the municipality's financial position. This confirms that the municipality's understanding of the significance of oversight and accountability is through the appropriate use of public funds and the eradication of maladministration. Furthermore, the narrated responses appear to fairly corroborate the results obtained from the closed-ended questions, as shown in Tables 4.4.1 to 4.4.7.

4.5.2 The effectiveness of the oversight committees.

Question 2: What is your view regarding the council structures exercising oversight on the municipal finances and their capacity to execute such oversight?

This question is linked to the second theme and, in particular, to one of the closed-ended questions, which seeks to understand whether the committees at Dr A.B. Xuma Municipality meet regularly to effectively discharge their responsibility of ensuring that the management accounts to the committees adequately. In essence, this question was intended to prompt respondents to discuss both the capacity of the members in terms of knowledge and experience, as well as their overall ability to execute their oversight duties effectively and efficiently.

Four respondents provided responses which, in the researcher's view, were not comprehensible, such as the following "*oversee the recommendation that gives accounting office*"; "*to check if there is no backlog*"; "*verified if is it doing well on the site or it is only paperwork*". Unfortunately, these responses did not adequately address the question, and as a result, the researcher could not establish whether the capacity of the committees, as well as the quality of their work, is in good order. These responses also highlight a challenge in some councillors' inability to clearly articulate their viewpoints on these concepts.

Two other respondents did not attempt this question. It was noted that these are the same respondents who did not attempt question one above as well. Similar to question one above, this could be attributed to the voluntary nature of the research, where respondents decide whether to participate and the extent of their participation. Eleven respondents were able to describe their views more comprehensively, with six providing positive feedback and five providing rather negative feedback. Some of this positive feedback is narrated as follows by the respondents:

> *"Oversight is crucial for accountability and transparency in the use of public funds, the committee directly responsible, being MPAC has an important role to perform the function of oversight and report to the council. However, there needs to be more skilling of the members of the committee."*
>
> *"The municipality has all the oversight structures as legislated. Series of training workshops have been done since the council inauguration to enable them to execute their mandate."*
>
> *"Council structures play an important role in exercising oversight however, their capacity to execute such role is influenced by various factors that is: Challenge of limited expertise, insufficient resources, conflict of interest. Council may lack financial management expertise."*
>
> *"I'm of the view that in theory the practice of oversight by council structures executed accordingly outside party lines have the potential to create municipalities that are sustainable and less grant dependent, however lots more work needs to be done to educate and skill councillors and create a social consciousness that does not see the progressive agenda of government as a betrayal to partyism."*

The positive responses precisely confirmed the existence of the necessary oversight structures and how these are sufficiently handling their activities. Moreover, some respondents highlighted the need for improvement, which can be driven by further increased capacitation of the committee members. The common factor among the majority of these responses is that the good being done is clearly not enough.

On the other hand, five respondents contended that the municipality's oversight committees are ineffective, citing various reasons. The common argument put forth is that these committees fail to effectively interact with the financial reports and to

interrogate the management based on the reports, due to a lack of financial literacy among the committee members. Although this challenge is raised by fewer respondents, it is still worth paying attention to, as it confirms findings made from the review of literature in Chapter Two of this study. As deduced from the literature, the one main reason why councillors could be struggling to interpret these financial reports is that their level of education or expertise may not have been considered when they are elected, as argued by (Sambumbu and Boniface, 2017). Four of the five responses are narrated by the respondents as follows:

> *"Council structures are not asking the requisite questions and interrogating the reports accordingly."*
>
> *"All the necessary council structures are in place, however capacity building is needed in order for the councillors to be able to effectively interpret financial concepts."*
>
> *"My view is that they are not doing enough to protect the financial misuse of government resources. They need to be independent and exercise their duties. They need a training."*
>
> *"The structure is ineffective because the key prerequisite of the structure is that the chairperson must be from any party besides the ruling party in so doing it protects the objectives of the committee and guaranteeing its objectivity and independence."*

The common view amongst both the positive and negative responses is that there is a critical need for training, upskilling, or education of councillors, as mentioned by some respondents. Although this view was not as overwhelming, it still highlights the literacy and skills gap which exists within the oversight structures, which may need some form of intervention to improve the situation. Although fewer respondents perceive the municipality's oversight committees as lacking the necessary capacity, the majority of respondents maintain a positive view that these committees are effective. Both groups, however, emphasised the need for more education and training to facilitate improvement. It is also worth noting that the responses obtained from the closed-ended questions on this same theme reflected a far more positive picture from the respondents, as compared to the open-ended questions.

4.5.3 The impact of the committees' oversight activities on financial management

Question 3: How would you describe the contribution made by the oversight committees with reference to the advancement of greater accountability through their scrutiny of finance reports?

A total of 15 responses were received for this question out of the 17 participants. Similar to questions one and two above, the responses varied quite significantly. Some respondents substantiated the significant contribution made by the oversight committees to the municipality, while others expressed the exact opposite. In the midst, there were also vague responses.

Ten respondents contended with various explanations on how positive the contribution made by the oversight committees in the municipality is. These responses highlighted the improvement in governance and accountability within the municipality, attributed to the existence and functioning of these committees. One respondent particularly mentioned that there has been improvement even in the findings made by the Auditor General in the audit reports. Another respondent claimed that through the effective scrutiny of financial reports by these committees, irregularities and instances of financial mismanagement have been identified in the municipal finances and dealt with accordingly. In the areas where the respondents provided positive comments, there also seems to be a common accompanying view that "more needs to be done" in this aspect. Some of the clear responses from these ten respondents are narrated below as follows:

> *"Oversight committees contribute significantly by enhancing accountability through scrutiny of finance reports. They identify discrepancies by detecting irregularities or mismanagement.";*
>
> *"Oversight committees contributed through ensuring that they review financial reports and promote transparency. Identify irregularities and enabling corrective action to be taken.";*
>
> *"Good work is done and as such there has been a significant improvement in the Auditor General's report on management of funds in the management."*

Another three respondents provided extremely short responses such as *"Transparency"*; *Satisfactory";* and *"Great contribution*". Although these responses could not sufficiently unpack the actual contribution or benefits the oversight committees have yielded in this municipality, the researcher could still ascertain that, somehow, there is a good contribution by these committees. These respondents may have intended to convey messages such as "*there is improved transparency in the municipality"; "the work of the oversight committees is at satisfactory levels"; "the oversight committees have made significant positive contribution".* It is likely that these respondents had challenges expressing themselves; however, it appears that they perceive that there was a positive contribution through the work of the oversight committees. Another three respondents provided vague responses, and the researcher was unable to comprehend what they intended to communicate.

On the contrary, six respondents did not believe that the oversight committees had made any positive contribution to the municipality's financial management. The core argument advanced by these respondents is that these committees do not have the capacity to engage with the finance reports to be able to ask the right questions from the management. Furthermore, it appears that the UIFW is not adequately dealt with by the committees, as posited by one of the respondents. Below are some of the responses provided in the questionnaire:

> *"Oversight committees are in place but the proper setting of committees are non-functional hence projects are left hanging."*
>
> *"To me there is nothing much they are doing than confirming what the management is saying without probing the contents of the reports."*
>
> *"I would like oversight structures to zoom deeper into the UIFW and make the required recommendations"*

Although the majority of respondents in this question are confident that the oversight committees are contributing positively to financial management in the municipality, a significant number of respondents hold a different view. Moreover, this different view is also accompanied by substantial arguments on what exactly is causing the dissatisfaction amongst these respondents. Overall, this implies that while there is acknowledgement of good contributions by the oversight committees, there are still significant gaps in the process that need attention.

Question 4: What is your overall impression of the work done by the oversight committees on the issues pertaining to the finance directorate or financial management?

This question was intended to prompt respondents to provide a direct response to their perception of these committees and the tasks they perform. Are there functional oversight structures which are effective in holding the management accountable, thereby enhancing financial management in the municipality? In addition to the responses provided in questions two and three above, this question sought to determine the tangible contributions that the oversight committees have made to improve the municipality's financial management. This is also raised against the backdrop of an overwhelmingly negative perception of the quality of work performed by oversight committees in the public sector as a whole. Therefore, the responses to this question were expected to provide a mirror view of the situation at Dr A.B. Xuma municipality as compared to the perspective obtained from the review of literature.

Seventeen responses were received, with 10 of these commenting positively about the work done by the oversight committees. On the other hand, four respondents expressed their dissatisfaction with the quality of work produced by these committees. The remaining three responses could not be clearly understood by the researcher, as they were either one-word responses or were written in a vague manner. From the positive responses, it appears that there is good work done by the committees. It is also noted that, unlike in the previous questions, none of these respondents highlighted any room for improvement. Moreover, these respondents used key phrases such as *"highly impressed", "great work", and "satisfactory work"*. This seems to strongly suggest that, according to these respondents, the committees are carrying out oversight activities effectively and at high standards. A few of these positive responses received are narrated below as follows:

> *"They have improved the aspect of financial management."; "Satisfactory work is being done by the committees.";*

"They improved the transparency of municipality operations. They developed monitoring and evaluation to achieve goals. They improved the performance which fostered service delivery."

"Highly, impressed, because it helps us to determine the results and what may be done when we are not moving towards the right direction."

The four respondents who seemed unimpressed by the work of the oversight committees appeared to have used strong terms to express their dissatisfaction. Possibly, this was done to express a sense of frustration with how the committees are conducting oversight, rather than just reflecting their unhappiness. Two of the four respondents mentioned that the meetings of these committees, where oversight should be done, are only convened for the purpose of ticking the compliance box without effectively rendering the service. Some of these responses are narrated as follows:

"Insufficient as they are not adequately capacitated therefore, they lack the critical skills to interrogate finance reports and processes."

"Currently nothing is done accordingly, they just sit for compliance purposes."

"Its purpose should prioritise innovation and financial best practices more than compliance to reach the ultimate goal of having self-sufficient and financial surplus trajectory."

Although the existing literature suggests that the work of oversight committees in municipalities is generally sub-standard, the majority of respondents in this municipality appear to be impressed with the work done by the committees. Only a handful of respondents seem to align with the existing literature as they clearly expressed that they are not content with the work of these committees, for various stated reasons.

4.5.4 Improvement areas on oversight and accountability

Question 5: What interventions do you think are necessary to improve the work of the oversight committees pertaining to municipal finance matters?

This question aimed to prompt participants to suggest intervention measures that, if implemented, would enhance the effectiveness of oversight and accountability in the municipality. This question is therefore also asked to establish whether these intervention measures, or even more, are seen as a need by the research participants in this municipality.

From the 16 responses received, only one respondent strongly believed that there is no need for intervention in the municipality. This respondent indicated that a training programme, called CPMD, is sufficient to bring councillors to the required capacity levels in terms of knowledge and skills. This response is written as follows: *"No intervention needed as the municipality and councillors are being trained on CPMD. Therefore, they are being equipped with the skills to interpret all the specific areas in the municipality."* Another respondent who did not necessarily suggest an intervention measure, but appeared to be seriously unhappy with the committees' work, indicated on the script that *"they should actually do their job and not be micro managed".* This response appears to be dismissive of any idea of an intervention measure needed. Furthermore, it suggests that the committees may be deliberately neglecting their responsibilities, and this is not a matter of capacity. It was also noted that this response is from the same respondent who said, in responding to question four above, *"currently nothing is done accordingly, they just sit for compliance purposes."*

The majority of respondents suggested some form of intervention measure or improvement aspect that needs to be considered by the municipality to enhance the effectiveness of oversight and accountability. These suggestions vary from training and development to workshops and other capacity-building programs. Interestingly, some respondents mentioned the introduction of minimum qualifications and skill sets as a requirement for deploying councillors to various committees. Some of the positive responses received are narrated as follows:

> *"The oversight committees need to be continuously capacitated and afforded an opportunity to perform its duties independently without the interference of the political wing especially on UIFWE investigations."*
>
> *"Training; appointment of the people who really understand that work that need to be done, people who are able to interpret the financial statements."*

"Minimum qualifications and training requirements should be in place for all oversight committees on finance matters. This will enable all members of the committees to effectively scrutinise reports and give valuable feedback similar to what auditors do over financial managers."

From the four previous questions, it is noted that some respondents, both in favour and those who were critical of oversight and accountability in this municipality, have provided some crucial suggestions and areas of improvement. These suggestions seem to apply very well in this question, although respondents may have just not repeated those comments when responding to this particular question.

In comparison to the related quantitative data obtained regarding the improvement arears, the qualitative results are fairly corroborative and complementing of the results from the closed-ended question.

4.6 Discussion of Findings

This section presents a discussion of the research findings derived from the above data analysis and interpretation, encompassing both quantitative and qualitative data, centred on the four main research questions and objectives.

4.6.1 What is the oversight committee's understanding of its oversight roles and responsibilities?

The purpose of the questions under this theme was to determine whether the concepts of oversight and accountability, along with their related activities, are fairly understood. Logically, a good understanding of an activity or process is ideally the foundation for excellent execution of such an activity. This is particularly the case for the financial management oversight, where all the role players involved are expected to display a sound understanding of the subject matter.

The analysis of research findings has discovered that the members of the oversight committees possess a sound understanding of the roles related to oversight functions. Of the respondents, 87.4% perceived that oversight committees understand their roles; 87.5% agreed that the oversight committees understand their duty to bring the management to account through regular and accurate reporting; 81.3% were

convinced that the oversight committees understand their duty to correctly interpret the contents of the municipality's budget, AFS, and other financial reports presented to the committees; 65.7% believed that the oversight committees understand and can correctly interpret key municipal finance concepts such as financial ratios, unfunded budget, UIFW, cashflow; 75.8% agreed that the oversight committees are able to provide sound financial advice to the council based on the financial information presented by the administration; 87.1% is of the view that the management is fully accountable to the oversight structures of the municipality through timely, consistent and accurate reporting. Overall, the results show that an average of 80.8% of the respondents responded positively to the statements and that they believed that oversight committee's understanding of its oversight roles and responsibilities is sound.

The role players appear to have a good understanding of their oversight roles in the municipality's financial management, which includes holding management accountable regularly for financially related decisions. This is confirmed from the outcomes of both the quantitative data surveys and the qualitative data, where the majority of participants expressed these sentiments. The sound appreciation of these concepts and their significance can be perceived as the first major step towards the effectiveness of oversight and accountability. These views are also perceived to be in line with those of Khalo (2013), as discussed in Chapter Two of this study, who argued that understanding the safeguarding of municipal resources and guarding against non-compliance are encompassed by the concept of oversight and accountability. Furthermore, it is evident from the collected data that the oversight committees are able to hold management accountable through regular meetings that discuss various reports. This aligns with the view that each department in a municipality should produce and submit its allocated portfolio committee with the necessary reports to facilitate regular oversight (Krishnan & Subban, 2022).

It is, however, worth noting that the councillors' understanding and interpretation of municipal finance concepts may not be at the desired levels. According to (Rabrenovic, 2009), members of the oversight committee need to be able to understand and critically analyse budget and finance related processes to add value to the finance portfolio committee of the municipality. The oversight committees' ability to correctly interpret various financial concepts and provide sound financial advice to

the council was noted as not being at the desired levels, although this was not emphasised strongly. However, further gaps, as indicated by the respondents, linked to the technical understanding of finance concepts, will be discussed in depth under the second and third themes below.

In summary, the research outcomes under this theme suggest that the municipality does not face serious challenges in understanding the roles and basic application of roles and responsibilities among the different role players.

4.6.2 How effective are the oversight and accountability committees at the municipality?

The purpose of the questions under this theme was to establish the respondents' views on whether the oversight committees are effective in carrying out their mandate. In addition, this theme is directly linked to the main research question, addressing the ultimate purpose of the research. The question is not only limited to the capacity and competency of the committee members, but it also encompasses other factors, such as the committee's ability to deal effectively with finance-related challenges as part of its oversight work.

The analysis of the quantitative results from Tables 4.4.8 to 4.4.18 has revealed a significant level of effectiveness in oversight and accountability within this municipality. The study outcomes reveal that respondents constituting 60.6% believed that education, training and experience of councillors on municipal finance concepts are at satisfactory levels; 90.9% believed that the municipal staff working in the finance directorate have the necessary skills and knowledge; 51.6% agreed that adequate funding is reasonably available to fund oversight activities; 75.7% perceived that the municipality's oversight committees meet regularly with management to discuss the committee reports; 66.7% agreed that the oversight committees can identify key indicators of either good or poor management of municipal finances from the reports presented by the management; 78.8% agreed that consequence management measures are always implemented in the municipality when needed, particularly on financial mismanagement; 74.2% believed that the public community effectively holds the council accountable on financial performance and administrative matters; 68.8% agreed that there is a sound and harmonious relationship between the political

leadership and the administration; 54.6% agreed that the councillors of the ruling party can make decisions independent of the ruling party, in the interest of the municipality; 84.4% believed the audit committee is strong and effective in executing its duties in line with Section 166 of the MFMA Act; and 74.2% believed that the financial results of the municipality have improved due to proper oversight of financial management. Overall, the results show that an average of 70.9% of the respondents responded positively to the statements regarding the effectiveness of oversight and accountability committees at the municipality. This is a culmination of positive outcomes obtained from examining various aspects within this theme, such as the skills, education and experience of both councillors and officials; the capacity and ability to regularly conduct oversight and the ability to scrutinise and interrogate financial reports.

The councillors are expected to read and comprehend financial reports prepared by the municipality's officials for the purpose of holding management accountable and making informed decisions. However, as discussed in chapter two, studies have found that the technical capacity of councillors in financial management is severely lacking (Krishnan & Subban, 2022), which then cripples their ability to monitor and oversee related activities (Mofolo, 2020). A literature review has further revealed that, among other factors, the level of education, training, and experience of councillors has a direct relationship with the quality of oversight. This was also brought into question in Section 2.6.1 of the literature review, where Fourie and Van der Waldt (2023) claimed that the incapacity of councillors to comprehend information, such as project-related reports and financial reports, is extensive. Likewise, the capacity and skills levels of municipal officials have a direct impact on accountability. The existence and adequacy of both of the above-mentioned factors have been strongly questioned by various researchers, where municipalities were found to be severely lacking (Krishnan & Subban, 2022) and (Fourie & Van der Waldt, 2023).

The results gathered from this study, however, has revealed that the situation at the Dr A.B. Xuma Municipality appears to be different in a positive way, as it presents a favourable picture on this theme. The results of the quantitative data confirm that the capacity, skills, and knowledge of both councillors and finance officials are at acceptable levels, which positively affects oversight, although there is room for improvement. It is crucial to note that the municipalities in South Africa generally

experience poor oversight due to a lack of skills and capacity among both councillors and officials.

The question on the councillors' ability to make decisions independently of the ruling party also reflected results that are not as convincing as those obtained from the other questions within this theme. As discussed in chapter two of this study, Khaile and Davids (2020) argued that there is a positive correlation between a councillor's ability to make decisions independent of the ruling party and the effectiveness of oversight. The analysis of the results in this study suggests that the councillors of the ruling party could be putting the party's interests ahead of the interests of the municipality due to a perceived lack of independence to make those decisions. Although these results do not constitute the majority view of the respondents, they are significant enough to indicate the existence of this issue, which carries the potential to negatively affect the effectiveness of oversight at this municipality.

The results of data analysis concerning the other factors which affect the effectiveness of oversight and accountability were noted to be favourable. It was noted that the oversight committees meet regularly and consistently with management to discuss the committee reports. The public community also holds the council accountable for financial performance and administrative matters. This is the fulfilment of the duty to accountability as enshrined in Section 152(1)(a) of the Constitution, whereby a municipality is required to account to its local community on its affairs. This aligns with the perceptions of Rulashe and Ijeoma (2022), who suggest that the government must be transparent and accountable to the public in its execution of functions.

Although the analysis of the qualitative results generally agreed with the quantitative data, the qualitative data also brought some sharp criticisms to the fore. This criticism, in particular, highlighted the councillors' limited capacity to scrutinise financial reports and understand financial concepts, which has the potential to render their oversight activities ineffective. In general, this criticism aligns more closely with the prevailing status quo in other municipalities across the country. Nevertheless, the shared opinion is that the committees exist and are functional, but there is a need to build more capacity to improve them in financial literacy, in particular. This suggests that, except for the issues of concern raised above, the oversight committees are effective in carrying out their activities.

Mnguni and Subban (2022) recommend that for effective oversight, the right skills and technical experience should be a prerequisite for members of the oversight structures. To conduct effective oversight over municipal finances, councillors need technical skills and financial literacy, primarily to understand the financial reports and engage with management on their contents. The need for specific educational qualifications and a skill set is currently not a requirement for deploying councillors to the oversight committees.

4.6.3 What is the impact of the committees' oversight activities on financial management?

The purpose of the questions under this theme was for the researcher to gain an understanding of whether there is any noticeable impact or improvement in the financial performance of the municipality as a direct result of the work of the oversight committees. It was intended to determine from the respondents whether there has been any identifiable contribution made by the oversight committees to improving financial management in any way. In other words, would there be a deterioration in the management of finances if the oversight committees of this municipality were to be removed or suspended?

The study outcomes reveal that respondents constituting 72.8% believed that the oversight committees have had a positive influence on the municipality's financial performance; 71% were convinced that oversight committees are most likely to identify areas of mismanagement of finances from the municipality's statutory financial reports; 74.2% agreed that oversight committees have effective mechanisms to monitor compliance with standards and regulations pertaining to financial management; 66.7% agreed that UIFW is being dealt with adequately by the MPAC in line with Section 32 of the MFMA Act; 87.1% believed that the quality of the IDP, Budget, and regular financial reports is improving due to the oversight work performed; and 83.9% agreed that the audit committee reports that are presented to the council are concise and include sound recommendations and areas of improvement in the management of municipal finances. Overall, the results show that an average of 75.9% of the respondents responded positively to the statements pertaining to the positive impact of the committees' oversight activities on financial management.

The analysis of the findings has revealed that, overall, the oversight committees have a positive impact on the financial management results, although there are still critical areas requiring urgent attention. The respondents expressed both satisfaction and criticism when asked about the contribution that these committees have made to the municipality's finances. The good contribution includes, among others, the view that the oversight committees have been able to positively influence the municipality's financial performance through effective oversight activities. In particular, the audit committee reports presented to the council are said to be clear and contain sound recommendations and areas for improvement in the management of municipal finances. It is also claimed that governance and accountability have improved in the municipality due to the existence and functioning of these committees. Moreover, the findings made by the Auditor General in the audit reports are gradually improving on a year-on-year basis. This appears to be in line with the findings of van Niekerk and Dalton-Brits (2016), who concluded that a combination of effective accountability and oversight yields benefits such as improved municipal performance and governance, as well as enhanced municipal financial management.

Having alluded to the positive outcomes, however, criticism was also obtained specifically from the qualitative data results, which cast some doubt on the positive impact of the committees. According to the data collected, it is stated that oversight committees are unlikely to identify areas of financial mismanagement in the municipality's statutory financial reports, and the municipality's MPAC committee is unable to adequately address the UIFW in line with Section 32 of the MFMA Act. This could be due to the complexity and technicality involved in dealing with the UIFW, which the council may not be fully equipped to handle with ease. Khaile *et al*. (2021) cited that poor oversight is also to blame for various non-compliance issues, such as UIFW, at municipalities across the country. The UIFW being one of the most critical phenomena in the public finance space, the positive results alluded to above could be easily overshadowed by this. Another significant finding is that these committees may not have the necessary capacity to engage with the finance reports and ask the right questions of management. The oversight committees' inability to thoroughly probe financial reports, as deduced from the qualitative data, may contribute to the ineffectiveness of oversight, which also has the potential to negatively impact the municipality's performance. As cited in the research problem, this municipality has not

been achieving the desired financial results, which can be attributed, to some extent, to a lack of effective oversight. This is consistent with the conclusions made by Mello (2018), who stated that the key reasons for poor performance by the municipalities are directly attributable to a serious lack of oversight.

Consistent with the previous theme on the effectiveness of the committees, it appears that good work is being done; however, there are still many areas for improvement, particularly in the technical aspects, such as dealing with the UIFW.

4.6.4 How can oversight and accountability be improved to be more effective in carrying out its functions?

The purpose of the questions under this theme was to establish the improvement areas and suggest mechanisms which could be employed to enhance the oversight committee's effectiveness.

The results related to this theme revealed that 93.7% of the respondents agreed that indeed intervention is needed to enhance the level of education, training and experience of councillors; whereas 87% agreed that intervention is needed to enhance the skills and knowledge of the staff working in the finance directorate, and other intervention measures are critically needed to improve the work of oversight committees. Overall, the results show that an average of 90.3% of respondents responded positively to statements pertaining to the need for intervention measures in the municipality.

The analysis of data has revealed that various intervention measures are needed to enhance the effectiveness of this municipality's oversight and accountability on financial management. In particular, there is a need to enhance the level of education, training and experience of councillors as well as the skills and knowledge levels of the staff working in the finance directorate. Although the respondents indicated that they were satisfied with the current status, there is a consensus that it can be further enhanced to even higher levels. The research participants' agreement that there is a need for improvement can be interpreted as suggesting a serious lack of capacity among both councillors and finance officials. The research literature largely suggests improvement in the councillors' educational and leadership capacity to understand good governance and financial accountability, enabling them to hold the executive to

account (Okafor *et al*., 2015) (Fourie & Van der Waldt, 2023) (Khaile & Davids, 2020). Similarly, areas for improvement were mentioned regarding the literacy of finance officials.

Other intervention measures, in addition to improving literacy and skills levels, were also identified as critically needed to enhance the work of oversight committees. The introduction of minimum qualifications and a set of skills as a requirement for deploying councillors to various committees has also been suggested by the respondents. A similar recommendation was also made by Mnguni and Subban (2022), who recommended that the right skills and technical experience should be a prerequisite for members of the oversight structures to enable effective oversight.

4.7 Chapter Summary

This chapter discussed the analysis of both the quantitative and qualitative data collected from the research participants. The first part of this chapter focused on the demographics of the respondents, followed by the analysis and interpretation of the actual responses received for each of the 28 closed-ended questions. The researcher used tables to present the results of the closed-ended questions in a meaningful way, thereby enhancing the analysis. Lastly, the responses obtained from the five open-ended questions were analysed and interpreted, with some of the key comments highlighted and presented.

The outcome of the responses to the closed-ended questions revealed an overwhelming majority of participants who seem to believe that oversight and accountability are effective at the Dr A.B. Xuma Local Municipality. The remaining participants, who appear not convinced of this view, as compared to the majority, are all municipal officials. However, the analysis of the open-ended questions revealed a slightly different picture, wherein a significant number, although not a majority, of respondents expressed various aspects of discontent with both the capabilities of the oversight committees and the quality of work they produce. Although the study's results revealed that oversight and accountability are effective at Dr A.B. Xuma Municipality, there are critical areas for improvement.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The focus of this chapter is to discuss in a summary mode the findings of the quantitative and qualitative research which have been presented and analysed in the previous chapters. In addition, conclusions are drawn to respond directly to the four main research objectives, namely: to evaluate the oversight committee's understanding of their oversight roles and responsibilities; to examine the effectiveness of the oversight and accountability committees at the municipality; to assess the impact of the committees' oversight activities on financial management; to explore the improvement areas on oversight and accountability. This chapter also presents recommendations on how the municipality can enhance the effectiveness of oversight and accountability, based on the conclusions drawn from the discussion of the findings. Lastly, it also discusses the limitations encountered in this study and explores the areas of further research within a similar context.

5.2 Summary of the study

Chapter One of this study introduces the research study, the research problem, and the objectives of the research, along with the main research questions. This chapter also provided the structure of this study and an overview of the contents of each chapter.

Chapter two unpacked some of the pertinent existing literature related to oversight and accountability, specifically in municipalities. This chapter begins by describing the concepts of oversight and accountability, along with their relevant legislative prescripts. This chapter also discusses the examination of key factors that affect the effectiveness of oversight and accountability, as identified in other research studies. Moreover, the discussion included justifying the principal-agency theory as the theoretical framework underpinning this study.

Chapter three presented the research approach followed in conducting this study. Pragmatism was selected as the most suitable paradigm, wherein the study adopted a mixed-methods research approach. Surveys with both closed-ended and open-ended questions were used to collect quantitative and qualitative data, respectively.

Chapter four focused on analysing and interpreting the data obtained from the respondents. The quantitative data were analysed with the assistance of SPSS software and presented using tables, whereas thematic analysis was used to analyse the qualitative data. This chapter also presents and discusses the research findings derived from the data analysis.

Chapter five provides a summary of the findings and provides recommendations. This chapter also presents the summary of the entire study. Proposed recommendations to improve the oversight and accountability are also discussed in this chapter.

5.3 Summary of the findings

The findings, as discussed in chapter four of this study, are presented below in line with each corresponding research objective.

5.3.1 Oversight committee's understanding of their oversight roles and responsibilities.

The first objective of this study was to evaluate the oversight committees' understanding of their oversight roles and responsibilities at Dr AB Xuma Local Municipality. The results of the quantitative element of the study revealed that 80.8% of the respondents believed that the oversight committee's understanding of its oversight roles and responsibilities is sound. This finding was further supported by the results of the qualitative element of the study which demonstrated the municipality's understanding of the significance of oversight and accountability through effective safeguarding by council committees against the mismanagement of municipal resources, non-compliance with laws and regulations, and unethical behaviour in municipalities. The conclusions were reached from the findings, and are summarised as follows:

a. The majority of respondents agreed that the members of the oversight committees possess a sound understanding of the roles related to oversight functions. Furthermore, the oversight committees possess a sound understanding of their oversight roles in the municipality's financial management.

b. The findings further highlighted that the councillors' understanding and interpretation of municipal finance concepts are not at the desired levels. The oversight committees' ability to correctly interpret various finance concepts, as well as to provide sound financial advice to the council, was also noted to be unsatisfactory.

5.3.2 The effectiveness of the oversight and accountability committees at the municipality.

The second objective aimed to evaluate the effectiveness of the oversight and accountability committees at the Dr AB Xuma Local Municipality. The aspects of the quantitative element of the study found that on overall 70.9% of the respondents responded positively to the statements regarding the effectiveness of oversight and accountability committees at the municipality. Although respondents on the qualitative element of this study generally agreed with the quantitative data, the qualitative data also contained negative responses and criticism, in particular on the councillors' lack of financial literacy and their lack of capacity in general.

The following summary of conclusions were then reached from the findings:

a. The quantitative results indicated that there is a significant level of effectiveness of oversight and accountability in this municipality.
b. The research results confirmed that the capacity, skills and knowledge of both the councillors and finance officials are at acceptable levels, although there is room for improvement.
c. The qualitative results highlighted the councillors' lack of capacity to interrogate financial reports and interpret financial concepts, which has the potential to render their oversight activities ineffective.
d. The committees exist, and are functional and effective, but there is a need to build more capacity to improve them on financial literacy in particular.

5.3.3 The impact of the committees' oversight activities on financial management.

The third objective was to examine the impact which the oversight committees have on financial management through various oversight activities. On average, 75.9% of

the respondents in the quantitative element of the study responded positively to statements pertaining to the good impact attributable to the oversight committees' activities on municipal financial management. This finding was further supported by the results of the qualitative element of the study which also found that indeed there is positive impact on financial management. However, the qualitative element also provided criticism regarding the oversight committees' inability to deal adequately with UIFW and their glaring lack of capacity to interrogate financial reports. The following conclusions in relation to the third objective were reached from the findings:

a. There is a positive impact caused by the oversight committees on the financial management results, although there are still critical areas requiring urgent attention. The oversight committees have been able to positively impact the municipality's financial performance through effective oversight activities.
b. The oversight committees are unlikely to identify areas of mismanagement of finances from the municipality's statutory financial reports, and the municipality's MPAC committee is unable to deal adequately with the UIFW in line with Section 32 of the MFMA Act.
c. There are seemingly challenges with committees' ability to effectively probe financial reports, as deduced from the qualitative data, which may ultimately lead to the ineffectiveness of oversight.

5.3.4 Improvement areas on oversight and accountability.

The fourth and final objective of this study is to explore and propose areas for improvement or interventions to enhance the effectiveness of oversight and accountability at Dr A.B. Xuma Local Municipality. An average of 90.3% of the respondents of the quantitative element of the study responded positively to the statements relating to the need for implementation of intervention measures on education, training and skills. The qualitative element of the study further supported the results of the quantitative study as it also suggests various measures that can possibly be implemented, such as the introduction of minimum qualifications for councillors. The conclusions in relation to this objective, as deduced from the research findings, are as follows:

a. There is a critical need to enhance the level of education, training and experience of councillors, especially those directly involved in performing

oversight on financial management. To a lesser extent, the skills and knowledge levels of the staff working in the finance directorate also need to be improved, although not as critically as those of councillors.

b. The introduction of minimum qualifications and skills set as a requirement for deployment of councillors to the various committees is also proposed for consideration.
c. The municipality should consider collaborations through partnerships with relevant stakeholders within the local government sphere to establish programmes to capacitate the councillors on municipal finance management.
d. The municipal employees working at the finance directorate should also be assisted with training programmes and other resources, which will be aimed at simplifying the financial reports produced for the ease of comprehension by the councillors.

5.4 Recommendations

The first research objective of the study aimed to assess the understanding of the concept and related activities of oversight and accountability among the role players at the municipality. The research findings revealed that the oversight committees have a sound understanding of the roles related to the oversight function over the municipality's financial management, although there are gaps in their understanding of some key concepts and phenomena in municipal finance management. The recommendations related to the identified gaps are discussed in the subsequent paragraphs under the objective to which they relate.

The second research objective examines the effectiveness of the oversight and accountability at the municipality. The oversight committees exist within the municipality and were found to be functional in ensuring effective oversight and accountability. However, the lack of technical knowledge among councillors to understand and analyse financial reports and financial concepts has the potential to render their oversight activities ineffective. It is recommended that, in addition to the recommendation suggested under the first objective, the municipality consider councillors with a tertiary qualification related to commerce studies for deployment to the MPAC and Finance Portfolio Committees.

The third objective intended to evaluate the impact which the oversight committees have on the municipality's financial management results. The research results revealed a noticeable positive impact on the management of municipal finances resulting from the work of the oversight committees. However, oversight on critical areas such as UIFW is lacking, and the committees are unlikely to identify key aspects of financial mismanagement from the financial reports, due to their technical nature. This study recommends that councillors should undergo regular training and participate in practical workshops on the topic of UIFW to enhance their understanding, as well as to learn mechanisms for resolving it. The municipality should also collaborate with COGTA and other stakeholders operating within the local government space to engage its councillors on capacity-building programmes.

The fourth and final objective of this study was to explore intervention measures that could enhance the effectiveness of oversight and accountability at the municipal level. The research findings revealed a serious need to enhance the skills and knowledge of councillors, with a particular emphasis on those directly involved in the municipality's financial management. Furthermore, municipal officials working in the finance directorate also need to have their knowledge and skills enhanced. In addition to the recommendations suggested above, it is recommended that finance employees should be capacitated in the area of financial reporting to enable the production of user-friendly reports for the ease of understanding and analysis by the councillors. The municipality should also explore partnerships with other stakeholders such as SALGA, COGTA, Provincial Treasury, as well as the National School of Governance to tailor-make suitable programmes to address the capacity-related challenges discussed above.

5.5 Chapter summary

This chapter provides a synopsis of the study, highlighting the conclusions reached at a high level for each research objective, as well as the proposed recommendations. This study aimed to investigate the impact of oversight and accountability on the financial management of Dr A.B. Xuma Local Municipality. The study's outcomes indicate that oversight and accountability at the municipality are effective, and the oversight committees have positively influenced the municipality's financial performance. However, various areas of critical concern were also noted in the

research outcomes. The ability to understand and interpret municipal finance concepts, as well as to interrogate financial reports by councillors, was highlighted as a shortcoming. which has the potential to render their oversight activities ineffective. The study provided various recommendations, such as capacity development programmes through collaborations with other organisations, to address the capacity challenges of both the councillors and the employees.

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ANNEXURE A: INFORMED CONSENT LETTER

UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

APPLICATION FOR ETHICS APPROVAL
For research with human participants

Information Sheet and Consent to Participate in Research

Date: …23 April 2025…….

Dear Madam/Sir

My name is Mr Sebe Skampula from the School of Management, Information Technology and Governance at the University of Kwazulu-Natal, South Africa (UKZN). My contact number is [redacted], and my email address is 209539815@stu.ukzn.ac.za.

You are being invited to consider participating in a study that seeks to assess the effectiveness of oversight and accountability on municipal finance management at the Dr A.B. Xuma Local Municipality. The Dr A.B. Xuma Local Municipality has granted me support and approval to conduct the research (please see the attached approval letter). You have been selected because you are a member of council/management of Dr A.B. Xuma Local Municipality and you have been purposively selected to participate in the study.

The questionnaire being used will take from 20 to 30 minutes at most to be administered. This study is being conducted for academic purposes only. The study has no foreseen risks and/or discomforts that may be suffered by participants. The study might not provide direct benefits to the participants. However, the results of this study may primarily assist the council and management of Dr A.B. Xuma Local Municipality in the management and oversight of its finances through insights that will be provided by this study.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number: HSSREC/00007696/2024).

In the event of any problems or concerns/questions you may contact the researcher at [redacted] or via email at 209539815@stu.ukzn.ac.za or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
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Private Bag X 54001
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4000
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Tel: 27 31 2604557- Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Participating in this study is voluntary and you are under no obligation to consent to participation. You are free to withdraw at any time, without giving a reason. In the event of withdrawal of participation, you will not incur penalty or loss of treatment or other benefit to which they are normally entitled.

All research will be conducted on site at the municipal offices. Therefore, I do not anticipate that you should incur any expenses to participate in this research. Furthermore, participants will not receive incentives or payment of any kind for taking part in this research project.
You have the right to insist that your name will not be recorded anywhere and that no one, apart from the researcher and identified members of the research team, will know about your involvement in this research (this measure refers to confidentiality).

Furthermore, your name will not be recorded anywhere, and no one will be able to connect you to the answers you give [this measure refers to anonymity]. Your answers will be given a code number, or a pseudonym and you will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings [this measure refers to anonymity]. Your answers may be reviewed by people responsible for making sure that research is done properly, including the transcriber, external coder, and members of the Research Ethics Review Committee. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records. It is also possible that your anonymous data may be used for other purposes, such as a research report, journal articles and/or conference proceedings. In such instances, the data is contained in a report that used tables and graphs to present the data.

Electronic information will be stored on a password- protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. If necessary, information will also be destroyed [i.e., hard copies notes will be shredded, and/or electronic copies will be permanently deleted from the hard drive of the computer using a relevant software programme].

ANNEXURE B: INFORMED CONSENT FORM

Appendix : Informed Consent

CONSENT

I .....have been informed about the study entitled 'Assessing the effectiveness of oversight and accountability on municipal finance management: A case of Dr A.B. Xuma Local Municipality' conducted by Sebe Skampula. I understand the purpose and procedures of the study.

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at +[redacted] or on email at 209539815@stu.ukzn.ac.za.

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers, then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557 - Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Additional consent, where applicable, I hereby provide consent to:

Audio-record my interview / discussion YES / NO

_____ _____
Signature of Participant **Date**

_____ _____
Signature of Witness **Date**
(Where applicable)

_____ _____
Signature of Translator **Date**
(Where applicable)

ANNEXURE C: DR A.B. XUMA MUNICIPALITY GATEKEEPER LETTER

DR. AB XUMA LOCAL MUNICIPALITY
CORPORATE SERVICES DEPARTMENT

TEL : 047 548 5603
FAX : 047 548 1078
Mobile : [redacted]
Email: [redacted]

P. O. Box 24
ENGCOBO
5050

26th August 2024

Mr. S. Skampula
[redacted]
Lady Grey
9755

SUBJECT: APPLICATION FOR PERMISSION TO CONDUCT RESEARCH

The above subject refers;

The municipality is in receipt of an application from the above mentioned student with the following information:

Name: Sebe Sikampula
ID NO: [redacted]
Student No: 209539815
Degree Registered for: Master of Commerce in Management
Tittle Dissertation: Assessing the effectiveness of oversight and accountability on Municipal Finance Management: A case of Dr. AB Xuma Local Municipality

You are hereby advised that your application for permission to conduct research in the municipality is approved. However, kindly take note that the permission is only limited to the topic of the research.

In order to protect the integrity and information of the municipality you will be required to sign a confidentiality form.

Hoping that the above is in order

[redacted]

MR.K.L. MULAUDZI
MUNICIPAL MANAGER

ANNEXURE D: ETHICS APPROVAL LETTER

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

21 October 2024

Sebe Skampula (209539815)
School of Man Info Tech & Gov
Pietermaritzburg Campus

Dear S Skampula,

Protocol reference number: HSSREC/00007696/2024
Project title: Assessing the effectiveness of oversight and accountability on municipal finance management: A case of Dr A.B. Xuma local municipality
Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 13 September 2024 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

Incidents of adverse events and serious adverse events (AEs and SAEs) should be reported in writing to HSSREC, the study sponsors, and any regulatory authority (where appropriate), within 7 working days of the occurrence for local sites and 14 days for all other South African sites.

This approval is valid until 21 October 2025.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,

[redacted]

Professor Dipane Hlalele (Chair)
/nng

Humanities and Social Sciences Research Ethics Committee
Postal Address: Private Bag X54001, Durban, 4000, South Africa
Telephone: +27 (0)31 260 8350/4557/3587 **Email:** hssrec@ukzn.ac.za **Website:** http://research.ukzn.ac.za/Research-Ethics
Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

INSPIRING GREATNESS

ANNEXURE E: SURVEY QUESTIONNAIRE

PART I: GENERAL QUESTIONS

Place a cross (x) in the appropriate block. Choose only one option.

1. Gender

Male	
Female	
Prefer not to say	

2. Age

30 years and less	31 – 40 years	41 – 50 years	51 – 60 years	60 years and above

3. Highest education level

Less than Matric	Matric	Diploma/Degree	Postgraduate

4. Level of experience in financial management

No experience	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years

5. Designation

Municipal official (Non-finance)	Municipal official (Finance)	Finance Standing Committee (FSC) member	Executive Committee (EXCO) member	Municipal Public Accounts Committee (MPAC) member	Other oversight committee (please state)

PART II: SURVEY QUESTIONS

Below are a number of statements regarding oversight roles and responsibilities. Please read each one and indicate (by putting an 'X' below your response) to what extent you agree or disagree with each statement:

SECTION A: OVERSIGHT COMMITTEE'S UNDERSTANDING OF ITS OVERSIGHT ROLES AND RESPONSIBILITIES

Statement	***Strongly Disagree 1***	***Disagree 2***	***Neutral 3***	***Agree 4***	***Strongly Agree 5***
1. Oversight committees have full appreciation and understanding of their financial oversight roles on UIFW, IDP and Budget, financial reports and the audit outcomes.					
2. Oversight committees understand their duty to bring the management to account through regular and accurate reporting.					
3. Oversight committees understand their duty to correctly interpret the contents of the municipality's Budget, AFS and other financial reports that are presented to the committees.					
4. Oversight committees understand and can correctly interpret key municipal finance concepts such as financial ratios, unfunded budget, UIFW, cashflow etc.					
5. Oversight committees are able to provide sound financial advice to the council based on the financial information presented by the administration.					
6. Councillors discharge public accountability to the public through road shows and imbizos.					
7. The municipality's management is fully accountable to the oversight structures of the municipality through timely, consistent and accurate reporting.					

SECTION B: EFFECTIVENESS OF THE OVERSIGHT COMMITTEES

Statement	***Strongly Disagree 1***	***Disagree2***	***Neutral 3***	***Agree 4***	***Strongly Agree 5***
8. Education, training and experience of councillors on municipal finance concepts is at satisfactory levels.					
9. Municipal staff working in the finance directorate have the necessary skills and knowledge to manage and accurately report on municipal finances.					
10. Adequate funding is reasonably available to fund oversight activities.					
11. Oversight committees meet with management regularly and consistently, to discuss the committee reports.					
12. Oversight committees can identify key indicators of either good or poor management of municipal finances from the reports presented by the management.					
13. Consequence management measures are always implemented in the municipality when needed, particularly on financial mismanagement.					
14. The public community effectively holds the council accountable on financial performance and administrative matters.					
15. There is a sound and harmonious relationship between the political leadership and the administration.					
16. The councillors of the ruling party can make decisions independent of the ruling party, in the interest of the municipality.					
17. The audit committee is perceived as strong and effective in executing its duties in line with Section 166 of the MFMA Act.					

SECTION C: IMPACT OF THE COMMITTEES' OVERSIGHT ACTIVITIES ON FINANCIAL MANAGEMENT

Statement	***Strongly Disagree 1***	***Disagree2***	***Neutral 3***	***Agree 4***	***Strongly Agree 5***
18. Financial results of the municipality have improved because of proper oversight performed on financial management					
19. The oversight committees have positively influenced the financial performance of the municipality					
20. The oversight committees are most likely to identify areas of mismanagement of finances from the municipality's statutory financial reports					
21. Oversight committees have effective mechanisms to monitor compliance with standards and regulations pertaining to financial management.					
22. UIFW is being dealt with adequately by the MPAC in line with Section 32 of the MFMA Act.					
23. The quality of the IDP, Budget and regular financial reports (Sec71 and 72 reports) is improving because of the oversight work performed.					
24. The audit committee reports which are presented to council are concise with sound recommendations or improvement areas on the management of municipal finances.					

SECTION D: IMPROVEMENT AREAS ON OVERSIGHT AND ACCOUNTABILITY

Statement	***Strongly Disagree 1***	***Disagree2***	***Neutral 3***	***Agree 4***	***Strongly Agree 5***
25. Intervention is needed to enhance the level of education, training and experience of councillors.					
26. Intervention is needed to enhance the skills and knowledge of the staff working in the finance directorate.					
27. Other intervention measures are critically needed to improve the work of oversight committees					

PART III: SELF-ADMINISTERED QUESTIONS

1. Describe your understanding of oversight particularly on municipality's financial management.

2. What is your view regarding the council structures exercising oversight on the municipal finances and their capacity to execute such oversight?

3. How would you describe the contribution made by the oversight committees with reference to the advancement of greater accountability through their scrutiny of finance reports?

4. What is your overall impression of the work done by the oversight committees on the issues pertaining to the finance directorate or financial management?

5. What interventions do you think are necessary to improve the work of the oversight committees pertaining to municipal finance matters?