

UNIVERSITY OF KWAZULU-NATAL

**The influence of leadership on the implementation and strengthening of internal
controls in the Department of Transport, KwaZulu-Natal**



**Presented to the
College of Law and Management Studies
Graduate School of Business Leadership
University of Kwazulu Natal**

**Proposal submitted in partial fulfillment of the requirements for the degree
MASTER OF COMMERCE: LEADERSHIP**

By
MaNgcobo Busiswe Gumede

Supervisor:

Dr. Emmaunuel Mutambara

Year of Submission

November 2017

DECLARATION

I MaNgcobo Busisiwe Gumede declare that the title and the contents of the research study is a product of my efforts and a true reflection of my original work, except in instances where authoritative sources have been cited accordingly.

Signed

Date.....

MaNgcobo Busisiwe Gumede

ABSTRACT

All organisations across the private and public sector serve certain purposes and have a particular set of objectives which they seek to achieve and which is central to the ability of these organisations to effectively achieving their purpose and objectives is leadership. Leadership plays a role in spearheading and steering the organisations' efforts towards achieving their goals and purposes. The leadership of any organisation directly influences its ability to succeed. Also fundamental to organisations' ability to succeed are internal controls which serve the purpose of enhancing an organisation's ability to effectively and efficiently attain their objectives as well as safeguarding the organisations' assets, ensuring sustainability and success of these entities. Thus, it is apparent that leadership has influence over internal controls within any organisation and this study sought to determine the influence that leadership has on the implementation of adequate internal controls within a public sector organisation, the Department of Transport (DoT) in KwaZulu-Natal (KZN), South Africa. This study was based on a qualitative study conducted through the semi-structured interviews upon a sample of 12 purposively selected individuals from a population of 18 employees, of the KZN DoT, who were deemed appropriate for addressing the concerns of this research. The research findings revealed that the leadership of the KZN DoT plays a significant role in the successful implementation of adequate internal controls within the organisation. From the research findings it is clear that internal controls have great impact on the ability of the organisation to carry out its core functions and the successful implementation of these internal controls is highly dependent on the leadership of KZN DoT. The research also revealed that the existing internal controls are sufficient, however, the problem is in their implementation which is as a result of understaffing, poor leadership monitoring and influence over internal controls, a lack of skills among staff, manual systems and processes as well as poor consequence management. Some of the feasible recommendations which were made include lobbying for funds to carry out recruitment of more staff and the automation of systems as well as processes; training of existing staff in order to improve their competencies; and implementing better consequence management throughout the whole organisation. These recommendations, if heeded, will result in improved implementation of internal controls enhancing the ability to achieve organisational goals as well as improved overall performance for the KZN DoT.

ACKNOWLEDGEMENTS

Since the inception of this research project I have worked with a number of people whose contribution has been invaluable that their omission from acknowledgement will not be justifiable.

First and foremost, I wish to acknowledge my supervisor Dr E Mutambara for his insightful and professional guidance throughout the course of undertaking the study. His selfless and unwavering commitment to supervise my work is greatly appreciated and without his guidance, this study would not have been completed in time.

Also, special thanks to my colleagues, Sithokozisiwe Kunene – Director: Management Accounting in the Chief Financial Officer for her selfless support and encouragement allowed great opportunity to passionately work of this research as my direct supervisor. Mr D Xaba (Chief Director: Research and Development form KZN Social Development), Mr Bonga Mdlletshe currently doing his PhD in China for providing incisive expertise and technical advice on research standards and procedures. Their valuable research experience and willingness to share informative ideas throughout this study inspired me to expedite the completion of my research project.

I also acknowledge the approval given to me by the Head of the Department of Transport, Mr S. Gumbi for me to undertake the research study. I also wish to thank all Senior and Middle Managers who were participants in the sample of the study and who set aside time for interview and responded sufficiently to my probing during interviews. A pilot study was done and all those who participated are highly appreciated.

Lastly, I am very grateful to God for the opportunity, courage, the strength, perseverance and power bestowed upon me to accomplish this research project. All the praise to Him.

DEDICATION

This study is dedicated to my four daughters for giving me enthusiasm to be wise and knowledgeable parent. Also to my parents Mr and Mrs Ngcobo who cant read, write nor speak english, but they will soon have a daughter who is a Doctor by holding a PhD.

TABLE OF CONTENTS

DECLARATION	i
ABSTRACT	ii
ACKNOWLEDGEMENTS.....	iii
DEDICATION.....	iv
LIST OF FIGURES	viii
LIST OF TABLES.....	ix
CHAPTER ONE.....	1
1.1 Introduction.....	1
1.2 Background of the Research	1
1.3 Problem Statement	4
1.4 Aims of the Research	4
1.5 Research Objectives.....	4
1.6 Research Questions	5
1.7 Significance of Research.....	5
1.8 Brief Research Design	6
1.9 Structure of the Research	6
1.10 Conclusion	7
CHAPTER TWO	9
2.1 Introduction.....	9
2.2 Leadership Defined	9
2.3 Generic Roles of Leadership in the Public-Sector Organisations	10
2.4 An Overview of Internal Controls	13
2.5 Influence of Leadership and Internal Controls.....	14
2.6 Strengthening Functions of Internal Controls	15
2.7 The Effectiveness and Efficiency of Operations towards Internal Control	17
2.8 Rules and Regulations Compliance Enhancing Internal Control.....	17
2.9 Safeguarding Organisational Assets with Internal Control.....	19
2.9.1 The Control Environment	19
2.9.2 Assessment of Risk.....	20
2.9.3 Control Activities.....	20
2.9.4 Information and Communication	21
2.9.5 Monitoring	22
2.10 Leadership Influence on Implementation Adequate Internal Control.....	22
2.11 Financial Performance Management to Leadership Skills.....	23
2.12 The King III Report: Governance enhancing Core Functions Execution	24
2.13 Internal Auditing Effectiveness as an Internal Control Tool	25

2.14 The Audit Committee	29
2.15 The Financial Framework	29
2.16 Conclusion	30
CHAPTER THREE	31
3.1 Introduction.....	31
3.2 Research Philosophy	31
3.3 Research Design.....	33
3.3.1 Correlational Research Design.....	33
3.3.2 Causal-Comparative Research Design	33
3.3.3 Explanatory Research Design	34
3.3.4 Exploratory Research Design.....	34
3.3.5 Descriptive Research Design	34
3.3.6 The Adopted Research Design.....	35
3.4 Research Strategy.....	35
3.4.1 Surveys.....	35
3.4.2 Action Research	36
3.4.3 Case Research	36
3.4.4 Ethnography	36
3.4.5 Grounded Theory	37
3.4.6 The Adopted Research Strategy.....	37
3.5 Target Population.....	37
3.6 Sampling	37
3.7 Research Instrument.....	40
3.8 Interview Construction.....	41
3.9 Pilot Study.....	42
3.10 Administration of the Interview	42
3.11 Data analysis	43
3.12 Validity and Reliability	43
3.12.1 Credibility	43
3.12.2 Transferability	44
3.12.3 Confirmability.....	44
3.12.4 Dependability	44
3.13 Elimination of Bias	45
3.14 Ethical Considerations	45
3.15 Conclusion	46
CHAPTER FOUR	47
4.1 Introduction.....	47
4.2 Sample Demographics	47

4.2.1 Age.....	47
4.3 Primary Research Findings	50
4.3.1 Objective One: To assess the nature of influence the leadership has on the implementation of adequate internal controls	50
4.3.2 Objective Two: To explore the programs that the DoT has implemented to strengthen the function of internal controls.....	64
4.3.3 Objective Three: Leadership Understanding of Internal Controls in Relation to the KZN DoT Core Functions.....	72
4.4 Conclusion	80
CHAPTER FIVE	81
5.1 Introduction.....	81
5.2 Conclusions.....	81
5.2.1 The Influence of Leadership on the Implementation of Adequate Internal Controls	81
5.2.2 Programmes for Strengthening Internal Controls	83
5.2.3 Leadership’s Understanding of Internal Control in Relation to Execution of the Department’s Core Functions	83
5.3 Recommendations of the Research.....	84
5.4 Suggestions for Further Research	86
5.5 Limitations of the Research	86
5.6 Conclusion	87
REFERENCES	88
APPENDICES	93
Appendix 1: Permission to Conduct Research.....	93
Appendix 2: Informed Consent Form	96
Appendix 3: Interview Guide.....	97
Appendix 4: Ethical Clearance Certificate.....	99
Appendix 5: Gate Keeper’s Letter	100

LIST OF FIGURES

Figure 1.1: Internal Control Drivers	3
Figure 2.1: The Financial Framework Model	30
Figure 4.1: Distribution of Respondents by Gender	48
Figure 4.2: The Nature of Leadership Influence on Implementation of Adequate Internal Controls.....	52
Figure 4.3: Leadership Influence on Initiatives to Strengthening Internal Controls	56
Figure 4.4: Leadership and Monitoring of Internal Controls.....	59
Figure 4.5: Challenges in Monitoring Internal Controls.....	62
Figure 4.6: Potential Solutions to Challenges Faced in Monitoring Internal Controls.....	63
Figure 4.7: Strengthening of Internal Controls within the KZN DoT	66
Figure 4.8: Challenges with the Internal Controls within the KZN DoT	69
Figure 4.9: Success of KZN DoT Internal Controls Measures	71
Figure 4.10: Leadership Understanding of Internal Controls	74
Figure 4.11: Impact of Internal Controls on KZN DoT Core Functions	76
Figure 4.12: Potential Improvements to KZN DoT Internal Controls.....	79

LIST OF TABLES

Table 2.1: Development of the Internal Audit Process	28
Table 3.1: Research Philosophies Influencing Choice of Research Methodology	32
Table 4.1: Distribution of Respondents by Age.....	47
Table 4.2: Distribution of Respondents by Work Experience	49

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Across the private and the public-sector sphere, organisations are established to pursue specific strategic goals and objectives. To do so, organisations are capacitated in terms of manpower, infrastructure, financial resources, and ideas. To coordinate all these scarce resources, internal controls are put into place to make sure that there is alignment towards realisation of the overall strategic goals and objectives. The internal controls play a sacrosanct role in the operations of all government departments in South Africa. The function of internal control serves to guide government officials towards complying with adopted policies and systems of the organisation. The government has realised that effective leadership is paramount to strengthen the function of internal controls thereby achieving effective internal audit. The Department of Transport (DoT) KwaZulu-Natal is among other departments that were found to have regressed audits, and this seriously affect the operations of the department. Given the problems the said department have endured thus far, this research investigates the influence of leadership towards the implementation and strengthening internal control measures to allow the department to function effectively and efficiently. This chapter presents the general background to the current research. Its address issues related to Leadership in general and specifically leadership influence on implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal. This chapter further articulate the problem statement, specific objectives, research questions present the research aim that guided the research. Lastly, significance of the research as well as the brief research design and structure of the research highlighted.

1.2 Background of the Research

With independence being attained in 1994 and the need to correct the apartheid injustice called for the current South African government to decentralise its operation through the establishment of various departments (Gcoyi, 2015:98; Drude, 2013:45). Examples of such departments are Department of Basic Education, Communications, Energy, and Transport.

These departments were established to provide specific services in the most efficient manner to improve the lives of all South Africans (Gyoyi, 2015:98). Every government department is headed by a team of leaders who have the trust of the South African public that they will effectively and efficiently manage the tax payers' money for the benefit of all.

However, it has not always been the case that these departments provide the best or provide as expected of them (Cader, 2013:89). This reality has spared not the average or elite South African and, as of August 2017, the whole country is characterised by mass demonstrations and protests – people protesting for poor service delivery and failure of government departments to provide as per their mandate (Chimaro, 2013:91; Eistein, 2012:102). In 2016 and early months of 2017, demonstrations and protests have been staged against the Department of Transport in Kwa-Zulu Natal with protestors raising various issues with the departments ranging from: delays in building specific road interchanges, poor rail connections and inefficient public transport infrastructure. Furthermore, the protests which are not related to Department of Transport, but community take the protest to road infrastructure and thus vandalise various roads.

The Auditor General reported that the challenges faced by the department emanate from the failure of the principals of the department to enforce established internal controls designed to arrest anomalies in service delivery and to promote operational efficiency of the department. It is based on the findings of the Auditor General report that this research investigates the influence of leadership on the implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal.

This research is prompted by an inadequate commitment towards implementing and monitoring the internal control improvement plans on compliance with key legislation, leadership, governance, and financial performance management. c; however consistent of irregular expenditure and misstatement of financial report to name the few are unabated. The reports attribute this problem to poor fiscal discipline in the department. The perpetual qualified audit opinions after each statutory audit depict internal control as having weaknesses due to leadership and governance challenges. The DoT has consistently received qualified audit outcomes, the table below indicate regress incidents or unchanged management actions, further presents an illustration of an audit finding by AGSA 2015/16 which give a clear picture on the position of DoT on leadership, governance, financial and performance management.

Figure 1.1: Internal Control Drivers

Status of the drivers of internal controls					
Leadership	⬇️	Financial and performance management	⬇️	Governance	⬇️
Effective leadership culture	↔️	Proper record keeping	↔️	Risk management	⬇️
Oversight responsibility	↔️	Processing and reconciling controls	⬇️	Internal audit	↔️
HR management	↔️	Regular reporting	⬆️	Audit committee	↔️
Policies and procedures	↔️	Compliance monitoring	↔️		
Audit action plans	⬇️	IT system controls	↔️		
IT governance	↔️				

⬆️ Improved	● Unchanged	⬇️ Regressed
-------------	-------------	--------------

⬆️ Improved	↔️ Unchanged	⬇️ Regressed
-------------	--------------	--------------

Good	Concerning	Intervention required
------	------------	-----------------------

Source: Department of Transport (KZN) (2017:123)

The above Figure 1.1 shows that leadership at the Department has failed to provide effective and efficient governance, financial and performance management and failed to improve record keeping at the organisation or to update processes and internal controls among other issues. Because of this background this research seeks to understand the influence of leadership on the implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal.

1.3 Problem Statement

According to the 2013/14, 2014/15 and 2015/16 KZN DoT audit reports from the Audit General of South Africa (AGSA), leadership together with senior management of the department did not exercise proper oversight over the internal controls, reliable reporting of annual financial statements disclosure items, performance information and the compliance with key supply chain management (SCM) laws and regulations. The department lacked in providing sufficient monitoring of internal controls on order to safeguard the successful implementation of the whole process of financial and performance compliance and reporting in line with key legislation. Audit improvement strategy by the department in 2015/16 yield negative feedback resulted to regress position. Departmental fight for good governance should operate in a constantly transforming and developing environment. Internal auditing has developed to playing an increasingly vital important function within organisations (Fourie, Plant, Coetzee, and Van Staden, 2013:89). Particularly in such a complex operating environment, there is the need to continuously redefine procedures and policies in order to keep up with the challenges arising from continuous change and dynamic. The research seeks to establish the influence of leadership in the Department of Transport on the implementation of internal controls.

1.4 Aims of the Research

The aim of this research was to explore influence that leadership on the implementation and strengthening of internal controls in KZN DoT with the view to enhance internal control to improve current situation.

1.5 Research Objectives

- To assess the nature of influence the leadership has on the implementation of adequate internal controls
- To explore the programs that the DoT has implemented to strengthen the function of internal controls

- To ascertain to the extent to which the leadership understands internal control in relation to the execution of departmental core functions and
- To recommend appropriate leadership influence towards enhancing effective internal control within KZN DoT.

1.6 Research Questions

The following research questions were asked in order to achieve the above mentioned research objectives:

- What influence does leadership have towards the implementation of adequate internal controls?
- What programmes has the DoT implemented towards strengthening the function of internal controls?
- Do leaders in the DoT understand internal control in relation to the execution of departmental core functions?
- What recommendations could be made towards enhancing internal control?

1.7 Significance of Research

The research was beneficial to several stakeholders and these are: DoT leadership, the researcher, future academics, and the society at large. To the DoT leadership, the research will go a long way in improving the operations of the DoT through improving and strengthening its internal controls. The research findings and recommendations are envisaged to be offering valuable proposition in reinforcing departmental internal controls essential as a turnaround strategy in leadership, internal control, internal audit, and governance. To the researcher, the research will refine scientific research skills in the researcher and assist the researcher in understanding the influence of leadership on the implementation and strengthening of internal controls at the organisation under research. The research has gathered a range of practical and theoretical information on the topic variables which are valuable to future academics who will

research the same or related research topic. The society at large benefited from the research results since its base on the case research organisation. The research reveals several weaknesses in the Internal Control within DoT leadership thus the research points out to critical areas that require immediate interventions to rectify prevalent anomalies. The research uncovers new knowledge around internal control which may facilitate informed decision making concerning leadership's influence on internal controls. The findings of this research is crucial in devising, monitoring, and evaluating internal control mechanisms not only in this research but throughout the public sector.

1.8 Brief Research Design

This research employed the phenomenological research paradigm from a qualitative methodology perspective using interviews as a data collection instrument. Purposive sampling, a nonprobability sampling method, was utilized to select a research sample of 12 out of the research population consisting of 18 management level employees within the KZN DoT considered as experts or have decision making on the issues related to this research. The sample provided a composite rather than individual picture of the issues concerning this research. The collated primary data was analysed with the assistance of NVivo 11, a software package for qualitative data analysis, and the data was presented in the form of tables, word clouds and words.

1.9 Structure of the Research

Chapter 1: Introduction

Chapter 1 presented the background of this research, outlined the research problem, questions, aims, objectives, the significance of the research, a brief research design and structure of the research.

Chapter 2: Literature Review

Chapter 2 explores the literary background that is of relevance to this research, providing a context for the research and justifying the proposition and objectives formulated for the

research. The literature review encompasses perspectives of leadership, internal control, corporate governance, internal audit, and audit committee.

Chapter 3: Research Methodology

Chapter 3 pronounces in detail the elements of the research methodology process, focusing on the research design, philosophy, target population, research strategy, sampling, data collection instrument, construction of the interview, pilot research, collection of primary data, analysis of primary data, limitations of the research, elimination of research and ethical considerations.

Chapter 4: Data presentation, analysis, and interpretation

Chapter 4 provides a presentation of research findings as well as the analysis and interpretation of collected data. The sample is described and the nature of the results is also examined. The analysis and interpretation of data is outlined making reference to the theories and concepts discussed in the review of literature.

Chapter 5: Conclusions and Recommendations

This chapter concluded with an overview of the research and providing recommendations that based on the results presented in chapter four. The corresponding recommendation with the paradigmatic change for future research proposals.

1.10 Conclusion

Chapter one introduced the topic under investigation which is: the influence of leadership on the implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal. The research objectives outlined are: to determine the nature of influence that leadership has on the implementation of adequate internal control controls, to establish the programmes that the DoT has implemented to strengthen the function of internal controls and to ascertain whether the leaders in DoT understand the public finance management regulatory framework in relation to the execution of departmental core functions. This chapter has outlined the broad background, problem statement, aims, and objectives of this research base on the topic to an extent to which it addresses the current audit situation. The chapter has also

outlined the hypothesis and ethical considerations thereof. With the introduction of the research DoT has internal control challenges that require leadership influence. The following chapter, Chapter two, presents a review if literature that is of relevance to this research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The preceding chapter provided an introduction to this research and clearly outlining the aims, objectives and justification for the research. In this chapter a review of prior literature relevant to this research is presented, with focus on the theoretical background for the concepts of leadership, internal controls, leadership influence on internal controls, the implementation of adequate internal controls, leadership understanding of internal control in relation to execution of core function and leadership enhancing internal control effectiveness. Chapter 2 examines the complex relationships that exist between the dynamics of these four constructs. The discussion presented in this chapter is relevant to the research topic: The influence of leadership on the implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal. Previous research relevant to this research assisted in addressing the research questions and achieving the research objectives. This chapter extensively explores the concepts of internal control and leadership to provide a foundation and perspective for this research.

2.2 Leadership Defined

The definition of leadership spans across all social organisations and is the same in private and public enterprises. According to Sentara (2015:34), defining leadership is as complex as the leaders themselves but all the definitions of leadership evolve around strategy, inspirations, leading and organisational visions. Sentara (2015:34) added that, throughout history, many scholars have been arguing on a correct and an all-encompassing definition of leadership in organisations. However, with every scholar there comes a little variation to the definition. According to Sentara (2015:34), leadership is a complex phenomenon which revolves around organisational vision, ideas, direction and is the art of inspiring followers and leveraging organisational efforts to achieve the desired common goals. According to Holms (2014:34), leadership is the embodiment and combination of character and strategy. Thus, a person who exercises leadership skills have in them a special character to lead the rest of the organisation towards the attainment of the corporate strategy.

According to Sentara (2015:34), leadership can also be defined as the provision of the vision and motivating the team or organisation so that they understand and work together toward the same goal. (Chimaro, 2013:1332) cite that, “leadership is the art of serving others by equipping them with training, tools, time, and resources so that the followers can achieve their full potential both personally and professionally”. Holms (2014:34) also added that, leadership is being bold enough to have a vision and humble enough to recognise that achieving that vision is not feasible without the complimentary efforts of other people. Thus, leadership is recognising people with diverse gifts, skills, attributes, and characteristics necessary for the achievement of organisational goals and objectives (Faull, 2012:32).

Leadership in organisations can also be defined as a delicate balance achieving organisational goals and assisting individuals to achieve their personal goals (Cade, 2013:43). This is made possible by a combination of qualities like listening skills, motivating and the ability to inspire others. According to Holms (2014:34), leadership is not management and it can be practiced by anyone within the structures of the organisation. Thus, true leadership is the art of influencing others towards the attainment or the common goal (Sentara, 2015:132; Holms, 2014:32). In view of the various definition this research support effective leadership where leaders understand the talents within their influence, they understand the temperaments of each individual and effectively they motivate their followers personally or as a group to attain the overall objective of the organisation. This is supported by Sentara, 2015 theory.

2.3 Generic Roles of Leadership in the Public-Sector Organisations

The going concern and the success of any organisation solely depends upon the quality if its leadership (Holms, 2014:35). Organisation with leadership characterised by failure, poor decision making, and poor resource mobilisation are not expected to be market leaders while organisations with visionary and transformational leadership guarantee themselves of prolonged operational continuity, decent returns to investments and continuous increase in shareholder value (Cade, 2013:44). Thus, the role and importance of leadership in organisations can never be over-emphasised as leadership shape and mould the organisation, it directs the organisation and it defines what the organisation stands for (Blair, 2014:21; Holms, 2014:78).

From the pool of a variety of academics and business scholars it can be established that leadership is important in organisation as much as raw materials are important in a production

plant. Without effective leadership an organisation will cease to exist and will be a victim of competition and creative destruction (Sentara, 2015:43). The first and most important role of leadership in an organisation is that leadership enables and capacitate the organisation to achieve its objectives and goals. According to Adams (2013:45), ability under leadership means the ability of the leader himself or herself to exercise organisational duties within his or her responsibility. Holms (2014:43) added that it also means that the leader enables his followers by providing them with aptitude and skills necessary for the realisation of organisational goals and objectives. Without such leadership, it will be difficult for the organisation to realise its objectives and goals.

Another role of leadership in organisations is that it makes organisations to become adaptive to changing business environment (Adams, 2013:46). According to Adams (2013:46), the presence of leadership in an organisation assists the organisation to become adaptive to different situations and economic environments the organisation operates in. For example, the prevailing economic circumstances in South Africa require effective leadership within public sector organisations which can adapt and design working solutions to keep an organisation afloat. In the event of a crisis, leadership assists organisations to come up with new strategies that act as shock absorbers limiting the impact of the effects of the crisis (Sentara, 2015:43; Holms, 2014:32).

Organisational leadership has a role in helping organisations solve conflicts effectively, in a manner that promote the continuity of the organisation (Denver, 2014:21). A leader in any organisation can solve all kinds of organisational conflicts. Denver (2014:21) added that common organisational conflicts are employee-to-employee and employees versus management. These conflicts can be caused by poorly designed organisational structures, undefined job responsibilities and spans of control, lack of resources and unclear instructions. According to Denver (2014:21), a leadership in organisation solve such conflicts by allowing followers to express their views and providing feeling of satisfaction to those previously aggrieved. This is done when organisational leadership understand the reality of the conflict and instinctively leadership can come up with a counter measure to that conflict. Denver (2014:21) added that conflict in organisation is inherent and it is the duty of the leadership to come up with solutions to keep organisation in a going concern.

Another important role of leadership in an organisation is that it empowers people within an organisation. According to Adams (2013:45), to say that leadership empowers means that a leader inspires confidence and self-esteem to his or her followers. Denver (2014:59) argued that empowerment can be practiced through different forms such as training, bold talk, soft talk, and other leaders empower people by their example. According to Denver (2014:10) empowerment is a crucial role of leadership. The author argued that all successful leaders in the business and political world have been successful in through their ability to empower their followers. Followers are empowered financially, mentality and through resources to achieve organisational as well as personal goals. It is the responsibility of leadership to equip and empower followers. According to Adams (2013:45), empowerment can also be in the form of delegation and provision of total reward packages that compensate individual effort towards the attainment of organisational goals.

Leadership provide strategic direction to organisations, they set the direction where they want to drive the organisation to (Denver, 2014:32). Leaders have a vision of the future of the organisation and labour to enlighten their followers to move towards their desired vision (Sentara, 2015:320. Adams (2013:46) added that leadership in organisation provide the strategic direction to organisations and in so doing they channel and synergise all individualised efforts present in an organisation towards the strategic direction. Without leadership, an organisation lack strategic direction and that usually result in wastage efforts and organisations engaging themselves in activities than are not core to the operations and goals of the organisation.

Denver (2014:21) argued that leadership in organisation adds creativity to organisational processes. The aforementioned author argued that, this role differentiates leadership to basic management. Effective leadership in organisations adds creativity and character to basic managerial skills. According to Denver (2014:22), basic managers are known to stick by the book and by the established protocols however leaders are known to operate by inspiration and through creativity to enable the organisation to achieve its objectives and its goals. Adams (2013:43) argued that leadership can add creativity on basic organisational communication creativity on resource allocation, creativity on designing organisational structures and creativity on designing work teams. Creativity means that leadership finds imaginative uses of limited resources and it allowing individuals to make use of their imagination allow for problems to be solved in cheaper, better and faster manner. According to Denver (2014:22),

leadership in organisation challenge managerial norms and operate above basic managerial skills. With this creativity it enables to create exciting organisation where employees are willing to be identified with. Such an excitement is critical to the success of the organisation (Denver, 2014:22).

Another role of leadership in organisations is that it influences the behaviour of the people. Leadership in organisation is capable to motivate and inspire people to work towards the vision of the organisation. According to Adams (2013:45), managers expect effort from employees while leaders influence effort. Managers work with extrinsic motivation while leaders utilise intrinsic motivation. Adams (2013:45) added that leadership in organisations has in it to make employees feel responsible towards the success of the organisation. The role of leadership is critical and cannot be exhausted. Other roles of leadership in organisation can be summarised as: it assists in the fulfilment of needs of followers, it aids in the introduction of necessary changes and it help in training and development of followers.

2.4 An Overview of Internal Controls

According to Chorafas (2000:35), internal controls are methods used by an organisation to promote financial and accounting information's integrity, validity, and reliability. Internal controls implemented in order to ensure that organisational operational and profitability targets are realised, to management policies across the organisation and to ensure organisational consistency (Adams, 2013:46). Internal controls refer to measures in place and activities that are undertaken to ensure that predetermined objectives are achieved in an orderly as well as efficient manner and that the assets of an organisation are safeguarded against loss or damage. This is possible as internal controls assist in guaranteeing that accounting records are prepared on time, accurately and that financial information is reported reliably (Ngcobo, 2016:43). Liebeneberg and Speis (1993:32) cite that to ensure achievement of organisational targeted objectives, performance indicators must be direct linked to internal controls. Internal controls are systems and processes integral to the successful operation of any organisation to strive to achieve its strategic objectives (Ngcobo, 2016:44). Internal control in this research refers to measures in place and activities that are undertaken to ensure that predetermined objectives are achieved in an orderly and efficient manner and that the assets of a firm are safeguarded against loss or damage as its assist to guarantee that accounting records are prepared timely, accurately and that financial information is reported reliably.

2.5 Influence of Leadership and Internal Controls

Several professional bodies and organisation including the Committee and of Sponsoring Organisations (COSO), the American Institute of Institute of Public Accountants (AIPA), the Institute of Internal Auditors (IIA) and the European Central Bank (ECB) elaborate the success of internal controls within an organisation constitute a proportion the accountability of senior leadership (Chorafas, 2000). Leadership must have an overall understanding of the institution's strategic objectives which should be linked to the internal controls (Ngcobo, 2016). Coherent with the view expressed by Sarbanes-Oxley Act, Section 404 (SOX 404) which obliges organisations to unveil evidence concerning the quality of internal controls as well as to warrant that external auditors have access to the efficacy thereof (Lin, Wang, Chiou and Huang, 2014).

Auditors are required by SOX 404 to assess the integrity of the leadership as well as reporting on the strengths and weaknesses in the internal controls of a firm which are tied the policies and actions of leaders contributing to an ethical/unethical work environment (Blair, 2014:43). The Sarbanes-Oxley Act (SOX) of 2002 mandate designed internal controls must involve people in the organisation, some of which should be well-trained experts in certain specialised areas of responsibility which will focus of internal audit function to detect strength and weakness of internal controls (Lin et al., 2014:43). According to Ngcobo (2016:43) internal controls improve the efficiency and effectiveness of operations as well as reliability of financial reporting. The aforementioned author purports that a vital constituent of internal controls is the control environment which compels leadership to drive issues of competence, ethical values and integrity of employees including continuous training and development, management's operating style and philosophy, the delegation of responsibility, authority and effective leadership by the executive for the achievement of business goals (PricewaterhouseCoopers and Everson, 2013).

Sentara (2015:43) cites that the leadership of an organisation has the responsibility to design and implement of internal controls. Ngcobo (2016:56) added that leadership, as part of the drivers of internal controls of public institutions, have the responsibility to design, implement, supervise the effectiveness of and maintain internal controls as they are also required to use internal controls as guidelines to achieving efficient and effective operations. There is evidence that internal controls have a positive relationship with a business organisation's financial

performance and strategic objectives which include personnel management, arithmetical accounting separation of duties, physical authorisation, supervision and performance acknowledgement (Nyakundi, Nyamita and Tinega, 2014:43).

On the international viewpoint, according to the standards of the Institute of Internal Auditors (IIA), a vital feature of robust governance is a strong system of internal controls monitored internal audit activity that is sufficiently resourced (Meseret, 2015:43). The definitions above have certain things in common, being that internal controls are the organisation's leadership responsibility.

This research determines whether the same situation exists within the public-sector environment in which the KZN DoT operates. According to Meseret (2015:43), the process of internal control is greatly influenced by the leadership, board of trustees and other personnel of an organisation with the intention of providing assurance concerning the attainment of objectives in the categories of:

- Financial reporting accuracy and reliability,
- Operational efficacy,
- Obedience to applicable legislation and
- Safeguarding assets of the organisation
- Although they are distinctive, the objectives of these four categories are interconnected

2.6 Strengthening Functions of Internal Controls

Skaife, Veenman, and Wangerin, (2013:78) acknowledge that financial reporting that is accurate and reliable is a tool that can be used by firms to disseminate credible information to relevant stakeholders for the purpose of aiding performance evaluation and the making of decisions concerning the allocation of resources. Internal Control Financial Reporting (ICFR) is a commonly recognised part of successful internal control structures as it is enforced by SOX 404 which mandates the assessment of an organisation's ICFR by both auditors and

management (Feng, Li, McVay and Skaife, 2014:78). Reliability financial reporting is a cornerstone of management exposure, with its execution ability required a proper designed functioning of internal control (Chorafas, 2000).

Financial reporting is in fact at the centre of state leadership' accountability that managers through clear and effective financial reporting will be able to answer to the standing committee on public accounts (SCOPA) on the method of delivering services, resources allocation and maintenance (Mohammadi, Ghaffari, Hadavi, and Mohammadi, 2014). From the previously discussed there is evidence showing that effective internal control coupled with reliable and accurate financial reporting is fundamentally a process of knowledge exchange an aid for resource allocation decision.

According to Mohammadi et al (2014:78), documenting internal controls serve the purpose of creating an audit trail. The aforementioned author argued that the leadership of the organisation can strengthen the functions of internal controls through the implementation of preventative and detective measures, which are the two categories of internal controls.

Feng, et al., (2014:143) notes that policies and procedures deter the occurrence of particular events are referred to as preventative internal controls. The aforementioned author also concurs that preventative internal control measures represent the first line of defence for a firm's system of financial accounting and are proactive in nature. On the other hand, detective internal control measures refer to the backup policies and procedures designed to safeguard the proper functioning of preventative internal control measures (Skaife et al., 2013:19). Occurrences which circumvent the preventative controls, the first line of defence, are likely to be first line of defence are likely to be detected by detective internal controls representing the second set of internal controls. The leadership of the organisation has the role of ensuring that the first and second line of defence is installed at the organisation (Feng et al., 2014:144).

Skaife et al. (2013:19), recognises that the categorisation of internal controls can be based on the policy or activity which they endorse. The author purports that preventative internal controls commonly enact the segregating of duties within a firm. The leadership of the organisation should enforce the delegation of tasks among more than a few individuals in order to ensure that the recording, authorisation and safekeeping of financial transactions and resulting asset are not the responsibility of a single individual (Skaife et al., 2013:19). The

leadership of the organisation should ensure the implementation of internal controls for expense verification and invoice authorisation (Feng et al., 2014:144). In addition, preventative internal controls include the leaders of the organisation playing the role of controlling physical access to cash, equipment, inventory and other assets of an organisation (Skaife et al., 2013:20).

Detective internal control measures include the utilisation of forecasts, budgets, performance reviews and other benchmarks (Skaife et al., 2013:20). Uncommon results or unanticipated conditions need follow-up from leadership and responsible officials (Feng et al., 2014:145). The comparison of data sets and the implementation of corrective action is based on substantial inconsistencies uncovered by detective internal control measures which include reconciliations, internal and external audits of a firm (Skaife et al., 2013:19, Feng et al., 2014:147).

2.7 The Effectiveness and Efficiency of Operations towards Internal Control

The efficiency and effectiveness of operations is in reference attainment of the goals of organisations which include performance objectives, the safeguarding of assets against loss, misuse and damage (Juiz, Guerrero and Lera, 2014). This corroborates early definition of internal controls which ensures that the objectives of public institutions are achieved in an efficient and effective manner. Effectiveness and efficiency operations of government departments and entities provide accurate information for internal complete decision making (Chorafas, 2000). However, it must be noted that cohesion in a public institution and leadership attitudes plays a vital role in influencing internal control effectiveness and the employees that perform internal control activities. The purpose of implementing internal controls in the public sector of organisations is to assist leadership of departments to increase the effectiveness and efficiency of operations and enhance the quality of financial reporting as well as improving their accountability (Mohammadi et al., 2014:132).

2.8 Rules and Regulations Compliance Enhancing Internal Control

The South African legislative framework has compulsory mandated government departments to steer the focus with applicable laws by enhancing implementation of internal controls to ensure proper compliance (Faull, 2012:13). The operation of public sector organisations requires homogeneity in their practices and operations (Ngcobo, 2016:43). The main aims of

the Department of Treasury and Public Finance Management Act (PFMA) 1 of 1999 are as follows:

- The establishment of a suitable connection between strategic expenditure plans and objectives
- Ensuring fiscal discipline within the parameters of what can be afforded;
- The promotion of efficient utilisation of resources, by decentralising and delegating decisions to where they are best made;
- Improving the incentives and empowering leadership's ability to make effective decisions at the same time holding public sector executives accountable for the decisions they make;
- Promoting accountability and introducing transparency; and
- Introduction of accessibility of budget estimates and information.

Frink and Ferris (1999:4) cite that the regulatory financial framework may suffer from a key epistemological shortcoming emanating from ineffective individualised cooperation with implementation of the laws as well as collaboration. Meseret (2015:90) warned that organisational rules and policies are effective in as far as leadership and employees are cultured in an ethical manner. Observations made by Santiso (2013:89) concerning the limitations of the regulatory framework pertains to the existence of an important "implementation gap" between government policies and their effective implementation by the employees in various government departments.

Frink and Ferris (1999:43) posit that that there is a rhetoric gap between the internal control and regulatory framework effective process will be to conduct compliance testing on the system of internal controls and help expose the implementation gap and the areas that needs strengthening to reduce financial embezzlement, impropriety or losses arising from any form or manner (Santiso, 2013:83).

2.9 Safeguarding Organisational Assets with Internal Control

Santiso (2013:43) argued that the realisation of the above internal control categories objectives requires the five elements forming the structure of internal control namely, environmental control, information and communication, control activities, measurement of danger, and testing and supervision. Vaassen, Meuwissen and Schelleman (2009:43) cite that this is consistent and coherent to COSO report 1992 reported five interrelated components of internal control as the control environment, assessment of risk, control activities, information and communication and monitoring. The control environment is the foundation of the structure with risk assessment, control activities, information and communication as the wall of the structure, monitoring become the overall roof of the structure (Santiso, 2013:89).

2.9.1 The Control Environment

The control environment is a measure of how leaderships account for the effectiveness and efficiency of internal control and how they help achieve the objectives of the public institution (Vaassen et al., 2009:43). Santiso (2013:32) cite that the control environment creates discipline and structure which influence the quality of internal control. Mohammadi et al., 2014:43) added that organisations in the public sector should show honesty and ethical values in practice from individual honestly ethical behaviour and value from leadership and employees. The control environment, provides for discipline, structure and the climate which influences the overall value of internal controls in a public institution (Mohammadi et al., 2014:132).

A good control environment is the one where individual in the organisation are aware of the criticality of internal control and adhere towards by behaving according therefore emerge will consist of (Vaassen et al., 2009)

- Integrity and ethical values,
- Commitment to competent,
- Task interpretation by board of audit committee and board of directors
- Leadership philosophy and operating style,

- Adaptation of leadership and individual towards complex dynamic ever-changing technology,
- Hierarchical organisational structure with lateral line of reporting.

2.9.2 Assessment of Risk

Risk assessment is no longer viewed from the narrow fraud perspective but is now broader to include business risks, which include environmental and other corporate governance and social responsibility risks (Rae, Sands and Subramaniam, 2017:98). Public institutions can assess the risks by making use of either numerical and non-numerical techniques and in order for them to be successful in dealing with the risks they must have an understanding of potential risks and their management if they occur (Santiso, 2013:98). Therefore, internal controls must be designed with their purpose in mind (Ngcobo, 2016:43). Risk assessment entails the identification as well as analysis of risk with the intention of accessing the objectives of organisation and specifying the reactions appropriate for the leadership, harness of risks and evaluation of risks which includes the following:

- Identifying risks;
- Evaluating risks;
- Evaluating the level of risk taking in organisation;
- Reaction to dangers (Mohammadi et al., 2014).

Scrupulous changes in the operations of public institutions internal and external environment of public institutions occur rapidly, leadership need to detect and manage the risks that relate to these changes.

2.9.3 Control Activities

Control activities refer to procedures and policies utilised by managers in public institutions to ensure that the directives are diligently adhered (Ngcobo, 2016:143). Mohammadi et al.,

(2014:34) further state that control activities refer to the procedures and policies appointed to deal with risks and to achieve organisational goals. Control activities should be implemented all over the organisation, at all levels and all operations.

According to Rae et al. (2017:143), these activities may be distinguished between preventative and detective measures which can include range of activities like the following various activities:

- Licensing and approval procedures,
- Segregation of duties,
- Access Controls to documents,
- Investigation,
- Resolving conflicts and reconciliation,
- Investigating methods of performance and
- Surveying operations

2.9.4 Information and Communication

According to Everson (2013:3) the openness and accuracy characteristics of information, as well as the quality of the communication and feedback processes, determine the value of the information within the organisation's internal control system because high quality information helps staff and management to have a mutual., as well as clear, understanding of what is to be accomplished cite (Rae et al., 2017:54). Information and communication are necessary for the realisation of all objectives of internal control to enhance reliable, dependable, effective, and efficient decision making.

One of the objectives of internal control in the public sector is fulfilment of obligations and requirements of public accountability that by preparing and maintaining reliable and financial and non-financial information and distributing them through appropriate and timely reports, these objectives can then be achieved (Saberli, 2009:89). In this case, information about internal controls policies, the risks that a public institution is faced with and how the public institution will deal with the risks must be communicated to all the employees (Rae et al., 2017:121). Thus, information and communication are necessary to facilitate control.

2.9.5 Monitoring

Monitoring the system of internal controls entails making sure that the implementation of controls is done as expected (Mohammadi et al., 2014:65). The public sector has a wide array of risk assessment activities; there is a great demand for the monitoring function to assist in administering and monitoring many of these risk assessment activities (Santiso, 2013:43). Monitoring is an important part of the duties that are performed by leadership in public institutions to ensure that internal controls are understood and adhered to (Santiso, 2013:44). Vaassen et al. (2009:44) cite that monitoring can be distinguished into two forms; on-going activities and separate evaluation on periodical intervals. A well designed and implemented effectively monitoring of internal control in public institutions will assist to identify and correct internal controls deficiencies in time (Santiso, 2013:45).

2.10 Leadership Influence on Implementation Adequate Internal Control

According to Hambrick and Mason (1984:98), the evolution of leadership theory originates from the development of original upper echelon theories which focuses on new leadership theories. Boal and Hooijberg (2001:516) recognise that these theories are on visionary leadership, transformational leadership, charismatic leadership and strategic leadership. Lear (2012:91) notes that strategic leadership put great emphasis on individuals with the overall responsibility for the organisation, this includes the titular head of a firm as wells top leadership also referred to the dominant coalition.

Leadership is responsible for the structure of internal controls as well as an organisation's commitment to it (Lear 2012:102). Additionally, Chorafas (2000:34) argues that the success of internal controls is highly subject to them being embedded in the strict leadership culture of an

organisation. Briefly there is a belief that the main difference between leadership control and internal control are as follows:

- Leadership control is driven by strategy whereas transaction drives internal control.
- Leadership control focus on influencing decision-making whereas internal control focus on supporting decision-making.
- Leadership control has a predominant behavioural orientation whereas internal control has more mechanistic orientation
- Leadership and corporate governance go hand in hand and neither exists in a vacuum (Lear, 2012:43).

2.11 Financial Performance Management to Leadership Skills

For public organisations such as the KZN DoT, the process of monitoring and evaluating departmental outcome based on set targets, plans, laws, and regulations are of interest to beneficiaries of the community, investors as well as government. According to Santiso (2013:43), the efficient utilisation of resources and careful planning, that is guided by financial priorities which are in line with the objectives and goals of an organisation, is a key indicator of proper financial management. On the other hand, private organisations operating within the parameters of shareholders and influentially stakeholders have expected return on investment and sustainable cash flow (Lear, 2012:121).

In the light of the above, financial performance is the process of measuring the organisation's value for money aligned to measured outcomes within the set budgeted timeframes (Lear, 2012:121). Performance is concerned with the ability of a firm to survive; grow; operate profitability and efficiently; and react to threats as well as in its operating environment (Stoner, 2003:34). According to Sollenberg and Anderson (1995:89), the measurement of performance is based an organisation's efficiency in the utilisation of resources in attaining its objectives. Performance is the yardstick for attainment that is realised by a process, organisation, team or individual (Nyakundi et al., 2014:94).

2.12 The King III Report: Governance enhancing Core Functions Execution

Corporate governance was conventionally associated with certain regulatory and financial dimensions and the introduction King Code on Governance for South Africa (King I) in 1994 saw the heralding of revolutionary initiatives in corporate governance which protracted beyond the then standard dimensions (PricewaterhouseCoopers and Everson, 2013). In the year 2002, principles of good environmental, ethical and social practice were additionally assimilated into the King Code on Governance for South Africa (King II - 2002) (Ngcobo, 2016:30). Later in the 2009, a revision of the code, King Code on Governance for South Africa (King III), the introduced improvements in accountability to corporate stakeholders citing that, “planet, people and profit are inextricably intertwined” (Ackers and Eccles, 2015:87). According to Makiwane and Padia (2013:32), the roots of corporate governance can be traced agency theory which is concerned with the separation of organisational control from ownership. As noted by Tricker and Tricker (2015:89), “corporate governance describes the system by organisations responsibilities that are fixed, directed, controlled and existing relationship from diversified participants of the organisation in determining their direction and performance”.

Corporate governance was created to guarantee an equilibrium between the goals of individuals and those of the community as well as cultural/social and economic goals through the alignment society’s, corporations’ and individuals’ interests (Tricker and Tricker, 2015:43). Corporate governance also relates to ethical, moral, behavioural and social responsibilities required by the South African Constitution (Meseret, 215:43).

According to Makiwane and Padia, (2013:33), “corporate governance is a set of relationships between a company’s management, its board, its shareholders, and other stakeholders therefore good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring” The authors also attest that the structures and process of managing as well directing of businesses and their affairs are facilitated corporate governance allowing for the simultaneous pursuit of interests of companies and those of shareholders and effective monitoring thereof. Makiwane and Padia (2013:34) argued that the reasons attributed to the rise of corporate governance in the administration of public organisations are:

- Its link to the systems of risks management and internal controls;

- Its ability to improve organisational effectiveness and efficiency by providing helpful information to reduce irregularities during decision making;
- Its criticisms and recommendations about the status of organisations; and
- Its role in serving in providing internal assurance in the financial and business process of reporting for organisations

The King III mandates organisations to conduct internal audits that give assurance to organisational controls and governance (Meseret, 2015:43). Thus, it is of great importance for the framework of corporate governance to be acquainted with stakeholders' rights established by law or active cooperation and mutual agreements between organisations and its stakeholders in the creation of wealth, jobs and sustainable financial soundness of organisations (Meseret, 2015:43). The ideal structure of corporate governance should make provisions for appropriate incentives to companies' management and board of directors that ensure the alignment, pursuit and effective monitoring of objectives that satisfy the interests of shareholders and companies (Boal and Hooiberg, 2001:45). Corporate governance includes numerous levels of internal control results from the relationships of an organisation's board of directors, day to day management as well as the operational levels of the organisation (Lear, 2012:98).

2.13 Internal Auditing Effectiveness as an Internal Control Tool

Auditing is the process of conducting an independent examination and evaluation of the overall activities of an establishment by an individual or team (Auditor/Auditors) appointed by the owners of the entity to validate and produce a report in his opinion of the truth and fairness of non-financial and financial position of the organisation (Stoner, 2003:11). This is supported by agency theory which clarifies the way to arrange relationships in which one party, the agent, performs duties that are determined by another party, the principal (Meseret, 2015). The agency theory purports that, the ideology for internal auditing develops as a result of the contractual obligation relationship between principal-agent of the organisation (Stoner, 2003:11). The theory further elucidates internal control measures, like internal auditing, as voluntarily introduced by management to signal to stakeholders that they (the management) are properly executing their obligation of maximising organisation's objectives (Stoner, 2003:12).

Mammada (2010:43) cite that internal audit is an autonomous examination, and expression of opinion on the fair and true view of a firm's activities; ensuring of economy, efficiency and effectiveness of its financial and non-financial operations; evaluation of the adequacy of the established internal control system, checks, methods, procedures as well as other management-implemented control measures; as a service and in compliance with any relevant statutory and professional pronouncements. Saberi (2009:132) added that internal auditing has been developed not solely a financially based discipline, but to engage the entire financial and non-financial performance of the organisation.

The Institute of Internal Auditors (IIA) recognises internal auditing as, "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations" (Faull, 2012:34). The author also acknowledges the extraordinary development that internal auditing has gone through since the establishment of the IIA in 1941.

Meseret (2015:43) cites that there are different forms of audit which could be classified into two main groups, namely: mandatory audits and voluntary audits. Mandatory audit in South African context in the public sector can be referred to audits conducted by Auditor General South Africa (AGSA) most classified as external audits (Meseret, 2015:44). Voluntary audits can be referred to audits scheduled by the organisation that can take place indifferent forms (Lear, 2012:43). Audit can be in a form of external (statutory or private audit) or internal audit (management audit or internal audit) however, this focus on internal audit.

According to Cader (2015:190), assessment shows that internal auditing functions are work as a fragment of a basic management role as the operations of organisations have become more complex and voluminous. The author argued that the functions on internal auditing can differ according to operations hierarchy. Internal auditing operational function usually emanates to satisfy basic special concern of management on enterprise assets protection, whether company procedures and policies adhered too. Internal auditing is a consulting function and objective assurance which is independent and designed to enhance improvement of an organization's operations in the effort accomplishing its objectives (Lenz and Hahn, 2015:232).

Internal auditing can be viewed as a driving machine that provides selective perceptibility to areas that need the intervention of management to identify risks (PricewaterhouseCoopers and Everson, 2013). Amongst critical role of auditing is ensuring transparency, accountability and

compliance promotion (PricewaterhouseCoopers and Everson, 2013). Today the primary functions of internal auditing are concerned with operational, financial and accounting matters of organisations (Ramamoorti, 2003:94). Ramamoorti (2003:95) further argues that in 1957 further critical matters of Statement of Responsibilities of Internal Auditing were extended to embrace several facilities to management, such as:

- Conducting appraisals and reviews of the application, adequacy and soundness, of operating, accounting and financial controls.
- Research Opportunities in Internal Auditing.
- Determining how reliable accounting and other organisational data is.
- Determining the degree to which established policies, procedures and plans are being complied with.
- Appraising the quality of performance in carrying out assigned responsibilities
- Establishing the degree to which organisational resources are being accounted for and protected from loss

Internal auditing is concerned with effectiveness, efficiency and economy in order to bring about enhanced corporate governance as it can be viewed as a mechanism that aids in the identification, mitigation and handling of organisational risk (Mammada, 2010:53). According to Lenz and Hahn (2015:102), the shift in top management's from focusing on compliance with organisational policies to concentrating on significant risks promoted the role that internal auditing plays in organisations. The aforementioned author argued that internal auditing gives guarantee on consulting services for controls that can also be hypothesised in retrospect of development organisational social relations, rationalities, objects of control, and the pertinent logic of control within which controls are implemented.

Internal auditing is the key control of corporate governance serving the purpose as a resource to board of external auditors, directors and management which comprise the three pillars of corporate governance (Meseret, 2014:12). The internal audit must evaluate strengths,

opportunities, threats, and weaknesses of an organisation’s internal control, to adequately theorized organisational culture and corporate governance in the context to initially improve and enhance organisational influence as an integral component for economy, efficient and effective in accomplishing its goals and objectives (Ramamoorthy, 2003:52).

According to Ramamoorthy (2003:52), internal auditing requires support of the board of directors and executive leadership that underpin work free performance from interference by gaining the cooperation and engagement of clients. Internal auditing function includes review of the management of information systems and budgetary control; 'value for money' and operational audits; internal control; special investigations and audits; and compliance with policies, laws, procedures regulations and plans. Meseret (2015:78) argues that internal auditing is best for amassing information on unproductive corporate governance, insufficient internal control and unsuitable accounting practice.

Internal audit has developed over time to become what it is today. Table 2.1 below shows its development process.

Table 2.1: Development of the Internal Audit Process

Description	Year
Checking Accounting Records	1950
Evaluation of Conformity	1960
Procedures examination	1970
Evaluation of Controls	1980
Internal Control System Reporting	1990
Risk Management System Evaluation	2000
Improvement of the Risk Management System	2001
Activity Performed Reporting	2002
Adding a Value Plus	2003
Consolidation of the Internal audit	2004-2009
Capacity of managing Financial Risk	2010-2013

Source: Ramamoorthy (2003:245)

The above depicted table show the development of what we call modern day internal auditing. It shows that internal auditing has development from checking accounting records to the evaluation of the organisation's capacity of managing financial risks.

2.14 The Audit Committee

The audit committee is a working group, under an organisation's board of directors who delegate to it the powers of corporate reporting process, that plays an oversight role within the organisation (Lenz and Hahn, 2015:191). Experts of agency theory argue that the presence of autonomous/independent directors is highly likely to result in effective monitoring of management's behaviour (Samaha, Khlif, and Hussainey, 2015:59). It's advisable that committee is formed with right combination of skills and experienced expert for critical supporting. Internal audit reports should be presented to audit committee (Lenz and Hahn, 2015:191).

The audit committee holistic view is to significantly safeguard auditor independence with the notion that members are truly independent, knowledgeable committed to enhance good governance independently (Mommada, 2010:184). Meseret, (2015:232) argues that providing a supportive and independent chief internal auditor (CIA), who can raise issues concerning management, strengthens the function of the internal audit and is an indicator of an effective audit committee.

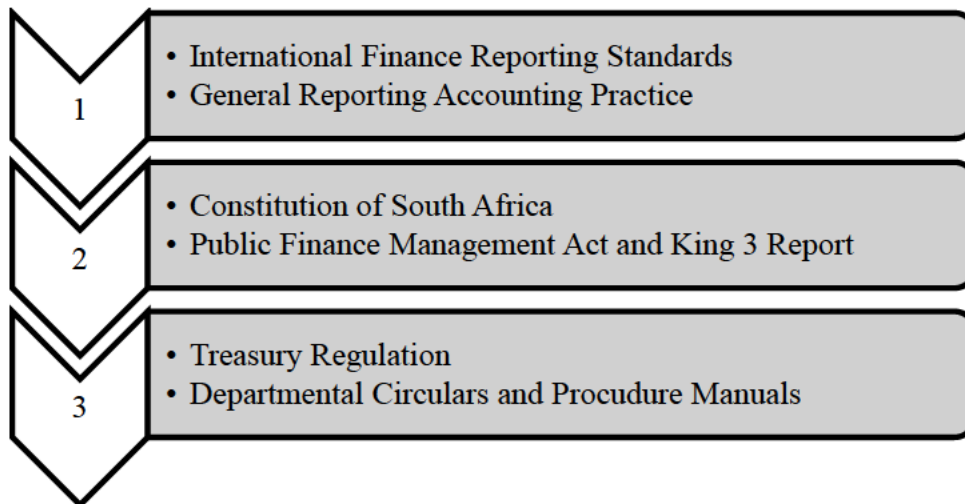
The audit committee has a responsibility to effectively communicate internal audit information to the board of directors to trusted relationships between the audit committee, the internal audit function and the board (Lenz and Hahn, 2015:430). The audit committee is responsible for performance measurement of the function of the internal audit, making recommendations for external auditors' dismissal and appointment, internal audit leaders' dismissal and appointment, support and promotion of audit function's objectivity and independence within various organisations (Meseret, 2015:432).

2.15 The Financial Framework

The diagram in the following Figure 2.1 shows how financial frameworks cascade from international to local organisations in terms of implementation monitoring and evaluation.

The depicted diagram below shows how financial management principles applied at the Department of Transport are influenced by the international and national policies and regulations.

Figure 2.1: The Financial Framework Model



Source: Samaha, Khlif and Hussainey (2015:49)

2.16 Conclusion

The literature review chapter provided a theoretical framework that guided the research research. Reviewed and discussed the synopsis of this research as four dynamic constructs namely leadership, internal control, internal audit, and governance. Further detailed and contrast the relationship between these three constructs. The core theme of the literature identified the fact that there is a relationship between these variables subject to the different existence of certain complexity. In the following chapter presents the research methodology for this research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Chapter 2 reviewed the prior literature pertinent to this research. This chapter presents the methodological framework that guided the research process, from the design phase to execution this research. The researcher attempted to gather information that will address the research objectives to answer the research questions as listed in chapter one. Qualitative research was more appropriate for this research since tremendous attention was paid to bring broader insight into issues of if and how. A qualitative method with explanatory analytical approach was used in this research. Therefore, an individual in-depth structured interview process was used for data collection. Justification to utilise qualitative approach with explanatory research design was provided later in this chapter. Deliberation was on in-depth interviews using a tape recorder as a data collection instrument to ensure due diligence. Details consideration of sampling method to be applied was discussed in this chapter as well. Participants was ensured on ethical imperatives referred to as confidentiality, voluntary participation and professionalism as observed. Towards the end of the chapter there was discussion on data collection, data analysis, validity and reliability, Conclusion was made on ethical matters as considered.

3.2 Research Philosophy

As mentioned by Creswell (2013), the research philosophy or world view form the basis of the stance that a qualitative research would take. There are four common philosophies or worldviews of research namely social constructivism, post positivism, pragmatism and participatory worldviews (Creswell, 2013, pp. 20-23). The following Table 3.1 provides a summary of these philosophies

Table 3.1: Research Philosophies Influencing Choice of Research Methodology

Worldview	Description	Qualitative Methodology
Social Constructivism	Focuses on understanding of the world in which we work and live. This type of research relies upon the participants' perspective of a certain or problem situation	Phenomenological Research Grounded Theory Research
Post positivism	Focuses on a scientific approach to research. There is great emphasis the collection of empirical	Phenomenological Research Grounded Theory Research
Pragmatism	Focus is on the results of the research, the consequences, situations and actions of the inquiry, instead of the prior conditions as with post positivism.	Case Research Ethnographic Research
Participatory	Focuses on an action agenda with the aim of reforming participants' lives. This philosophy entails the application of an alternative research approach to post positivism, which, due to its laws and structure may not be suitable for research of the marginalised, and the research methods of social constructivism do not support action to offer assistance to these individuals in any way.	Narrative Research Ethnographic Research

Source: Creswell, (2013, p. 20)

There two types of research that may be conducted, basic and applied research. The aim of this research was to scrutinise the legitimacy of general statements made about certain relationships involving social processes (basic research), applied research on the other hand aims to solve specific as well as real problems and it is focused on generating new knowledge (Garand, 2013). Social research involves the research of social interaction, beliefs, people, institutions, behaviour, and its mandate may be exploratory or descriptive (Neuman, 2016). This research assumes the phenomenological research approach which, according to Adams, Khan and

Raeside (2014), is associated with the research of human actions and behaviour and it is associated with the qualitative research approach.

3.3 Research Design

Research design is referred to by Bryman and Bell (2015) as the overall strategy used in the integration of the various parts of a research in a logical and coherent manner in order to effectively attain the research objectives. The research design encompasses all measures taken to ensure that a research is appropriately premeditated and conducted. A research design is like similar to a pathway selected in order to reach a certain destination, a blueprint for data collection, measurement, analysis, display and interpretation (Garand, 2013). The following sections provide a review of various research designs available to a researcher.

3.3.1 Correlational Research Design

According to Cohen, Manion and Morrison (2013), the correlational research design is concerned with investigating the relationship between two variables or more. The main principle of correlational research is to investigate the interconnections that exist between variables (Creswell, 2013). The correlational research design is quantitative as well as non-experimental and is intended to evaluate and measure the association (statistical) or co-variation between two or more variables with no attention of the direction of causality.

3.3.2 Causal-Comparative Research Design

The causal comparative research design, also referred to as *ex-post de facto* research, is oriented to examining the relationship between dependent and independent variables after a certain action or event has occurred (Dalal and Priya, 2016). According to Cohen, Manion and Morrison (2013), the premise of this research is determine whether variations in a dependent variable can be explained by variations in the independent variables. This research design is quantitative as well as non-experimental and the validity of the conclusions of a causal-comparative research is hinged on empirical confirmation of the prevalence of a connection between the dependent and independent variables.

3.3.3 Explanatory Research Design

Deterding, Canossa, Harteveld, Cooper, Nacke and Whitson (2015) note that the exploratory research design also referred to as causal research is concerned with an investigation which aims to provide better understanding of the nature and/or extent of cause and effect relationships through making connections among or between certain ideas.

3.3.4 Exploratory Research Design

The exploratory research design, according to Flick (2015), is concerned with investigating a certain phenomenon or research problem with the intention of gaining insight or familiarity with subject of investigation. According to Jaumdally, Jones, Hoover, Gamieldien, Kriek, Langwenya, Myer, Passmore and Todd (2017), an exploratory research provides background information as well as answers to the questions of who, what, when and how concerning a research problem. This kind of research is done when there is little knowledge about the subject of the research problem and there is little to no prior literature that is relevant to the subject of research (Kumar, 2016). Exploratory research engages research on little-known areas which have not been conducted where the researcher explores to develop new mind-set (Struwig and Stead, 2013). Exploratory research is usually a precursor to more quantitative research and it assists in choosing the right variables and respondents for a later research (Mackey and Gass, 2015).

3.3.5 Descriptive Research Design

According to Mertens (2014), descriptive research addresses the questions of who, what, when and how concerned with a research problem, however, it does not answer the question of why concerning the subject of research. The application of the descriptive research design is suitable when a researcher needs to amass data on the existing condition of certain phenomenon (Kumar, 2016). Descriptive research is also applied as a preliminary research to help the selection of the appropriate variables as and respondents for a more quantitative and inferential research (Neuman, 2016).

3.3.6 The Adopted Research Design

This research adopted the exploratory research design and the rationale for choosing this design was based on that little is known about the subject matter of this research. It provided better understanding of issues concerning for better decision making on the effectiveness of internal control with regards to leadership, internal control, internal audit and governance in KZN DoT taking into consideration that there were few knowledgeable experts' officials with relevant information about the research phenomena.

3.4 Research Strategy

According to Silverman (2016), there are various research strategies available to business researchers however, they all fall under three categories, positivist research strategy (surveys), phenomenological research strategies (action research, case research, ethnography, grounded theory) and mixed research strategies (a combination the positivist and phenomenological strategies). The following sections provide a review of some of these research strategies.

3.4.1 Surveys

According to Smith (2015), a survey provides quantitative data that describes of data that opinions, attitudes and trends. Surveys permit an investigator to make inferences about a research population from the findings a research sample (St John, Brockington, Bunnefeld, Duffy, Homewood, Jones, Keane, Milner-Gulland, Nuno and Razafimanahaka, 2016). In order to ensure the validity of these inferences or generalisations a researchers usually select the components or individuals to be part of a sample randomly so as to ensure that every component or individual within the research population has an equal opportunity of being selected (Taylor, Bogdan and DeVault, 2015). Random sample selection, in addition to a large sample size relative to the population, will ensure that the study sample is a reliable representation of the population allowing for inferences/generalisations about the population to be made to some degree of confidence.

3.4.2 Action Research

Action research involves undertaking an investigation in order to improve certain practices or to solve a particular problem (Kumar, 2016). Action research is concerned identifying areas that are of concern, experimenting, developing and testing alternative approaches (Creswell, 2013). Similarly, according to Dalal and Priya (2016), action research has two focuses as follows:

The research of an already existing intervention or programme to identify potential areas in need of improvement in respect to efficiency and/or effectiveness. The results of such a research will be the basis of bringing about improvements.

A professional identifies a previously unidentified or unattended issue or problem and undertakes research to gather information to be better understand the problem and justify the need for an appropriate intervention programme to deal with the issue or problem.

3.4.3 Case Research

This research design involves the a thorough, holistic and in-depth investigation based on a case, which can be a single person, a group of people, a community, a city or town, a population sub-group, an event or occurrence (Deterding et al., 2015). According to Flick (2015), the research population in a case research is treated as a single entity. This research strategy is dominantly qualitative, but it is also used in quantitative research (Dalal and Priya, 2016). A case research assumes that the case in hand is atypical of other cases of a similar nature thus a single case provides insight into the situation that prevails in the other cases (Fraley and Hudson, 2014). The case research strategy is used when there is little knowledge concerning a certain circumstance, topic, occurrence or episode and there is the need for in-depth and holistic understanding of the subject of research.

3.4.4 Ethnography

Ethnography is a strategy of inquiry originating from the fields of anthropology and sociology and is concerned with the research of common patterns of cultures' and peoples' behaviour, actions and languages (Fraley and Hudson, 2014). According to Kumar (2016), ethnography

commonly makes use of observation and interviews as methods of collecting data which would be used to systematically research peoples and cultures.

3.4.5 Grounded Theory

According to Mertens (2014), the grounded theory research strategy involves the use of the view and opinions of research participants to generate abstract theory. Grounded theory research makes use of multiple stages of data collection and data refinement processes which lead the emergence of conceptual categories grounded by the views and opinions of research participants (Smith, 2015).

3.4.6 The Adopted Research Strategy

The action research strategy was selected for this research and this research represents the initial explorative stage of the action research. Literature about this research is scarce hence this explorative research seeks to deliver an enhanced understanding of the topic of this research. The findings of this research revealed certain issues of concern which needed improvements and recommendation of measures that would bring about the needed improvements were made.

3.5 Target Population

A research population consists of the entire collection of units from which a researcher selects a segment to conduct the research, further identify a research sample as the specific group of individuals with certain attributes that the researcher is interested in (Bryman and Bell, 2015). The target population of this research consisted of 18 high level managers, departmental managers, and auditors, within the KwaZulu-Natal DoT, who are part of the leadership team, are involved in decision making processes and have knowledge of the internal control processes within the organisation. From this target population the research sample was selected.

3.6 Sampling

Sampling refers to the process by which study respondents are selected from the overall population that is used in the research (Bryman and Bell, 2015). The sampling method used for

a research is determined by the research philosophy as well as the objectives of the research Mertens (2014). According to Fraley and Hudson (2014), if not properly handled, the research component of sampling will adversely affect the successful outcome of any research. All sampling methods and techniques fall under two categories, and non-probability and probability sampling.

Probability sampling entails an element of random selection of respondents whilst non-probability sampling selects respondents in a non-random way. With probability sampling, a research can carry out statistical intervention, without knowledge of the target population size, and all the components of this study population have equal chances of being included in the study sample. Some probability sampling identified by Creswell (2013) are as follows:

- Random sampling – the elements of the study population have an equal opportunity to be selected to be part of the study sample and selection of the study participants is done randomly.
- Cluster sampling – the elements of the study population are separated in accordance to certain cluster segments, which can be by province, district or city, and then the researchers randomly selects the elements for the study sample.
- Stratified Sampling – the elements of the study population are put into groups in accordance to their link to the research with each group having its own representative sample for example age, gender, and race.

Probability sampling methods are best for quantitative research, where inferences or generalisations about the study population would be made from the results obtained from the study population.

With non-probability sampling, elements of a study population do not have an equal opportunity of being chosen to be part of the study sample and the selection is done in a non-random manner (Leedy and Ormrod, 2014). The selection of elements of the population into the study sample is subject to the researcher's judgment (Creswell, 2013). Some non-probability sampling methods, according to Bryman (2015), are as follows:

- Quota sampling – representative elements are selected for the study sample based on certain criteria to guarantee the elements in the study population are proportionally represented within the sample.
- Snowball sampling – the existing study participants refer other study participants to the researcher.
- Purposive sampling – the researcher has prior knowledge of the sample and goes on to deliberately select study participants, from the study population, appropriate to the research.
- Convenience sampling – the sample is selected from the study population based on the availability of the study elements.

For this research, the non-probabilistic sampling method of purposive sampling was utilised to select 12 study participants out of a study population consisting of 18 individuals within the KZN DoT, considered as experts or are highly involved in decision making on the issues related to the research. According to Kumar (2016), a sample size that is a good representation of the population is important but however unnecessary when conducting qualitative research, hence the small sample size of the research sample relative to the population is adopted for a research when the researcher previous knowledge of the study population and selects a certain targeted group of people who have a high likelihood of providing relevant and adequate information for addressing a particular research problem (Creswell, 2014). Purposive sampling is commonly adopted in qualitative research for the purpose of selecting and identifying cases that are rich with information and promote the most effective and efficient use of scarce resources. The purposefully selected research sample consisted of the deputy director general, chief directors, chief financial officer, deputy directors, and directors from the head office and one regional office. The research participants were 12 in total and were of mixed nationalities, cultural background and leadership style and were selected based on the following:

- Knowledgeable about the relationships that exist between internal control with leadership, governance, financial and performance management in the DoT

- Fundi's and experienced experts' individuals in the field of finance as well as corporate governance disciplines to be able to give valid opinions on this topic.

3.7 Research Instrument

Bryman (2015), states that a research instrument refers to a strategy or apparatus which an investigator utilises to gather research data. There are several instruments at the disposal of researchers which can be used to collect primary data and some of the main ones include questionnaires, interviews, observation and focus groups (Kumar, 2016). Each of these methods have their inherent merits as well as demerits and selection of a data collection instrument should be based on the instrument's suitability and appropriateness for a research particularly the nature of the data being collected. For quantitative data, the questionnaire is the most appropriate method of data collection due to their ability to anonymously collect large quantities of quantifiable data from a relatively large sample size within a short period of time (Rubin and Babbie, 2016), On the other hand, interviews [structured and semi-structured], observation and focus groups are research instruments more suitable for the collection of qualitative data (Creswell, 2014). These qualitative data collection instruments could collect in depth, highly detailed and rich data from a relatively small study sample.

Semi-structured interviews were adopted as a tool for data collection instrument for this research collection of rich and in-depth primary data. Participants could respond unlimited but were guided in terms of the research questions compiled. An interview guide was compiled to ensure alignment to research aims, research objectives and problem statement and interview guide was used as a guide for standard uniformity. The semi-structured interview has the advantage of allowing questioning and further probing to make respondents give detailed explanations of a research topic (Creswell, 2013). Additionally, interviews done face to face can detect non-verbal and verbal cues, like tone of voice and body language, this allows for the collection of rich and in-depth data from the study participants (Rubin and Babbie, 2016). Open-ended questions also have the advantage of allowing respondents to give more detail explaining their responses and this enables the investigator to obtain detailed and in depth understanding of the investigated phenomenon (Leedy and Ormrod, 2014). An interview guide was compiled with the combination of both open-ended and close-ended questions, but the majority was open-ended to permit respondents to explain themselves in their own words.

On the other hand, interviews as research instruments do have their own weaknesses. According to Rubin and Babbie (2016), some of the disadvantages of interviews are as follows:

- Face to face interviews are costly as they usually require personnel to travel and conduct the interviews.
- The quality of the data collected from an interview is highly dependent on the interviewer. The interviewer should be highly skilled in data collection through interviews to ensure the most effective data collection and usually, interviewing personnel do not always possess the required skill.
- The collection and recording of interview data is quite laborious and time consuming as it is done manually. All the data should be transcribed in verbatim and thus, the process of making the primary data ready for analysis is very laborious, time consuming as well as costly.
- There is a limit to the size of the sample for which interviews can be used as data collection instruments. The size of the sample is limited to the number of interviewers, the coverage area of the research as well as the number of qualified interviewees within that area.

Given the above-mentioned strengths and weaknesses of interviews as a research instrument, interviews were still the most suitable research instrument as the advantages outweigh the disadvantages.

3.8 Interview Construction

The semi-structured interviews which were administered to collect primary data were based on an interview guide which consisted of nine interview questions based on the objectives of the research. The interview guide was constructed up the research objectives, the theoretical framework as well as the theories and variables explored in the literature review. The interview guide consisted of two sections, section A which collected biographical data of the research participants and section B which consisted of 10 open ended interview questions. Section B was divided into three categories based on the three research objectives, questions 1 to 4 fell

under objective one, while questions 5 to 7 addressed objective two and interview questions 8 to 10 fell under objective three. In this research, interview guide was constructed a base on the research questions to address the research objective with the problem statement. Follow up questions were based on participant response but also guided by interview guide.

3.9 Pilot Study

The pilot research allows the researcher to test research tool with the intention of issues with the research instrument administered for primary data collection (Mackey and Gass, 2015). A pilot research was conducted for this research under the same setting and interview guide as that which the main research was to be conducted. The pilot research was consisted of 2 participants, two departmental managers from the headquarters of the KwaZulu-Natal DoT. The pilot research revealed questions whose wording needed improvements and some of questions were exhibited researcher bias. The wording of the interview questions was improved and the issue of researcher bias with the research instrument was resolved. The pilot research also revealed that it would take between 30 to 40 minutes to conduct each interview.

3.10 Administration of the Interview

Data was collected from different the deputy director general, chief directors, chief financial officer, deputy directors, and directors that were sampled for this research in the form of one on one in-depth interviews. The researcher administrated the process of interview guides to guide interviews. Data collected produced new change in basic assumptions of the world that will requires further processing. The interview participants were requested for go-ahead to record the interview for later analysis. This permission was obtained both verbally and in writing. All participants were contacted to request participation in the research based on their leadership influence on internal control. They were all emailed to request and confirm availability to conduct a one on one interview and the follow up call were also made to ensure that participants have received the email. They were also sensitised that a digital recorder will be utilised during the interview process.

3.11 Data analysis

Data analysis refers to the process of transforming ‘raw data’ into variables that can be analysed to yield meaningful and discernible information that can be used to address the research problem (Rubin and Babbie, 2016). Computer software NVivo 11 was used for data entry and data transformation. This computer software tool was selected based on its well-known functionality on qualitative research. The tool NVivo 11 previously mainly emphasised on qualitative data analysis software which was on coding as a primary strategy currently this emphasise is currently progressively shifting from to provision of tools to facilitate modelling, writing, linking, thinking and graphic presentation in a way that goes beyond simple reliance on coding (Du Plooy-Cilliers, Davis and Bezuidenhout, 2014). The recordings from the interviews were transcribed in verbatim, compiled and entered into a database before being fed into the analysis software for processing through thematic analysis. Thematic analysis provided a strategy for categorising and interpreting primary data collected from the research, facilitating the capture the discernible information from the primary data to creating a narrative understanding bringing together the differences and commonalities in participants’ descriptions of their individual experience and opinions about the topic of research (Crowe, Inder and Porter, 2015). The services of statistician were utilised for data processing and analysing using NVivo 11 qualitative data analysis package.

3.12 Validity and Reliability

In order to ensure the reliability and validity of collected primary data, it was necessary to describe the basic variables clearly and accurately. According Bazeley and Jackson (2013), the notion of validity and reliability is more suitable for quantitative research, in the context of qualitative research quality or goodness of an inquiry is determined by the concepts of credibility, trustworthiness, confirmability and dependability.

3.12.1 Credibility

Credibility is concerned with whether the findings of a qualitative research are believable or credible from the standpoint of the research participant (Bryman, 2015). According to Jaumdally et al., (2017), since qualitative research explores individuals’ views, opinions, experiences, feelings and beliefs, the participants of the research are the best judges of the

authenticity, believability or credibility of the research findings. In this respect, the results of this research were taken back to the research participants and the credibility of this research was confirmed.

3.12.2 Transferability

According to St John et al., (2016), transferability refers to the extent to which the findings of a qualitative research can be transferred or generalised to other settings or contexts. The transferability of a research can be assured through a thorough and extensive description of the processes adopted in conducting the research (Taylor et al., 2015). The transferability of this research was ensured through a thorough and rich documentation of the research setting, the characteristics of the research population as well as sample and the processes involved in carrying out this research.

3.12.3 Confirmability

The confirmability of a research refers to the extent to which the results of a research can be corroborated or confirmed by others (Thomas, Silverman and Nelson, 2015). Flick (2015) notes that the confirmability of a qualitative research can be achieved by maintaining objectivity when conducting the research. This research was conducted using the highest standards of objectivity and measures were taken to root out any form of bias during the entire research process. According to Cohen et al. (2013), confirmability is confirmed if the other researchers (corroborators) conduct the research following an identical research process as that used in the original research. Hence, the research process adopted in conducting this research is extensively described in detail. Additionally, this research was conducted under a supervisor who over watched the entire research process and assumed the role of a devil's advocate, further ensuring confirmability.

3.12.4 Dependability

The dependability of a qualitative research, according to Fraley and Hudson (2014), is concerned with whether the same findings can be replicated if the same thing was observed twice. This is the equivalent to the concept of reliability in the context of quantitative research (Kumar, 2016). Given that qualitative research advocates for freedom and flexibility, it is

difficult to establish dependability unless the entire research process is documented in extensively and in detail. Considering this, all the research processes are richly and extensively described and recorded in a manner that allows for the entire research process to be replicated with ease.

3.13 Elimination of Bias

The researcher circumvented the use semantics that reinforced or suggested stereotypes. The elimination of bias was one of the key considerations taken into account in designing and conducting the research. Potential bias in the research was eliminated by strict adherence to the questions in the interview guide. Leading questions like do you are or don't you agree was avoided.

3.14 Ethical Considerations

This research was conducted with permission from University of KwaZulu-Natal and approval was obtained from the gatekeepers to carry out this research. Fraley and Hudson (2014:281) note that, “without ethical considerations, a researcher runs the risk of unintentionally harming research participants, being embarrassed or even ruining their reputations and generating public disapproval”. To this effect, the ethical considerations adhered to in this research are as follows:

- This research was conducted with approval from the KwaZulu-Natal DoT
- The anonymity and privacy of the participants was assured in a covering letter given to the research participants before their participation. In presenting the results of the research the names and identities of the research were replaced by number, Respondent 1, Respondent 2 and so forth.
- Confidentiality was warranted by ensuring that the research data collected was not for public consumption and was used specifically for the study and nothing more.
- The interview guide obtained ethical clearance from the University of KwaZulu-Natal to ensure that no material in the interviews would harm of any form would come to the participants

- This research was conducted with careful consideration to ensure that no harm physical or psychological came to the participants. This was ensured through notifying the study participants that if the interview process was becoming harmful to them, in any way, they had the right to withdraw or not respond as well as note out their discomfort/distress and their will would be respected. This was also outlined in the covering letter of the research that was made available to respondents before their participation in the research
- The consent of the research participants of the participants of the research was sought before their participation in the research. The respondents signed letters of consent before they were interviewed. Hence, the respondents of this research participated in the research willingly and voluntarily
- Feedback of the research was made available to the participants as the results of the research was made available to the participants.

3.15 Conclusion

This chapter provided a review of research methods and techniques conceptualised the research design and methods adopted as the framework that facilitated data, collection, analysis, presentation and interpretations. The primary data was collected with the purpose of addressing the research problem through the attainment of the aim and objectives of this research. The following chapter, chapter 4, provides a presentation, analysis and interpretation of the primary data collected from this research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter provides a presentation of the primary data collected, analyses it and provides an interpretation of the research findings. This chapter also presents a discussion of the research findings. The data analysis process was conducted with the aid of the qualitative data analysis software package, NVivo 11. The findings of the research are presented and analysed with the use of tables, word clouds and words. The process of thematic analysis was guided by pre-coded themes or categories, all the data is analysed and categorised under these pre-coded themes or categories. However, there was a leeway that if additional themes or categories arise from within the data they would be recognised and added to the outline of themes for the research. The categorised data was then interpreted in relation to the objectives of the research.

4.2 Sample Demographics

This section presents biographical information on the respondents age, gender and work experience collected from the primary research.

4.2.1 Age

Table 4.1 below shows the distribution of respondents by age.

Table 4.1: Distribution of Respondents by Age

Respondent Age	Frequency
Below 18 Years	0

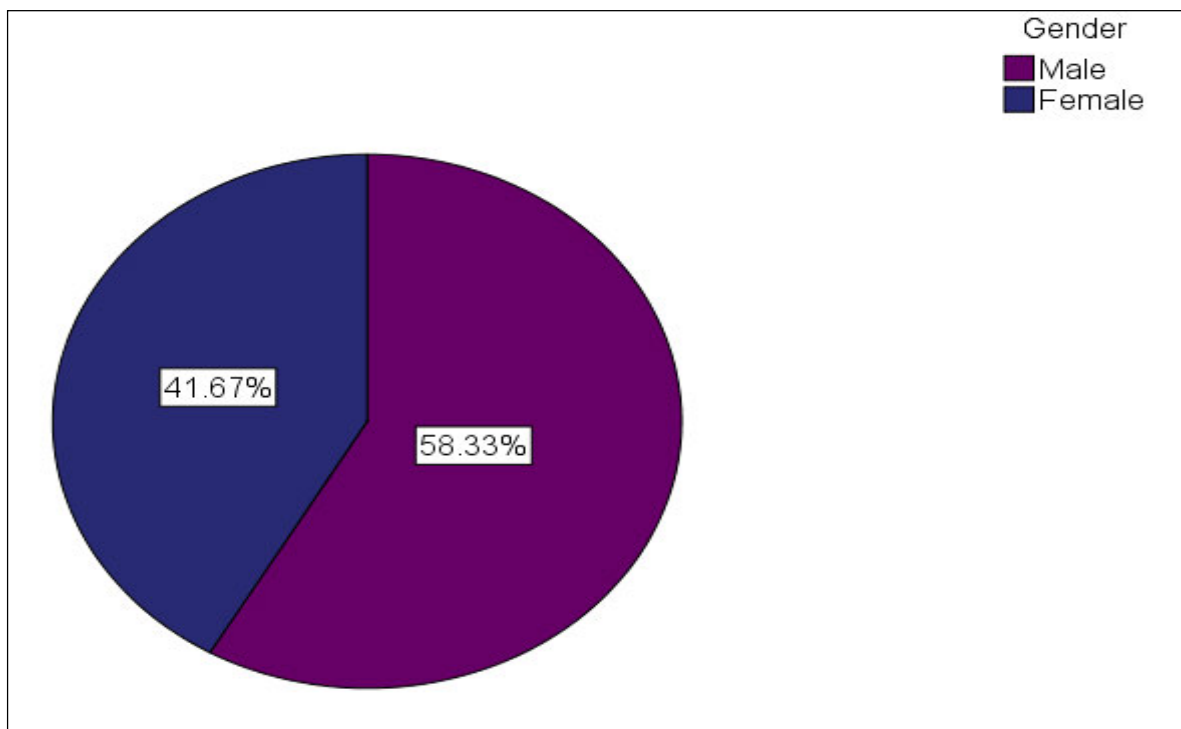
18 – 30 Years	0
31 – 40 Years	1
Over 40 Years	11
Total	12

Of the twelve respondents all but one, who was in the 31 – 40 age range, were over 40 years old.

4.2.2 Gender

Figure 4.1 below illustrates the distribution of the gender of the participants in the form of a pie chart.

Figure 4.1: Distribution of Respondents by Gender



From the pie chart in figure 4.1 the majority of the respondents were male representing 7 out of twelve of the sample size while the rest were female.

4.2.3 Work Experience

The following Table 4.2 presents the years of work experience of the research participants in their line of work.

Table 4.2: Distribution of Respondents by Work Experience

Respondent's Work Experience	Frequency
0 – 5 Years	0
6 - 10 Years	0
Over 10 Years	12
Total	12

As shown in the above all the respondents had more than 10 years of experience in their current line of work. This shows that all the respondents have the adequate amount of experience and knowledge of what their work entailed, and this was one of the criteria used to choose individuals to include the research sample.

4.3 Primary Research Findings

The following section provide the presentation, analysis, and interpretation of the findings of the primary research conducted through semi-structured interviews. This section is presented in line with objectives of the research were as follows:

- To assess the nature of influence the leadership has on the implementation of adequate internal controls
- To explore the programs that the DoT has implemented to strengthen the function of internal controls and
- To ascertain to the extent to which the leadership understands internal control in relation to the execution of departmental core functions.

4.3.1 Objective One: To assess the nature of influence the leadership has on the implementation of adequate internal controls

The first objective was aimed at answering the research question of: What influence does leadership have towards the implementation of adequate internal controls? As noted in the literature review, previous research has shown that leadership is of great importance in recognising the need for, designing and implementing internal controls (Ngcobo, 2016). The following sections present and provide an analysis as well interpretation of findings obtained from the research with respect to the leadership and their influence on the implementation as well as monitoring of internal controls. Under the first objective there were four questions in the interview guide and the data collected was follows:

4.3.1.1 Interview Question 1: Could you please explain the nature of influence that leadership has on the implementation of adequate internal controls?

When the respondents were asked to explain the nature of influence the leadership has on the implementation of adequate internal controls in the DoT in KwaZulu-Natal, some of their responses were as follows:

- Respondent 1: “The leadership is responsible for ensuring that there are internal controls in the first place for the particular business unit they are in charge of. As a leader your responsibility is also to make sure that internal are cascaded to all necessary levels of the staff in your business unit. It is the responsibility of a leader to workshop and facilitate internal control measures and policies. A leader should also recognise the ideas and opinions of subordinates as they may contribute great to the designing and implementation of effective, efficient and adequate internal controls.”
- Respondent 4: “It is the responsibility of the leader, when documenting job descriptions of subordinates, to ensure that what is expected of employees in terms of internal controls is clearly outlined. This should be done in order to make sure that subordinates fully understand what needs to be done and for them to have the knowledge that they will be monitored”
- Respondent 7: “The leadership is responsible for setting the tone of what is expected within an organisation. It is the responsibility of leadership to put systems and policies in place and they are also responsible for monitoring the implementation of internal controls. That combined with consequence management, then the influence of leadership is effective, and subordinates takes management seriously. However, if leadership does not monitor and apply what I mentioned previously, there would be a negative ripple effect which is passed throughout the organisation at all levels in the hierarchy. Leadership needs to lead by example in terms of internal controls, it has to live and breathe the policies it implements and ensure that things are done as per the requirements the internal control policies and systems put in place.”

- Respondent 10: “The leadership or managers have considerable influence on the implementation of adequate internal controls. Without the effort of management there would not be internal controls at all as the department would be operating out of legislation.”
- Respondent 12: “Leadership has strong influence in determining what internal controls to put in place. Even though there are guidelines and notes on internal controls, they may not specifically address certain issues on the ground. Therefore, it is my responsibility as a leader to translate and interpret the guidelines for day to day application. Furthermore, measures have to be put in place by the leadership to make sure that the whole department complies with the requirements of the guidelines or practice notes.”

Figure 4.2 below shows the responses of the participants in the form of a word cloud showing the most frequently mentioned words in response to the question inquiring for the nature of influence that leadership has on the implementation of adequate internal controls.

Figure 4.2: The Nature of Leadership Influence on Implementation of Adequate Internal Controls



From the findings presented above it is apparent that leadership has great influence on the implementation of adequate internal controls. Leadership within the DoT in KwaZulu-Natal is responsible for the failure or success in the implementation of adequate internal controls within the department. This is in line with the findings of Chorafas (2000), who notes that internal leadership is part of the accountability of the board and senior leadership of any business organisation. The designing and implementation of internal controls within the DoT in KZN is the responsibility of the leadership, this is in line with the research of Sentara (2015) and Ngcobo (2016) who note that an organisation's leadership is responsible for designing, implementing, and driving effective as well as adequate internal controls. Hence, the adequateness and efficiency of internal controls within the DoT of KZN is highly dependable on the input and effort of management in setting up and running the internal controls. The highlights from the research findings, in terms of the nature of influence that leadership has on the implementation of internal control, are as follows:

- The success of internal control is highly hinged upon the input and effort of leadership towards implementation of the controls;
- Leadership plays the role of interpreting and workshopping internal control policies, practice notes and guidelines to ensure that all the staff within the leaders' sphere of leadership fully understand the role they play in the implementation of internal controls and what is expected of them;
- Leadership is responsible for disseminating and instilling a culture that leans towards religious compliance towards the effective, efficient, and successful implementation of adequate internal controls;
- Leadership is also not exempt from the requirements of internal control policies and systems. There is the need for leaders to strictly conform to internal control demands for their subordinates to do the same. The failure to lead by example has dire effects as it leads to resistance to conform from the subordinates of the non-conforming leader;
- The concept of consequence management cannot be separated from the successful implementation of adequate internal controls; the leader of the DoT should not be

immune to consequences of transgressions against the internal control policies and systems.

- The effort put towards the implementation of adequate internal controls at the time of the research was at best average. There is absolute consensus among the respondents that the effort and influence of the leaders of the DoT in KZN is at best moderate and there is much room for improvement. There is considerable and strong negative influence of leadership towards the implementation of adequate internal controls. Most of the respondents identified the failure to lead by example, by some leaders, as one of the major issues contributing to the apparent negative influence the department's management has on the successful implementation of adequate internal controls. Most of the respondents specifically cite poor consequence management in handling offences committed by the leadership.

The above-mentioned findings positively confirm the high significance of influence that leadership possesses in determining the successful or unsuccessful implementation of adequate internal controls within the DoT in KZN.

4.3.1.2 Interview Question 2: What has been the influence the leadership of DoT on the introduction of programmes designed to strengthen the function of internal controls?

According to Mohammadi et al. (2014), the leadership of any organisation play a vital role in the strengthening of internal controls through the implementation of preventative and detective measures. In response to an inquiry into the influence of leadership on the introduction of programmes designed to strengthen the function of internal controls, some of the research participants responded as follows:

- Respondent 2: "In order to strengthen internal controls we have several committees that comprise of the department's leadership who constantly thrive to improve and strengthen internal controls. There is the policy development committee which is responsible for developing new internal control policies and improving already existing ones to address shortfalls in the smooth operation of the department. This committee allows for representation of staff how have lower ranks within the organisation as it

also comprises of employees in level 9 to level 12. There is also a committee for risk management consisting of the department's leadership as well. This committee is responsible for handling issues of governance as well as identifying potential and actual risks to mitigate or dealing with these issues.”

- Respondent 3: “Leadership within the department leads the processes, tasks and initiatives for strengthening internal controls. It is the responsibility of management to strengthen these controls. Taking for example, controls in supply chain management which were once weak, and management played a role in identifying the weaknesses and strengthening the internal controls. The management consciously introduces and strengthens these internal controls so that we can control the environment in which we operate.”
- Respondent 6: “There are several measures put in place, with great influence from the leadership, to strengthen internal controls for example provincial treasury auditing and compliance inspections. As managers and leaders, we identify areas of risk and after that we put in place measure to mitigate those risks. In compliance inspections we identify areas that we think need more control and leadership does that on a continuous basis. From all our findings we write reports which contain recommendations of solutions to the problems we are facing, and we submit them to management higher up in the chain of command.”
- Respondent 7: “The leadership of the department takes all the initiatives that make sure that internal controls are inculcated into the culture of the department. One measure for strengthening internal controls is the audit improvement strategy, however this has been previously designed as a one-man-show. It has not been consultative in nature and it has not taken the shape of where there is ownership by everyone at all levels within the organisation to say that, yes this is an audit improvement strategy. Because the audit improvement strategy is not consultative it becomes very challenging.”
- Respondent 8: “With respect to information technology, us as leaders, we introduced an automation programme throughout the department to handle issues of individuals forgetting internal control processes, systems and procedures through the manual system of operation. Automated processed provide us with a dash board or bird's-eye

view of all processes in real-time. For instance, we will be able to see immediately where there is irregular expenditure, fruitless expenditure or all other qualifying issues that are of concern to us can be identify as soon as they happen not later after a periodical internal audit.”

- Respondent 12: “In order to strengthen internal control there is the need to have a motivated and willing staff. Now we have a gap of shortage of staff and hence it means that, as a leader, you may have good plans and procedures, but the implementation results will not be as good. Leadership has influence on the strengthening of internal controls but however there are some resource constraints hindering effective and successful implementation and continuous improvement.”

The following figure 4.3 illustrates the responses of the research participants, with respect to the influence of leadership on introduction of programmes that are meant to strengthen internal controls, in the form of a word cloud.

Figure 4.3: Leadership Influence on Initiatives to Strengthening Internal Controls.



The primary data presented in this section points out to the fact that initiatives to strengthen internal control controls are indeed in the realm of the leadership of the DoT in KZN and the leadership has much of the influence these initiatives. These findings are in line with those of the research of Mohammadi et al. (2014) and Feng et al. (2014) who note that the leadership of an organisation plays the role of ensuring that preventative as well as detective measures of internal controls are present. These measures are put in place by management and it is the responsibility of management to ensure that they have the strength to mitigate shortfalls as well as address prevalent issues that hinder the smooth and successful operation of an organisation.

A noteworthy finding from the primary research is that even though the role that the leaders well recognise the subordinates of leaders themselves, the shortage of staff, poor delegation and lack of democracy within some of the initiatives has proven to be a deterrent in the efforts of the department to strengthen its internal controls. As noted by Skaife et al. (2013), the setting up of preventative and detective measures alone are not sufficient guarantee the successful implementation of internal controls. There is the need for the management of an organisation to delegate tasks to subordinates to meet the requirements of internal control, satisfaction of which is also subject to other resource constraints including physical access to equipment, cash, inventory, and other assets (Feng et al., 2014 and Skaife et al., 2013). The influence of leadership in taking on initiatives to strengthen internal control is viewed as poor and weak by the respondents and understaffing within the DoT is a likely explanation to this predicament. In addition to this understaffing, it is also apparent from the research findings that the preventative measures for internal control within the department are lacking and there is much room improvement. Additionally, the research findings also pointed out that there is a lack of ownership of the initiatives meant to strengthen internal controls, without a buy-in from the employees the success of these initiatives proves to be a challenge.

4.3.1.3 Interview Question 3: Could you tell me what the role of leadership has been towards the monitoring of internal controls?

The effective monitoring of internal controls is one of the key components that contribute to the success of any internal control initiative. As noted by Santiso (2013), the control environment provided the foundation of the internal control structure while monitoring is one

of the elements which make up the overall roof of the structure. Hence, without adequate monitoring, internal controls would be incomplete and inadequate. This section thus focuses on the research findings concerning the role of leadership concerning in the monitoring of internal controls within the DoT in KZN. Some of the responses of the research participants to this line of inquiry were as follows:

- Respondent 1: “Monitoring is one of the key functions of leadership within any organisation and especially within a public-sector organisation like this department. To ensure the appropriate use of tax payers’ money and prevent corruption as well as misappropriation of funds there is a great need for monitoring of this department. Leadership assumes the role of oversight of the business units for which they are responsible. However, there is very poor management oversight in areas of internal controls and there is a need to improve.”
- Respondent 2: In all the committees, except for the policy development committee there is someone from ESCOR, corporate services sitting in the committee meetings, providing a strategic oversight for strategic management under which policy development and planning fall. They provide reports to ESCOR so that if there are challenges or gaps the leadership or executive could offer some input.”
- Respondent 5: “The first monitoring tool is the audit improvement strategy. There is also quarterly reporting to the audit committee and from a manager’s point of view there are monthly updates of that report accompanied by a presentation to the management committee. From an internal compliance point of view, they present findings of internal compliance inspections to the relevant managers and again there is monitoring for the management point of view. On a quarterly basis, the AG does an assessment of the progress of the audit improvement strategy and this is also reported to the MEC. There is an MEC oversight on the audit improvement strategy
- Respondent 7: “On a regular basis through weekly and quarterly meetings, the key principles of management are always outlined. As a leader you plan, you lead, you organise, and you control. Part of controlling is monitoring what happens within your area of responsibility. However, managers within this department, once they are here monitoring they expect someone out of their area of operation to come and

monitor. Monitoring by a manager is supposed to be an on-going process and it is of great importance. Oversight from the internal audit, monitoring and evaluation, MEC and the portfolio committee units is supposed to be ongoing instead of occasional.”

- Respondent 4: “There is what we call the audit response plan which looks at all the audits and audit outcomes and us as management sit down and plot a response plan as well as make decisions that will improve the plan. Through this process we devise the audit response plan and the audit improvement plan which are more of decision matrices in terms of how we respond or structure ourselves so as to improve audit outcomes”
- Respondent 11: “In the effort to ensure monitoring, the leadership or the management within the finance unit submit monthly reports to the treasury. There are internal controls in place to ensure effective and accurate reporting. These reports are reviewed by management and they represent a medium for monitoring internal controls within the department.”

Figure 4.4 below shows the themes that arose from the participants’ responses to the second third question of the objectives.

Figure 4.4: Leadership and Monitoring of Internal Controls



From the findings outlined above it is clear that monitoring of internal controls is the sole responsibility of leadership. This finding is like the findings of the research by Santiso (2013) who purports that management oversight plays a key role the day to day running of any organisation. Mohammadi et al. (2014) points out that monitoring is an on-going process, however, contrast there is a divide between the management on what monitoring entails and whose responsibility it is. Some of the respondents, in line with literature Vaassen et al. (2009), note that monitoring is the responsibility of every leader and they recognise that most leaders are not aware of this. For the respondents who view monitoring as on-going, the prevailing state of monitoring within the department is severely dysfunction and in dire need of improvement. On the other hand, most of the respondents view monitoring as chiefly the responsibility of other individuals and units besides themselves; for example, the internal auditors, the internal compliance unit, the AG, the MEC and so forth. In the view of these respondents monitoring is a periodical or occasional phenomenon and for these individuals the current state of monitoring within the department is quite okay. This lack of consensus amongst respondents, in how they define monitoring as well as its prevailing state of effectiveness and success, is a sign that poor monitoring prevails and there is much room for improvement. Poor monitoring is likely another explanation that explains the currently unsatisfactory state of KZN's DoT.

4.3.1.4 Interview Question 4: Are there any gaps in the monitoring of internal controls, if so what are your suggestions for improvement?

The research of Santiso (2013) clearly outlined the need and importance of effective monitoring for effectively running a business in general and for successfully implementing internal controls within an organisation. Shortfalls in the monitoring of internal controls are undesirable as they likely lead to the failure of internal controls. Some of the responses of the research participants when requested to identify gaps that are present in the monitoring of internal controls as well as the solutions within the DoT in KZN were as follows:

- Respondent 2: “We have a number of issues with monitoring of internal controls and we have to address them starting with the more critical ones. From an overall point of view our biggest challenge is that our processes are all manual. We have no reporting, contingency system to give an immediate report or current financial position. The payment system which we are currently using makes monitoring of internal controls

difficult as it is based on a manual system. Automation of all internal control as well as operational processes and systems would make the successful implementation of those internal controls less challenging.”

- Respondent 3: “We are lacking in the monitoring of internal controls. Particularly, there is a lack of consequence management for policies which are not being adhered to. To fill these gaps, we as a department should adopt a culture of constant monitoring. Managers are not monitoring controls because there is a lack of consequence management. Monitoring should not be the responsibility of the monitoring and evaluation unit only, but every manager should monitor constantly the programmes they oversee.”
- Respondent 5: “There are gaps in consequence management which is not at its best. Not all recommendations that come out of audit reports are exercised. Consequence management on managers is not being implemented. It starts from the top and the consequence management is lacking. Discipline is enforced at the lower levels only but not for managers.
- Respondent 9: “There are a lot of issues coming from the procurement unit of loss of documents and a lack of adequate skills in the procurement processes. The fixed asset management side lacks skills in terms of how to handle issues. The solution to fill these gaps is automation helps get our documents in place and handle some of the issues of skill shortages as well as through centralisation of some skills.”

The following figure 4.5 illustrates the most frequent themes from the responses of the research participants when they were asked to identify the gaps.

Figure 4.5: Challenges in Monitoring Internal Controls



The results above show that gaps do exist in the monitoring of internal controls within the DoT in KZN. There is much room for improvement in the way monitoring is conducted by the leadership. The most prominent shortfall in the monitoring of internal controls is that of the absence of continuous monitoring on a day to day basis. Most of the respondents do not recognise that monitoring is an on-going process that should be executed continuously most of the respondents recognise monitoring as an occasional phenomenon. Some of the respondents also point out that they view monitoring as principally the role of other functional units, like internal auditing, internal compliance, monitoring as well as monitoring and evaluation, and not chiefly that of the leaders themselves.

The process of monitoring within the DoT in KZN is also hindered by poor consequence management especially in handling transgressions, to the requirements of internal controls, which are committed by the leaders themselves. This has a negative ripple effect throughout the organisation and efforts to monitor and enforce internal controls becomes fruitless. Consequence management is an inseparable component of effective implementation and monitoring of internal controls. Another issue is that of role duplication by the management internal auditing and internal compliance units of the DoT. From the findings of the primary

research it is apparent that leadership recognise the roles currently being played by these two units as similar and tantamount to resource wasting role duplication. On the other hand, some of the leaders view the roles of these two units as fundamentally different and necessary. This lack of consensus what exactly these two units do shows a lack of knowledge among the leadership of what happens on the ground within the DoT. The issue of understaffing within the department is also another major issue that is deterring effective monitoring of internal controls. This finding is in line with the findings of the research by Skaife et al. (2013), who points out that the successful design, implementation, and monitoring of internal controls is subject to resource constraints like physical access human resources, cash, inventory, and other assets. Most of the issues of monitoring within the DoT in KZN arise mostly from the finance and supply chains units of the departments.

The solutions to the above-mentioned problems, as proposed by the respondents, include improved training and induction of leaders; staff recruitment; improved consequence management; the need for leaders to lead by example, improved workshopping of internal control processes and systems; and automation of the systems and processes of the operation of the department. The following Figure 4.6 shows common themes of the proposed solutions compiled during primary research in the form of a word cloud.

Figure 4.6: Potential Solutions to Challenges Faced in Monitoring Internal Controls



Most of the problems faced within the DoT in KZN, in the view of the respondents, stem from poor training of managers within the department. It is recognised that there is a great need for more staff and there is the need for the induction and workshopping of internal controls among the leaders, better management as well as assessment of risk, continuous monitoring by all managers, automation of systems as well as processes and consequence management for the whole organisation.

4.3.2 Objective Two: To explore the programs that the DoT has implemented to strengthen the function of internal controls

The second objective was aimed at answering the research question of: What programmes has the DoT implemented towards strengthening the function of internal controls? According to Feng et al. (2014), the effectiveness of internal controls goes as far as their strength and robustness. Skaife et al. (2013) and Mohammadi et al. (2014) note that internal controls can be strengthened through the implementation of preventative and detective measures, the two categories under which all internal controls fall (Feng et al., 2014). This section presents and discusses the findings from the primary research on the issue of how the leadership in the DoT in KZN strengthens the organisation's internal controls, addressing the second objective of this research. Question 5 to 7 of the interview guide addressed the second objective of this research as follows:

4.3.2.1 Interview Question 5: Can you advise on the programmes the DoT has implemented to strengthen the function of internal controls?

Below is some of the responses to the question which required the research respondents to identify the internal controls within the KZN DoT.

- Respondent 1: “Maybe let us take it out of issues that came out from the audit particularly one matter that qualified us, the issue of irregular expenditure. There has been a project that was introduced to say internal controls staff need to go all around assisting regions in terms of identifying and disclosing irregular expenditure. Although this programme has not been 100% in solving the issue because we were still qualified

again on the same matter but was one of the internal measures introduced within the department.”

- Respondent 3: ‘I think I have already previously spoken of internal control policies and guidelines. The other thing that I have seen coming is the auditing unit, for some time it has not been playing its role, it has not been always coming to audit us on a regular basis as a department. I have also seen that the internal compliance unit also audits us to assist in strengthening our internal controls. Also, there is the training around SCM. These programmes are all geared towards making sure our internal controls are strengthened.’
- Respondent 5: “Basically I would say the audit improvement plan and obviously the internal auditing unit is now conducting they call the AG post-audit from the start of the year. The compliance department is now conducting the AG post-audit, this is new. It may be beneficial because it looks at whether we have put in place the corrective measures prior to the audit improvement plan report being released. This is good because you start looking for ways to improve it rather than wait for the audit improvement plan, which may take time to get finalised.”
- Respondent 7: We have an internal control directorate; the risk management directorate; the risk management directorate; there is the monitoring and evaluation directorate; and within our own directorates we should be having reporting directorates but now we do not have those. We are currently relying upon monitoring and evaluation.”
- Respondent 11: “We have people that come in and audit us in terms of our internal controls. Internal controls. Internal control is an outsourced function, internal auditors are outsourced. We have around 15 to 20 internal control officers that monitor compliance. There is not just one programme, the HOD also initiated a program that follows up on the handling of internal compliance issues. For this programme we have weekly meetings and updates on matters of internal controls.”

From the results of the primary research several internal controls measure within the KZN DoT were identified and all of them can be categorised under preventive and detective categories. The finding that the internal control measures within the KZN DoT can be classified under

these two categories is in line with the research of Mohammadi et al. (2014) and Feng, et al. (2014) who note out that all internal control measures can be categorised as either preventative or detective. Some of the preventative measures found from the primary research include risk assessment by a risk management committee/directive comprising of management only; employee training and workshops; and audit improvement plans which is undertaken to prevent internal control irregularities from repeating in the future. Detective measures comprise the majority of the measures meant to strengthen internal controls and they include audits by the internal compliance and treasury; regular reporting and meetings within the committees of the KZN DoT to address issues of deficiencies in internal controls; and monitoring as well as evaluation by the monitoring and evaluation directive. The fact that there are both preventative and detective internal control measures is a positive indicator of the rigorousness of internal controls within the KZN DoT.

Figure 4.7 below illustrates the common themes from participants' responses to a request to identify the ways of strengthening internal controls within the KZN DoT in the form of a word cloud.

Figure 4.7: Strengthening of Internal Controls within the KZN DoT



4.3.2.2 Interview Question 6: Do you think there is an issue with the programmes to strengthen the implementation of internal controls or the existing control are not adequate to adapt to the complexity of the DoT's functions?

The research participants were requested to identify the causes behind the failure of internal controls within the DoT which have led to qualifying audits for several consecutive years. The question was then whether the existing programmes meant to strengthen internal controls had issues in themselves or that the internal controls are not adequate enough to adapt to the complexity of the function of the KZN DoT. Some of the participants' responses were as follows:

- Respondent 1: "It all goes back to the issue of capacity. You can have a programme, you can have planning, you can have whatever to address situations that are there but if you do not have the capacity to implement it you will find it challenging to succeed. Sometimes people work under pressure and when they work like that they omit some critical things that should not be omitted."
- Respondent 3: "The internal controls, in my view, even though they are not 100%, they are sufficient in making sure that the environment we operate in can be controlled. The issue that I see crippling here are the issues of capacity. Even though you have internal controls in place but if you do not have the capacity you end up with things not being done properly because we do not have enough capacity. Also, the way we are structured as a department, the decentralised form, brings about much complexity as you would have things happening all over the show and the control of these things ends up being challenging. I think the way we are structured brings about complexity, even though we have controls in place the structure is not conducive for the smooth implementation of those controls."
- Respondent 4: "The internal controls in themselves are fine but the problem to me is that people on the ground are not responding properly. To solve this issue managers should not be afraid to manage and to discipline their staff. We have a disciplinary process that is acme. Managers shy away from disciplining their staff as it is a problem

more than it is worth. There is just talk-shops and talk-shops but no implementation. Poor consequence management is one of the issues holding us back.”

- Respondent 5: “Internal compliance is not adequately resourced, but I would not put the blame solely on internal compliance. The problem spans across the whole department as well. One, there is a lack of resources and two, where there are resources they are not properly skilled to do the job. For example, example when talking of SCM, you cannot simply have someone from admin in SCM, they need to be a specialist. There needs to be certain prerequisites for someone to say I am an SCM specialist. This applies to finance or HR as well.”
- Respondent 9: “The internal controls in themselves are adaptive enough. However, there is the need to identify people that have the qualifications and place them in the right spaces and I think that being done would go a long way. An individual with the right qualifications, placed in the appropriate position within the organisation then they will thrive. Organisational culture goes a long way, when there is no organisational culture geared towards achieving goals of the department then all internal control efforts are for nothing.”
- Respondent 10: “The internal controls in themselves are okay but internal compliance needs to be more active so that, when auditors come in from outside, they can share the same vision and the same audit strategy. We cannot be an implementer, a referee and a player. You need someone from outside to over-watch what we do in terms of operations. Other than that, issue we are okay.

Below, in Figure 4.8, shows the challenges with internal controls within the KZN DoT in the form of a word cloud.

Figure 4.8: Challenges with the Internal Controls within the KZN DoT



The primary research findings reveal that the main challenge that is faced in relation to internal controls is that of successful implementation. According to the research findings, the internal controls in themselves are adaptive to the environment in which the department operates, however, the implementation process is the one which is faulty. This shortfall as shown by the research findings is mostly due to a shortage of capacity to successfully implement internal controls. The KZN DoT faces a serious shortage of resources, especially staff and skills necessary to achieve success with the internal controls. Additionally, the decentralised structure of the department has complicated the implementation and monitoring of internal controls. The shortage of skills and staff spans through the whole department and at all levels including within the management team of the department. The SCM and internal compliance components of the KZN DoT were mentioned as particularly hard hit by this shortage of resources, significantly crippling the ability for these components to execute their principal functions. These findings are like those of Feng et al. (2014) and Skaife et al. (2013) who note that the successful implementation of internal controls is subject to resource constraints including physical access to equipment, inventory, cash, human resources, and other assets. There is much room for improvement with respect to resourcing the KZN DoT to improve the implementation of internal controls.

4.3.2.3 Interview Question 7: According to your own assessment or opinion what results have been achieved in strengthening internal controls?

The success of internal controls is of great importance towards an organisation achieving its overall objectives (Adams, 2013). The overall success of an organisation is a conventional indicator of the effectiveness of the internal controls within that organisation Sentara (2015). In response to an inquiry into the extent to which the KZN DoT internal controls were successful, some of the replies of the research participants were as follows:

- Respondent 2: “With regards to output and performance, I think people are starting to become more conscious of those issues. There is an improvement to say that what I do here I need to be accountable for it. In term of systems we are moving at a snail’s pace because I do not understand how a department as technical as us cannot have a project management system that is automated. To solve these issues, we go back to performance agreements of our leadership and they should include controls and consequences for failing to deliver. Internal controls are one of the key performance areas in the department but if managers but if managers fail to deliver on them they are not held accountable.”
- Respondent 4: “We have had a better audit this year than last and there has definitely been an improvement, undoubtedly. That is probably due to the HOD taking a personal interest in improving the audit. The HOD’s influence over the internal controls has led an improvement in their strength.”
- Respondent 6: “Nothing much has been achieved, think it will take some time. There are slight improvements for example, for the past two years we could not respond to some of the audit queries, but we have seen an improvement as we are able to respond to each query as we stand. There are many more issues which have not been addressed. So, I can say it’s a work in progress which can be completed after a while. There is low progress and much room for improvement. There is the need for a huge turnaround plan involving support programmes, getting people to support SCM and centralising some systems.”

- Respondent 8: “Each year come up with a turnaround strategy but nothing much seems to improve, and the audit qualification items are the same as with those of the previous reports. There is nothing wrong with the action plans that the department is trying to come up with, but the implementation of those plans is what is letting down the department. If we keep doing the same things and expect to get different results that will never happen. There is the need for a different approach, automation of monitoring would go a long way towards doing this and may possibly result in improvements.”
- Respondent 12: “Just having the strategy, just recently, the emphasis from top management I think has been a huge improvement which has made staff more aware of processes which should be in place and how things can be done correctly. There is still a long way to go but we are making progress. If we look at the quantity of issues addressed from last year, in terms of transactions, there is a definite improvement there. Staff is now more aware of what internal controls are, their purpose and how they should be implemented.”

The following Figure 4.9 illustrates common themes on the extent to which the measures to strengthen internal controls within the KZN DoT are considered successful in the view of the research participants.

Figure 4.9: Success of KZN DoT Internal Controls Measures



The successful implementation of internal controls as noted by is indicated by the ability of an organisation to achieve its goals and objectives (Ngcobo, 2016). The research findings show that the internal control measure of the department have resulted in some improvements in several areas while in some areas there are no successes at all. Some of the improvements that were noted include improvements of performance of the department in-service delivery as compared to the past, accountability amongst managers. However, the areas of audit performance have not changed. In overall, there is progress being made through the internal controls, but it is slow and has much room for improvement.

4.3.3 Objective Three: Leadership Understanding of Internal Controls in Relation to the KZN DoT Core Functions

The third objective was aimed at answering the research question of: Do leaders in the DoT understand internal control in relation to the execution of departmental core functions? As noted by Boal and Hooiberg (2001), the internal controls have a significant impact on the success of any organisation. Hence, it is vital that internal controls are effectively and efficiently implemented. Lear (2012), notes that the effectiveness and efficiency of operations within public sector organisations is highly dependent upon the effectiveness and efficiency of the leadership within that organisation. Mohammadi et al. (2014) goes on further to note that the purpose of implementing internal controls in public sector organisations is to assist the leadership of those organisations to increase the efficiency and effectiveness of the organisations' operations as well as enhancing the quality of financial reporting and improving accountability. Thus, leadership's understanding of internal controls is of the utmost importance as it is a key determinant of the success of the KZN DoT as a public organisation. This section explores the KZN DoT leadership's understanding of internal controls in relation to the department's core functions. Questions 8 to 10 of the interview guide sought to address the third objective of the research as follows:

4.3.3.1 Interview Question 8: Can you elaborate your understanding of internal controls?

Below is some of the responses of the research participants to an inquiry of their understanding of internal control in general within the KZN DoT.

- Respondent 2: “My understanding of internal control is to ensure that, as a leader, I must put in place tools and systems including standards so that people know that these are the parameters within which we should operate. If we deviate from those standards we must account for that. We must watch these standards and report on these standards.”
- Respondent 4: “All internal controls are there to make people more accountable for their actions. The internal controls assist the department’s core functions and they ensure that there is accountability and they limit the risk of things going wrong.”
- Respondent 6: “Government is mostly legislative so there is generic legislation that we are given, and frame works that we operate within, be it on the HR side, the finance side, on the SCM side or the IT side. Operations are legislated in every unit of the department through certain frameworks which represent our internal controls. The impact of the day to day application of internal controls on executing the core functions also depends on the understanding of the implementing individual even within the management.”
- Respondent 7: “Internal controls within the admin field there is directives which guide how we work. To prevent fraud and corruption government has come up with something whereby you have to declare your interests as a government employee, so you are not in conflict with the business that the government is undertaking.”
- Respondent 9: “For me internal controls are measures put in place to make sure that you comply with the prescripts. Where there are grey areas you put an internal control process to make sure that grey area us cleared and not clouded. One of the reasons for weaknesses in transport is that we are not authoritarian in our prescripts hence, people end up interpreting internal controls differently. Prescripts should have no room for compromise.”
- Respondent 11: “Internal control is whereby within my core function I have to understand legislation and prescriptions that guide my role within my own component. Internal controls guide and help leaders in abiding to and executing processes within

the prescribed legislation. Because of internal controls we don't find ourselves operating outside of legislation.”

Figure 4.10 below illustrates the KZN DoT leadership's general understanding of internal controls in relation to the department.

Figure 4.10: Leadership Understanding of Internal Controls



As noted by Ngcobo (2016), for any organisation to succeed, leadership must have an overall understanding of the institution's strategic objectives which should be linked to the internal controls. Leadership's understanding of the internal controls is thus a determinant of the ability of an organisation to achieve its objectives. From the primary data collected it appears that the leadership of the KZN DoT has a generally firm understanding of what internal controls refer to and what internal controlling entails. The leadership of the department understands internal controls being processes, guidelines, tools, prescripts, policies and measures that guide as well as control the day-to-day functions of individuals, components of the KZN DoT as well as the department as a whole to ensure that they operate within the confines of legislation set up by the government and mitigate against risk that may potentially prevent the organisation from achieving its objectives. The leadership of KZN DoT also understands that the internal controls improve accountability within the department and has a significant impact upon the

overall performance of the department. Considering this it is clear that the leadership of the KZN DoT generally understands internal controls and what they are all about.

4.3.3.2 Interview Question 9: To what extent do internal controls impact the execution of your core functions?

The respondents were asked to comment on the extent to which internal controls affect the execution of their core functions as leaders and some of their responses were as follows:

- Respondent 3: “In my view these internal controls play a big role in terms of guiding the function that we are performing. For instance, our function as the strategic unit is providing support to the various components of the department. When we deal with APPs we have prescribed formats, we have gotten guidelines of how those APPs are done. Those internal control frameworks make life easier for us and enhance our ability to execute our support function.”
- Respondent 5: “Internal controls have quite a significant impact, but it depends on the level of expertise and understanding of the individuals implementing them. An example is when internal compliance comes into the region I oversee. They are supposed to be my eyes and ears. However, there is a situation where they raise an issue and that issue is not a concern according to a now policy, but internal compliance is not even aware of it. Then they say, ‘oh when did this policy get issued?’ Then there is a challenge. For internal controls to have a positive impact in our day to day functions, everyone should be involved in the formulation process.”
- Respondent 7: Giving an example, the leave management internal control, as a manager you can know who is off sick or who is on leave. With that, you will be able to manage your subordinates. With regards to risk management control measures enable me as a manager to know where the component or branch is lacking and the recommendations that have been implemented have been able to produce positive results.”
- Respondent 10: “Internal controls do affect the day to day core functions because they create awareness, now and then, in as much as you would be diverted in term of focus, but if you have a ‘big brother’ coming in and saying, “in terms of these processes we

are picking up abnormalities”. This brings people back and prevents them from getting tangent with the internal control processes. So, yes they are playing a big role.”

- Respondent 11: “They have a great impact because if we don’t adhere to legislation this would mean that everything that we do will be irregular to some extent. So internal controls play a huge role in our day to day operations within our component and in any other component of the department as well.”
- Figure 4.11 below shows, in the form of a word cloud, common themes from the responses of the respondents on the impact of internal on the core functions of the KZN DoT

Figure 4.11: Impact of Internal Controls on KZN DoT Core Functions



The findings from the primary research show that the internal controls have a significant impact on the day-to-day operations and core functions of the department. Citing the research findings, it is apparent that internal control policies, systems and policies have a significantly positive impact on enhancing and supporting the ability of the department to execute its core functions. The day-to-day functions and operations of the department as well as the individuals within it, because of the internal controls, are within legislative parameters. In the absence of internal controls, the KZN DoT would lose its ability to ensure accountability, safeguarding of its assets

and achievement of its objectives as an organisation. These findings are in line with the research of Santiso (2013) who points out the significant and positive influence that internal controls have on the day-to-day functioning and overall performance of any business organisation.

4.3.3.3 Interview Question 10: What are your suggestions for internal control practices and procedures can be further implemented at the DoT to enhance the leadership's ability to execute the department's core functions?

During the primary research, the research respondents were asked to identify and make suggestions of additional internal controls that could possibly enhance the leadership's ability to execute the core function of the KZN DoT. Some of the responses were as follows:

- Respondent 1: "From where I am sitting I don't think there is anything additional I can come up with. I only think that, from what we have, we need to do an assessment of the effectiveness of our internal controls. If we talk of the compliance unit, because it is there to monitor these things, we need to, at least at the end of every financial year, go back and revise and say we planned to do 1, 2, 3... or as a committee we were mandated to do 1, 2, 3... or we have certain controls which require us to do 1, 2, 3...have we done it. We need to go back and reassess and from there we can say, "Okay here we did well and here we did not, what were our challenges" maybe than we can take the department to the next level. Currently, in terms of internal controls, we have them. We have good policies, everything is there the challenge is the issue of capacity. Everything goes back to the issue of capacity we are failing to implement internal controls because we do not have the resources to do so."
- Respondent 6: "The department should provide e-learning and assessment. There is the need for HR to ascertain who knows what and who doesn't know what and from that they can ascertain what training to provide to individuals. There has not been any assessment to determine what skills gaps we have as a department. There is the need to provide someone to assess everyone and provide an HRD report to determine what to do. There should be the professionalization of the public service which speaks to the issue of skills. There is a shortage of skills within the department."

- Respondent 9: “We don’t have a decisive leadership and there is the need for leaders to recognise the impact of their indecisiveness on the success of internal controls. In as much as we have internal control policies we need to live the policies and believe in the policies as leadership. It the attitude and mind-set of leadership that is setting us back. The best intervention for this issue is consequence management. Instead of it just being implemented on the lower levels it should be implemented on the leadership as well. We should be able to go to a leader and say, “You have not executed your core functions, you have not adhered to the internal controls” and get things right.”
- Respondent 10: “The use of technology. We as a department seem to be very shy in automating our systems. Most of the department’s systems and processes are done manually which leaves a lot of spreadsheets. However, in as much as we understand the need to automate our systems, government currently does not have enough money and it take a while to resource the department. If we can automate our systems, I think 60% of our problems will be eliminated. Additionally, there need to be an assessment of ESCOR and come up with competency profiles as well as enhance their understanding of the impact of the decisions they make on the ground.”
- Respondent 12: “There needs to be greater awareness of internal controls but there also needs to be proper planning. The service delivery components are busy implementing and don’t have time to plan properly. That is a challenge because they do not have any systems for that and, so they are running around. There are also unfilled posts within the department which makes it difficult as well. We need to improve the efficiency of service delivery, because I don’t think we can increase numbers, so that time is created for planning. Currently, there is a trade-off between planning and implementing that should not be the situation at all.”

Figure 4.12 depicts the common themes from the respondents replied to an inquiry of potential improvements which can be made to the KZN DoT internal controls.

Figure 4.12: Potential Improvements to KZN DoT Internal Controls



The primary data collected from the research shows that the internal controls that are in place as of September 2017 are generally adequate in ensuring that the KZN DoT is ultimately successful in achieving its goals as a public-sector organisation. The improvements that can be made are more in the implementation of the controls as the success of that task is constrained by a shortage of resources within the KZN DoT. There seems to be a substantial lack of planning of operations prompting the operations of departments to be always reactive rather than proactive this is partly due to shortage of staff and an under-skilled workforce. Another factor behind the department's failure to plan and reactive mode of operation, is political pressure to conduct certain projects, however the respondents were reluctant in clearly mentioning this and it was only highlighted in a subtle manner. State political influence in the operations of public sector organisation cannot be dismissed especially in the case of African public-sector entities as noted by Mohammadi et al. (2014).

From the research findings, some of the improvements that can be made are the automation of internal control systems and processes within the department; proper planning of service delivery and associated operations; a skills assessment that would determine the current skills and capabilities of the employees, management included, in order to determine who and what to train to better capabilities and efficiency of the department; and to constantly as well as

intimately review the effectiveness of implantation of internal controls and rolling out operation designed to address any performance shortfalls.

4.4 Conclusion

This chapter presented the findings of the research, provided an analysis and interpretation of the results. The key findings from the research reveal that the operation of the leadership of KZN DoT has considerable influence, for better or for worse, in the introduction, implementation, strengthening and monitoring of internal controls within the department. Another key finding is that there are several programmes that are meant to and adequate to strengthen the internal controls within the KZN DoT. However, these results have been able to produce substantially positive results and this is most probably due to poor implementation of internal controls. Another main finding is that the leadership of the DoT have a generally good understanding of what internal controls are in relation to the department's core functions and there is confirmation that these internal controls influence the execution as well as success of these functions. Nevertheless, there are shortfalls in the implementation of the functions and there is much room for improvements which improve the KZN DoT's internal controls and in turn enhance the department's ability to execute its core functions and achieve its objectives.

The next chapter, chapter 5, provides the conclusion the research as well as recommendations to management that address the research problem. Chapter 5 will also reconcile the research findings with the objectives of this research.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the conclusions and recommendations construed from the findings of this research. The research objectives are reconciled with the literature review and primary research findings of the research. The limitations of the research and areas for further research are also outlined. Lastly, the conclusion to the chapter and the whole research is presented.

5.2 Conclusions

This section presents the conclusions reached based on the objectives of this research which were as follows:

- To assess the nature of influence the leadership has on the implementation of adequate internal controls
- To explore the programs that the DoT has implemented to strengthen the function of internal controls
- To ascertain to the extent to which the leadership understands internal control in relation to the execution of departmental core functions and

5.2.1 The Influence of Leadership on the Implementation of Adequate Internal Controls

Findings of the research on the influence that the leadership of KZN DoT on the implementation of adequate internal controls were meant to address the research question of: What influence does leadership have towards the implementation of adequate internal? The findings revealed that:

- KZN DoT's leadership has significant influence on the implementation of adequate internal controls.
- The leadership of KZN DoT has the responsibility to lead and facilitate the designing of internal controls.
- It is also the responsibility of KZN DoT's leadership to workshop the internal control policies designed translating as well as interpreting them to their subordinates to make sure that they are implemented in an efficient and effective manner.
- It is also the responsibility of the KZN DoT's leadership to lead by example in the implementation of internal controls.
- The leadership of KZN's DoT influences internal control initiatives through policy reviews, the policy development committee and recommendations made on auditing reports.
- The influence of leadership in the KZN DoT on initiatives to strengthen internal controls is weak as it is subject to resource constraints and there is much room for improvement.
- Leadership's monitoring of internal controls at KZN DoT is not satisfactory and there are several gaps which need to be addressed.
- It is apparent that some of the managers view monitoring of internal controls as an occasional task executed by an outsourced component of the DoT.
- The major causes of this poor monitoring of internal controls are poor consequence management; role duplication by the internal auditing and internal compliance units, staff shortages and an under-skilled workforce.
- There is much room for improvement of the gaps in leadership's monitoring of internal controls.

5.2.2 Programmes for Strengthening Internal Controls

Findings of the research on the exploration of programmes for strengthening internal controls were meant to address the research question of: What programmes has the DoT implemented towards strengthening the function of internal controls? The research findings revealed that:

- The KZN DoT has several measures and programmes meant to strengthen internal controls within the department and they are rigorous and thorough as there are both preventative and detective measures.
- The results brought about by the KZN's DoT internal controls are only slightly positive bringing about only small improvements in the performance of the department in terms of awareness and accountability, the progress being made is slow and there is much room for improvement
- The main reason for the failure of internal controls within the KZN DoT to bring about significant performance improvements is not inherent in the internal controls but in how they are implemented.
- Internal controls within the KZN DoT fail to deliver significant results as they are subject to resource constraints prevalent within the department including staff shortages, a decentralised structure of the department that bring about complexity and an under-skilled staff.
- The prevalent resource constraints within the KZN DoT are the cause of the lack of capacity to successfully implement internal controls throughout the whole department but particularly in the SCM and compliance units.

5.2.3 Leadership's Understanding of Internal Control in Relation to Execution of the Department's Core Functions

Findings of the research on KZN DoT leadership's understanding of internal controls in relation to the execution of the department's core functions were meant to address the research

question of: Do leaders in the DoT understand internal control in relation to the execution of departmental core functions? The research findings revealed that:

- KZN DoT leadership has a generally deep and thorough understanding of what internal controls are and how they relate to the execution of the department's core functions.
- The KZN DoT leadership understands how the internal controls improve accountability, ensure that the department operates within legislative parameters and enhance the department's ability to attain its objectives.
- The internal controls within the KZN DoT, in the leadership's perspective, have a significant and positive impact on the day-to-day functions of the department.
- The KZN DoT leadership also understands that the internal control policies and processes play a big role in providing support and enhancing the department's ability to execute its core functions.
- The internal controls of the KZN DoT are adequate to enhance the ability of the department to successfully execute its core functions and achieve its objectives hence there is no need for additional controls, however, there is much room for improvement in how the controls can be implemented.
- The implementation of internal controls within the KZN DoT can be improved to better enhance or support the ability of the department to execute its core functions as there are gaps in the staff skills; effective and through planning, automation of systems and processes; and the resources to implement internal controls.

5.3 Recommendations of the Research

This research provided insight into the issues surrounding the matter of leadership's influence on adequate internal controls within the KZN DoT and how the internal controls of the department can be improved. Based on the findings of the research the following recommendations to address the research problem were deduced with much emphasis on their feasibility:

- Given the significant influence that the leadership of KZN DoT has on the implementation of internal control measures it is of great importance that management of the department ensures that leaders play their role fully in the implementation of internal controls their role to lead by example which is currently a matter of concern.
- There should also be emphasis placed on breeding a culture of strict and religious compliance to internal controls, building a culture of ‘living’ and ‘breathing’ internal controls within the organisation. This is an initiative that can be successful if backed by the leadership of the KZN DoT as they have sufficient influence to do so.
- Accountability should be enforced on at all levels of the organisation especially upon the leadership. There is the need to document performance standards based on the roles of leadership in influencing the implementation of adequate internal controls.
- The management of the organisation should be evaluated on their influence of the implementation and monitoring of internal controls.
- The induction and training process of management should also be improved and put emphasis on the issue of monitoring internal control being every leader’s task and an ongoing process.
- The roles of internal auditing and internal compliance should be revisited, get clearly assigned if necessary as well as documented and publicised to all individuals within the department. This process should involve all members of the DoT so that there is clarity on the roles and functions of these two units.
- The majority of the issues of concern with the internal controls stem from their implementation and to address this there is the need to conduct a department wide root cause analysis to identify the particular areas where the implementation is failing. Based on the findings of this research it would be wise to conduct a skills audit of the management to determine the level of their competency and from that training programmes should be initiated to improve those skills.

- The KZN DoT is clearly under-resourced and financially constrained hence the low level of system automation and staff shortages. To address this issue a cost-benefit analysis should be conducted to clearly show the full scale of the financial implications of the prevailing lack of capacity on the ability of the department to safeguard its assets and achieve its objectives. The results of this analysis should then be used to lobby for additional funds from the government.
- Given that the funds are available the KZN DoT should recruit more staff with the appropriate skills as well as automate its systems and processes to improve control and monitoring of the implementation of internal controls.
- Considering the lack of funds, it may be difficult to automate the department's systems and recruit additional staff but it may be viable to improve the efficiency in the use of the resources that are already there and conduct training as well as workshops improve the skills of the existing employees.

5.4 Suggestions for Further Research

It is suggested that future research explore the degree to which each of the issues, identified in this research, hindering the successful implementation of the internal controls. A research like this may take a more quantitative form to quantify the implications of the apparent resource constraints within the KZN DoT. Additionally, a longitudinal and quantitative research can be conducted to quantify the progress or results brought about by internal control measures and improvements in their implementation. This was a qualitative research, the results of which cannot be used to make inferences or generalisations to any degree of confidence.

5.5 Limitations of the Research

This research faced some limitations while it was being conducted. It was apparent that the research participants were reluctant in mentioning the role of state politics in influencing the decisions that they make and the problems that they are facing. Public organisations in Africa are subject to external influence that has implications on their performance and aimed at pursuing the self-interests of state politicians. Evidence of this issue was subtle because the respondents were reluctant to address the issue and not much on this issue could be uncovered.

Another limit faced during the research is that managers from different unit of the organisation had different understanding of internal controls as well as the function of the internal compliance and internal audit units. Due to this the correct role these two units act was not quite clear.

5.6 Conclusion

This chapter outlined the conclusions as well as recommendations of the research based on both positive and negative findings of the research. The conclusions presented in this chapter reconciled the research objectives with the findings of the research and all the research questions were addressed. The main finding of this research is that leadership within the KZN DoT play a significant role in the successful implementation and strengthening of internal controls, however, this influence is subject to resource constraints. The prevailing poor implementation and strengthening of the in internal controls within the KZN DoT can be attributed to both shortfalls in leadership's influence as well as lack of resources. The recommendations made in this if heeded are likely to produce improvements in the implementation and strengthening of internal controls within the DoT in KZN.

REFERENCES

- Ackers, B. and Accles, N.S. (2015) 'Mandatory Corporate Social Responsibility Assurance Practices: The Case of King 111 in South Africa', *Accounting, Auditing and Accountability Journal.*, vol. II, no. 9, November, pp. 43-118.
- Adams, J., Khan, H. T. and Raeside, R. (2014). *Research methods for business and social science students*. SAGE Publications India.
- Adams, W.W. (2013) *Business Management and Business Administration*, New Delhi: Longman Publishers.
- AGSA 2015. Auditor General South Africa's annual report on the KwaZulu-Natal Department of Transport.
- Bazeley, P., and Jackson, K. (2013). *Qualitative data analysis with NVivo*: Sage Publications Limited.
- Beinart, W. (1994) *Twentieth Century South Africa*, Cape Town: Oxford University Press.
- Blair, G.N. (2014) 'South Africa and Human Rights', *De Jure Law Journal.*, vol. VII, no. 34, February, pp. 32-89.
- Boal, G. and Hooiberg, H.J. (2001) *Auditing in South Africa*, Cape Town: Juta and Co.
- Bryman, A., and Bell, E. (2015). *Business research methods* Oxford University Press, USA.
- Cade, G. (2013) *South Africa in the World Today: Resetting our Foreign Affairs Doctrine for the 21st century*, 43 December, (Online), Available: <http://www.saiia.org.za/events/south-africa-in-the-world-today-resetting-our-foreign-affairs-doctrine-for-the-21st-century> (10 May 2017).
- Cader, J.M. (2013) 'South Africa: Foreign Policy Review', *Journal of African Political Studies*, vol. VII, no. 45, June, pp. 23-98.
- Cader, M.K. (2015) 'The Leadership Challenge: South African Women in Management', *International Journal of Gender and Women Studies*, vol. III, no. 21, June, pp. 45-223.
- Chimaro, G.O. (2013) 'Glass CEiling: Females in Leadership Positions in South Africa', *Journal of Gender Studies*, vol. VI, no. 53\, September, pp. 24-89.
- Chorafas, D.N. (2000) *Reliable Financial Reporting and Internal Control: a Global Implementation Guide*, Cape Town: John Wiley.
- Cohen, L., Manion, L. and Morrison, K. (2013). *Research methods in education*. Routledge.
- Creswell, J. W. (2014). *A concise introduction to mixed methods research*: Sage Publications.

- Crowe, M., Inder, M., and Porter, R. (2015). Conducting qualitative research in mental health: Thematic and content analyses. *Australian and New Zealand Journal of Psychiatry*, 0004867415582053.
- Dalal., A. K. and Priya, K. R. (2016). Introduction to qualitative research. *Qualitative Research on Illness, Wellbeing and Self-Growth: Contemporary Indian Perspectives* Denver, D.S. (2014) *Characteristics and Traits of Effective Leaders*, New Jersey: John Wiley and Sons.
- Deterding, S., Canossa, A., Hartevelt, C., Cooper, S., Nacke, L. E. and Whitson, J. R. (2015). Gamifying Research: Strategies, Opportunities, Challenges, Ethics. *Proceedings of the 33rd Annual ACM Conference Extended Abstracts on Human Factors in Computing Systems*. ACM.
- Du Plooy-Cilliers, F., Davis, C., and Bezuidenhout, R. (2014). Research matters. *Paarl Media Paarl: South Africa*.
- Drude, S.A. (2013) 'Guidelines to Administrative Justice in South Africa', *South African Law Journal.*, vol. V, no. 11, March, pp. 23-134.
- Elo, S., Kääriäinen, M., Kanste, O., Pölkki, T., Utriainen, K. and Kyngäs, H. (2014). Qualitative content analysis: a focus on trustworthiness. *Sage Open*, 4 (1), p. 21
- Eisten, F.S. (2012) *Commission of Inquiry: Politics and Education in South Africa*, Pretoria: Government Press.
- Everson, J.M. (2013) *Financial Reporting Standards*, New Jersey: John Wiley and Sons.
- Faull, A. (2012) *Behind the Badge: The Untold Stories of South Africa's Police Service Members*, Cape Town: Juta and Co.
- Feng, M., Li, C., McVay, D. and Skaife, H. (2014) 'Does Ineffective Internal Control over Financial REporting Affect a Firm's Operations', *The Accounting Review*, vol. IX, no. 9, March, pp. 89-293.
- Flick, U. (2015). *Introducing research methodology: A beginner's guide to doing a research project*. Sage.
- Fourie, H., Plant, K., Coetzee, G. and Van Staden, J. (2013) 'Internal Audit Competencies: Skills Requirements for Internal Audit Management in South Africa', *Southern African Journal of Accountability and Auditing Research*, vol. IV, no. 4, January, pp. 84-2923.
- Fraley, R. C. and Hudson, N. W. (2014) *Review of Intensive Longitudinal Methods: An Introduction to Diary and Experience Sampling Research*. Taylor and Francis.

- Frink, D.D. and Ferris, G.R. (1999) 'The Moderating Effects of Accountability on the Conscientiousness- Performing Relationship', *Journal of Business Strategy*, vol. XI, no. 9, October, pp. 43-1913.
- Garand, J. C. (2013). Emogine Pliner Distinguished Professor R. Downs Poindexter Professor Department of Political Science Office: Stubbs 205 Phone: 578-2548.
- Gcoyi, T. (2015) *Foreign Policy: South Africa has to put its People First*, 34 June, (Online), Available: <https://www.dailymaverick.co.za/opinionista/2015-10-26-foreign-policy-south-africa-has-to-put-its-people-first/#.WEoGJLJ97IU> (20 May 2017).
- Hair, J. F. (2015). *Essentials of business research methods*. ME Sharpe.
- Hambrick, J.L. and Mason, O.P. (1984) *The Internal Control Mechanism*, Nairobi: Kenya.
- Holms, J.N. (2014) 'Strategic Human Resource Development', *Leadership Journal.*, vol. III, no. 45, June, pp. 13-98.
- Jaumdally, S. Z., Jones, H. E., Hoover, D. R., Gamielien, H., Kriek, J. M., Langwenya, N., Myer, L., Passmore, J. A. S. and Todd, C. S. (2017). Comparison of sampling methods to measure HIV RNA viral load in female genital tract secretions. *American Journal of Reproductive Immunology*, 77 (3).
- Juiz, C., Guerrero, C. and Lera, I. (2014) *Implementing Good Governance Principles for the Public Sector in Information Technology Governance Frameworks*, Toronto: City Press.
- Kumar, N. (2016). Research Methodology. *Chronic Regulatory Focus and Financial Decision-Making*. Springer. p. 31-38.
- Lear, L.W. (2012) *The Relationship Between Strategic Leadership and Strategic Alignment in High-Performing Companies in South Africa*, Cape Town: Univeristy of South Africa.
- Leedy, P. D., and Ormrod, J. E. (2014). *Qualitative research. Pracfical research: Planning and design*, 141-172.
- Lenz, R. and Hahn, U. (2015) 'A Systhesis of Empirical Internal Audit Effectiveness Literature Pointing to New Research Opportunities', *Managerial Auditing Journal.*, vol. II, no. 9, June, pp. 12-323.
- liebeneberg, B.J. and Speis, S.B. (1993) *South Africa in the Twentieth Century*, Pretoria: Juta and Co.
- Lin, J., Wang, Y.C., Chiou, J.R. and Haung, H.W. (2014) 'COE Characteristics and Internal Control Quality', *Corporate Governance: An International Review*, vol. VII, no. 8, June, pp. 34-192.
- Mackey, A. and Gass, S. M. (2015). *Second language research: Methodology and design*. Routledge.

- Makiwane, T.S. and Padia, H.N. (2013) 'Evaluation of Corporate Intergrate Reporting in South Africa Post King III Release: South Africa - An Exploratory Enquiry', *Journal of Economic and Financial Sciences*, vol. VI, no. 5, March, pp. 54-834.
- Meseret, W. (2015) *Assessing the Effect of Corporate Governance on Independence of Internal Audit Function: A case Research Based on Private Commercial Banks in Ethiopia*, Cape Town: Financial Sciences.
- Mertens, D. M. (2014). *Research and evaluation in education and psychology: Integrating diversity with quantitative, qualitative, and mixed methods*. Sage publications.
- Mohammadi, J., Ghaffari, A. and Mohammadi, K. (2014) 'Analysis of the Role of the Internal Control In Performing the Responsibility of Managers of Public Sector', *European Journal of Natural and Social Sciences: Proceedings*, vol. IV, no. 8, Aprill, pp. 54-292.
- Neuman, W. L. (2016). *Understanding research*. Pearson.
- Ngcobo, P. (2016) *Internal Controls at the Roodepoort City Theatre*, Cape Town: Juta and Co.
- Nyakundi, K., Nyamita, M. and Tinega, L. (2014) 'Effect of Internal Control System on Financial Performance of Small and Medium Scale Business Enterprises in Kisumu City, Kenya', *International Journal of Scoail Sciences and Entrepreneurship*, vol. VI, no. 5, September, pp. 32-191.
- Rae, K., Sands, K. and Subramanian, K.L. (2017) 'Associations among the Five Componets within COSO Internal Control-Integrated Frameworks as the Underpinning of Quality Coporate Governance', *Australisian Accounting Business and Finance Journal.*, vol. II, no. 4, January, pp. 89-441.
- Ramamoorti, S. (2003) *Internal Auditing: History, Evolutio and prospects*, Holbron: The Institute of Internal Auditors Research Foundation.
- Rubin, A., and Babbie, E. R. (2016). *Empowerment Series: Research Methods for Social Work*: Cengage Learning.
- Saberi, J.K. (2009) *The CEO of the Organisations*, Malberin: Longman Publishers.
- Samaha, K., Khlif, H. and Hassainey, K. (2015) 'The Impact of Board and Audit Committe Charateristics on Voluntary Discolusre: A Meta-Analaysis', *Journal of International Accounting, Auditing and Taxation*, vol. VI, no. 3, June, pp. 43-532.
- Santiso, C. (2013) 'Closing the Accountability Gap: Audit Agencies as Partners and Advisors of parliaments in the Oversight of the Budget Process', *International Journal of Auditing*, vol. III, no. 54, October, pp. 23-191.

- Sentara, H.J. (2015) *Leadership in Business Organisations*, Chicago: McGraw Hill Publishers.
- Silverman, D. (2016). *Qualitative research*. Sage.
- Skaife, H.A., Veenman, D. and Wangerin, D. (2013) 'Internal Control over Financial Reporting and Managerial Rent Extraction: Evidence From the Profitability of Insider Trading', *Journal of Accounting and Economics*, vol. VI, no. 9, December, pp. 94-143.
- Struwig, F., and Stead, G. B. (2013). *Research: Planning, designing and reporting*: Pearson.
- Sollenberg, J.N. and Anderson, G.N. (1995) *Corporate Social Responsibility*, New York: Longman Publishers.
- Smith, J. A. (2015). *Qualitative psychology: A practical guide to research methods*. Sage.
- St John, F. A., Brockington, D., Bunnefeld, N., Duffy, R., Homewood, K., Jones, J. P., Keane, A. M., Milner-Gulland, E. J., Nuno, A. and Razafimanahaka, J. H. (2016). Research ethics: assuring anonymity at the individual level may not be sufficient to protect research participants from harm. *Biological Conservation*, 196, p. 208-209.
- Stoner, K.M. (2003) *The Science of Managing a Business Organisation*, New Jersey: McGraw Hill Publishers.
- Taylor, S. J., Bogdan, R. and DeVault, M. (2015). *Introduction to qualitative research methods: A guidebook and resource*. John Wiley and Sons.
- Thomas, J. R., Silverman, S. and Nelson, J. (2015). *Research methods in physical activity*, 7E. Human kinetics.
- Totemeyer, A.-J., Kirchner, E., and Alexander, S. (2014). Pilot research on children's reading in Namibia: pitfalls and new strategies. *Mousaion*, 32(2), 2-24.
- Tricker, R.B. and Tricker, R.G. (2015) *Corporate Governance: Principles, Policies and Practices*, Oxford: Oxford University Press.
- Vaassen, E., Meuwissen, R. and Schelleman, C. (2009) *Accounting Information Systems and Internal Control*, New Jersey: John Wiley and Sons.
- Zikmund, W. G., Babin, B. J., Carr, J. C. and Griffin, M. (2013). *Business research methods*. Cengage Learning.

APPENDICES

Appendix 1: Permission to Conduct Research



transport
Department:
Transport
Province of KwaZulu-Natal

Street Address: 13 Bronze Street
Empangeni Station, 3910
Postal Address: Private Bag X20007, Empangeni,
3880
Tel: (27)(035)7871442
Fax: (27)(035) 7872916
Email: Mangucobo.gumede@kztransport.gov.za
27 February 2017

Date: 27 February 2017

Attention: Head of Department
Mr B.S. Gumbi

REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY WITHIN KWAZULU NATAL DEPARTMENT OF TRANSPORT

PURPOSE

The purpose of this letter is to request approval to conduct the research study within the Finance Department in KZN D&T.

BACKGROUND

I am Mrs MaNgcobo Busisiwe Gumede, employed in the Department of Transport in Empangeni Region as Deputy Director: Regional Financial Management. I am currently registered with the University of Kwa-Zulu Natal - Durban Westville student number 21 606 9184 for second year in Masters in Commerce: Leadership. The final year of the program requires that students engage in the research study of their own choice.

Due to the perpetual qualified audit opinions after each statutory audit depict by department from Auditor General, as a practitioner I have developed a concern to believe that more can still be improved by leadership from different components to turn around the strategy on audit findings implementations. The topic of the study will be as follows:

The influence of leadership on the implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal

Current the university has not allocated a supervisor. Should be a need to confirm this study with Ms Nokukhanya Mthethwa Mcom: Leadership administrator can be contacted at mthethwaN4@ukzn.ac.za / 0312601383. Proof of registration attached.

MOTIVATION

The research objectives of the study amongst others seek to ascertain the following:

- a) To determine the nature of influence the leadership has on the implementation of adequate internal audit controls.
- b) To establish the programmes that the DoT has implemented to strengthen the function of internal controls.
- c) To ascertain whether the leaders in DoT understand the public finance management regulatory framework in relation to the execution of departmental core functions.
- d) To recommend appropriate financial management reforms and internal audit practices and procedures that enhance financial management reporting, reliability, and completeness of financial information.

4. RECOMMENDATION


I herein request for the permission granted to allow interviews be undertaken within the chief directors, directors, and deputy directors from provincial and regional offices. Ethics will be carefully observed and guidelines will adhere too, principles and the process of gathering the relevant data with engaging participants and respondents. More to that principle of confidentiality, transparency, honesty, openness and objectivity as well as professionalism when engaging participants in this research study.

At the end of the study the findings will be shared with your organisation to consider a possibility to use recommendations therein to enhance the management of road safety strategy.

5. CONCLUSION

The letter is submitted to request your approval to allow the research interviews be conducted within identified leadership within department.

Submitted for your approval and consideration.


MaN; _____umede
Deputy Director – Regional Financial Management



COMMENT:

A	ed-
M	
H	OF TRANSPORT
D	

COMMENT:

Appendix 2: Informed Consent Form

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

PGD Research Project

Researcher: MB Gumede Student Number 21 606 9184

Supervisor: Dr Emmanuel Mutambara (0312608318)

Research Office: Ms N Mthethwa (0312601383)

CONSENT

I..... (full names of participant)
hereby confirm that I understand the contents of this document and the nature of the research project.

I understand that I am at the liberty to withdraw from the project at any time, should I so desire.

I hereby consent/do not consent to record the interview.

SIGNATURE OF THE PARTICIPANT

DATE

.....

.....

Objective 3: Leadership Understanding of Internal Controls in Relation to the KZN

DoT Core Functions

8. Can you elaborate your understanding of internal control?
9. To what extent do internal controls impact the execution of your core functions?
10. What are your suggestions for internal control practices and procedures can be further implemented at the DoT in order to enhance the leadership's ability to execute the department's core functions?

Thank You

MaNgcobo Busisiwe Gumede

035 787 442 or 0778 240 2899

Email: busisiwe1984@gmail.com

Appendix 4: Ethical Clearance Certificate



18 August 2017

Mrs MaNgcobo Busisiwe Gumede (216069184)
Graduate School of Business & Leadership
Westville Campus

Dear Mrs Gumede,

Protocol reference number: HSS/1436/017M

Project title: The influence of leadership on the implementation and strengthening of internal controls in the Department of Transport, KwaZulu-Natal

Full Approval – Expedited Application

In response to your application received on 11 August 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and FULL APPROVAL for the protocol has been granted.

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.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully



Dr Emmanuel Mutambara (Deputy Chair)

/ms

Cc Supervisor: Dr Emmanuel Mutambara
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

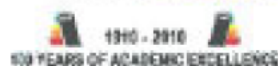
Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3587/8360/4557 Facsimile: +27 (0) 31 260 4090 Email: simbao@ukzn.ac.za / shenuka@ukzn.ac.za / mutam@ukzn.ac.za

Website: www.ukzn.ac.za



Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

Appendix 5: Turn it In Report