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DEDICATION

To my late father, Michael Makhosandile Nkalweni (Sunrise 02 December 1942 - Sunset 19 November 2021), you are solely missed and loved.

ABSTRACT

The study investigated how effective and efficient financial management mechanisms can lead to improved service delivery in the O. R Tambo District Municipality. The study targeted the political leadership, senior and middle management, and key Budget and Treasury Office (BTO) personnel. The non-probability sampling method was used in the study with semi structured interviews conducted on a seventy-one sample size. The results of the interviews were analysed and pointed to the importance of sound financial management systems being critical to enhancing service delivery in the O. R Tambo District. The levels of understanding the role of financial management systems in municipalities differed across levels of authority but there was a general consensus of how effective and efficient financial management mechanisms affect service delivery. In conclusions municipalities need to continuously strive to skill and reskill personnel to maximize on efficiency and improved service delivery.

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The study sought to determine whether effective and efficient financial management mechanisms in the O. R Tambo District Municipality have an impact on service delivery challenges faced by the O. R Tambo district.

The research focused on the mandate of the O. R Tambo District Municipality, which is the provision of water and sanitation services across the entire district for its five local municipalities. The O. R Tambo District Municipality's IDP (2021/22) notes that the bulk of the O. R Tambo District Municipality (ORTDM) budget (which amounts to about 85% of entire municipal budget) goes towards the provision of water and sanitation across the entire region. According to COGTA (2020), the O. R Tambo District Municipality has massive service delivery backlogs that stem from the pre-democracy era, and that increased over the democratic period due to a myriad of reasons and challenges faced by the municipality.

Despite the increased budgetary allocation from the National Treasury over the years, there has been little improvement in service delivery provision, with the municipality having been cited by the Auditor General for financial management irregularities. It is against this background that the researcher sought to investigate whether financial management systems or mechanisms have an impact on service delivery in the O. R Tambo District, or not.

According to Schreurs (2014), financial management in local government can be described as the ability to reconcile the unlimited needs or demands of the communities against the limited financial resources. Financial management is often flagged as being among the most challenging factors that confronts South African

municipalities. The use of sound financial management mechanisms in local government becomes even more important in such predominantly rural municipalities.

In this regard, sound financial mechanisms entails the use of prescribed financial management techniques and legislations to achieve service delivery targets. This enables the municipality to manage the imbalance between the endless needs and budget limitations. It is important to note that sound financial management includes not only managing the limitless demands/needs against limited resources, but also encompasses the budget structure, the reporting of financial information to council and citizens, an improved participation of citizens in budgetary planning and decision processing and improving the municipality's budget preparation and implementation process (National Treasury, 2011).

The South African legislative framework, in the form of the Local Government: Municipal Finance Management Act (thereafter referred to as the MFMA, Act 56 of 2003), was specifically formulated to ensure sound financial management in municipalities. The management of municipal finances is thus to be done according to modern standards of financial management, comparable to globally acceptable standards of municipal financial management as prescribed by the MFMA. Thus, financial management improvement is critical as it lays the foundation for improving the level of efficiency in the management, and the allocation of scarce financial resources for the effective delivery of basic services to the people.

Chapter one therefore details the research problem as teased out in the research proposal to investigate the role played by sound financial management systems on service delivery in the O. R Tambo district. The chapter makes a detailed analysis of financial management systems within the local government sphere in South Africa, Africa and international trends and developments. Further, the chapter reviews trends and scholarly thoughts around financial management and service delivery. Chapter one also presents the socio-economic profile of the district municipality under investigation. The scope and purpose of the study are also covered in this chapter

with the research design and methodology detailed in the chapter. The chapter zones in on the service delivery issues in the O. R Tambo District Municipality detailing the service delivery status quo and challenges encountered by the municipality. The study main objective and sub objectives are also outlined in this chapter. The chapter concludes by presenting the research ethics that underpins this study and the researcher.

1.2 BACKGROUND TO THE STUDY

According to Amin, Das, and Goldstein (2008) it is globally accepted that there is a relationship between service delivery and resource management, but such a relationship is not simplistic. Thus, there is a need to understand the process to which funds are transformed into improved service delivery for citizens. The challenges faced by local government in bringing service delivery in developed nations are different from those faced by developing nations like South Africa might be different but as articulated by Kim and Warner (2016), the act of balancing between financial resources management and delivery of services remains area of concern.

Every year, South Africa's National Treasury tables a comprehensive report on the prevailing State of the Local Government sector. A Financial Management Report is also tabled by the National Treasury and contained detailed evaluations and analysis of the state of soundness of the financial status of the 278 municipalities that constitutes South Africa. Regrettably most of the times both National Treasury reports and the financial management report for municipalities often point to a persistent and recurring pattern of poor financial management and prevalence of financial distress among most of the municipalities. The most common characteristic features that consistently appear in these reports pertains to the fact that most municipalities experience increase in the number of defaulting debtors (higher debtor balances) and increasing creditor balances and poor cash flow management, National Treasury (2021). National Treasury (2021) further states that, these problems have undoubtedly contributed to a surge in service delivery protests.

The State of Local Government Finances and Financial Management report (2018) pointed to the continuous existence of the problem of underspending of capital budgets within municipalities which has inadvertently led to failure to achieve quality universal service delivery. The need to test the extent to which municipalities have been effective in spending their budgetary allocations will help to inform policy makers and municipal administrators about the root causes of poor service delivery.

The Eastern Cape municipalities are fraught with service delivery challenges many of which stem from inefficient financial management systems. Weaver *et al.* (2017) alludes to this point in a study on water service delivery challenges in Makana Municipality. The lack of financial management capacity in such poor municipality hinders provision of adequate service delivery, Weaver *et al.* (2017). Rulashe and Ijeoma (2022) further state that inefficient financial management systems have been responsible for the corruption in Buffalo City Metropolitan Municipality (BCMM) which has affected service delivery provision in the metro.

The local government sphere in South Africa has been affected by many challenges, despite all the necessary support given to local government. The Municipal Finance Management Act (MFMA) of 2003 was enacted to secure effective, efficient, sound, and sustainable financial management in municipalities. The Municipal Finance Management Act prescribes processes in which to attaining this sound financial management and this would be done through establishing standards for;

- Management of municipalities' revenues, expenditures, assets and liabilities
- Budgetary preparation and processes for financial planning
- Borrowing
- Dealing with financial problems, and
- Ensuring that there is transparency and accountability in the handling of municipal finances.

Glasser and Wright (2020) stated that unfortunately many municipalities have compromised “the provision of sustainable service delivery” partly due to poor management of the finances of their municipalities and also due to their failure to implement sound financial management systems or procedures. The O. R Tambo district is one of typical district municipalities whose local municipalities under its jurisdiction have had challenges in establishing sound, effective financial management systems. The failure to execute the mandate of the municipality has often resulted in disruptive service delivery protests. The efficient and effective utilisation of resources of a municipality is key to delivering sustainable service delivery within municipalities.

Goryakin *et.al.* (2020) using data from low and middle income countries postulated that public finance management plays an important role in ensuring improved public welfare through strengthened public finance management systems. They stated that the prescribed ways to manage public resources, budgeting, implementation and evaluation are critical to improved service delivery in these low- and middle-income countries.

Fritz *et al.* (2012) using case studies from post conflict countries (Cambodia, Liberia, Kosovo, West Bank, Gaza, Afghanistan, and Sierra Leone) also concurred that public finance management reforms are critical in improving service delivery to communities despite skills challenges and acute levels of underdevelopment. They further suggest that the impact of financial management systems reforms depend to a greater extent on the political leadership.

A study by Wagner (2021) analyzing the impact of managing public finance for service delivery found that service delivery is affected by finance management in Kenya, Uganda, and Ethiopia. Several issues were also cited as contributing factors to lack of basic service delivery, these factors included lack of adherence to financial management systems in place, serious flaws in the revenue systems, and lack of cooperation between political and administrative leadership.

Miller, Hart and Harley (2021) in a study on middle income countries to assess the impact of improved public finance management on basic service delivery notes the

need for effective public finances management in the wake of limited resources due to the COVID-19 pandemic. The pandemic has had a strong effect of the population lives, livelihoods and government finances. The study found that the public spending has to be informed by a complex issues based in the jurisdiction where spending will occur thus priority spending is informed by the nature of the place where services will be rendered.

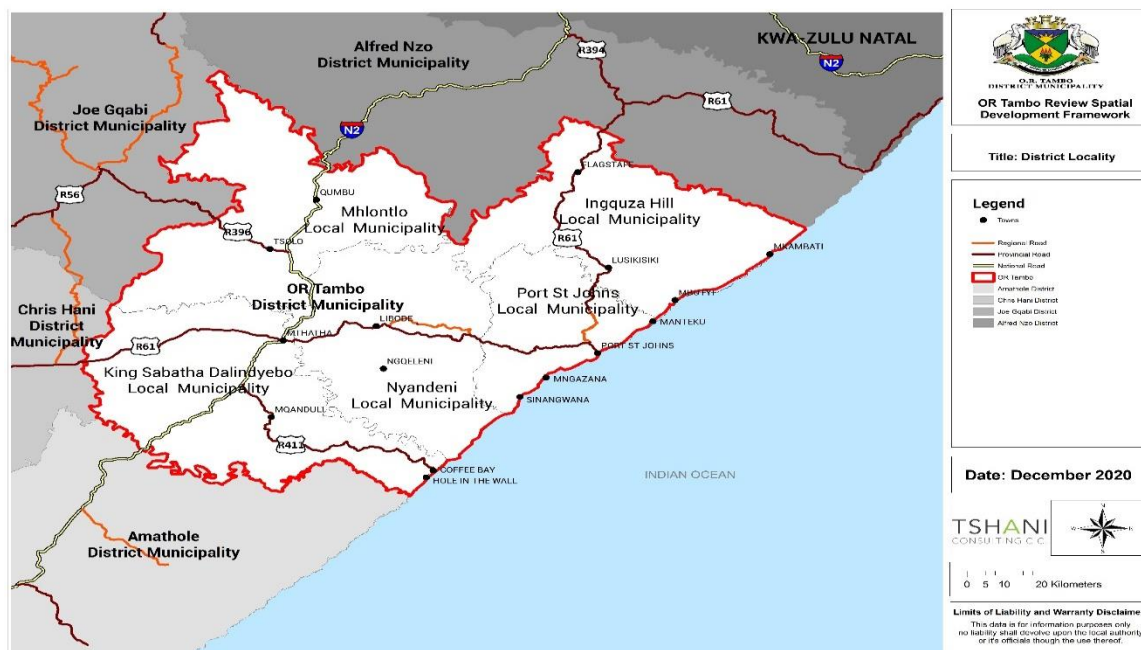
The other studies have also noted that there is a causal relationship between financial management mechanisms in municipalities and the level of services the communities would receive. The direction of the relationship however also depends on several factors and different situations in different locations. The study will thus use the data gathered from O. R Tambo District Municipality to confirm the type of relationship or impact the financial management mechanisms have on service delivery in the municipality.

1.2.1 O. R Tambo District Socio Economic Profile

i) Location of O.R Tambo District

The O.R Tambo District Municipality is a municipality that is domiciled in the Eastern Cape Province and is specifically situated in the eastern part of the province. O. R Tambo is situated to the east of the Eastern Cape Province,. The O. R Tambo District Municipality is a Category C2 municipality. The main function of a district municipality such as OR Tambo is that of providing water services and acting as a water services authority and as a provider of water. (O.R Tambo District Municipality IDP 2021/22)

Figure 1: The O.R. TAMBO District Municipality Locality Map



Source: ORTDM SDF 2021/22

Figure 1 above demonstrates that O. R Tambo District municipality comprises of five (5) local municipalities, namely King Sabata Dalindyebo (KSD) Local Municipality, Mhlontlo Local Municipality, Nyandeni Local Municipality, Port St John's (PSJ) Local Municipality, and Ingquza Hill Local Municipality.

ii) Socio-Economic Profile of O.R Tambo District Municipality

According to StatsSA (2019), the O. R Tambo District Municipality has a total population of just over one million and five hundred thousand people, making it to be the most populous district in the Eastern Cape province, with a land size of 12 141 square kilometres.

Service delivery backlogs and challenges continue to be a serious concern for the municipality. Approximately 10.92 per cent of households in the district have access to piped water inside their dwellings (StatsSA, 2016). The 2016 Community Survey states that approximately 19.54 per cent of the population have flush toilets, 58.8 per

cent have ventilated improved pit (VIP) toilets, and 14.3 per cent of households have basic pit toilets. All the local municipalities have low numbers of flush toilets, with an average of 7 per cent except for the KSD Municipality, where 38.9 per cent of households have flush toilets. Only 11.89 per cent of the population have access to refuse removal in the district.

The O. R Tambo District Municipality has, since the 2014/15 financial year, received a qualified audit opinion and the municipality has a vacancy rate of 53 per cent for employees below the senior management level (Auditor General, 2019/20). Qualified audit opinion implies that the financial statements of an entity which were examined by the Auditors are not fairly presented.

iii) Service Delivery Backlog in O. R Tambo District Municipality

The O. R Tambo District Municipality is facing massive water and sanitation backlog which have worsened with communities demanding improved basic service delivery. The water and sanitation backlog in the ORTDM is presented below;

Table 1: Water and Sanitation Backlog as of 2021/22

WSA	No of HH	No of People	Water HH Backlog	Population Backlog	% Water Backlog	Sanitation HH Backlog	Population Backlog	% Sanitation Backlog
KSD	107 639	461 155	40 251	173 076	37.5%	48 111	193 621	44.8%
Mhlontlo	43 660	187 479	16 720	72 781	38.3%	28 591	148 197	65.5%
Ingquza Hill	57 658	285 925	35 443	175 589	61.5%	35 509	213 861	61.6%
Nyandeni	63 031	296 241	25 295	118 885	40.1%	36 790	178 821	58.4%
PSJ	32 277	159 060	16 688	82 030	51.7%	20 504	68 590	63.5%
Total	303 995	1 389 860	134 397	622 361	44.2%	169 505	803 090	55.8%

Source: ORTDM, IDP (2021/22).

As shown in the table above, nearly half of the O. R Tambo District Municipality population have no access to piped or tap water thereby relying on rivers and streams for drinking water. This is further compounded by lack of sanitation to more than 55% of the population with no access to water borne sewer system, this highlights the service delivery constraints faced by the district municipality.

1.3 PROBLEM STATEMENT

Since the beginning of the democratic government, the decentralisation of public services has resulted in a mixed bag of output for service delivery in various municipalities (Chilenga-Butau, 2020). These perennial problems ought not to be in existence by now. Surprisingly nearly thirty years (30) after the attainment of South Africa's democracy, the country's municipalities continue to be still grappling with the same service delivery challenges. Various reports and studies have indicated that, chief among the reasons, has been the challenges of financial management in many municipalities (Mantzaris, 2014). The Auditor General has continuously cited financial management issues in municipalities, and many municipalities continue to receive adverse audit report findings. These inadequate financial management systems in municipalities have led to many being unable to provide services to their citizens, with some being placed under administration, Makoti and Odeku (2018).

The O. R Tambo District municipality has huge service delivery backlog that might result to the unrest in the district. As a rural municipality, the district has inadequate and poor infrastructure to service the needs of the communities. This is also coupled with the low revenue collection levels which impacts the district's ability to invest in improving, and/or developing the infrastructure required. (O.R Tambo DM Annual Financial Statements 2020/21)

Financial management mechanisms play an important role in service delivery through enabling the achievement of key national objectives and attainment of sustainable development goals. The study explores the relationship between financial

management and service delivery with the ultimate objective of proposing possible means to enhance service delivery. The O. R Tambo District Municipality is faced with a myriad of financial management and service delivery challenges. It is therefore of paramount importance to further interrogate the relationship in the O. R Tambo District Municipality with the aim of improved service delivery. The study will also further investigate the possible challenges encountered by O. R Tambo District Municipality in implementing sound financial management systems aimed at improving service delivery in the municipality.

It is against this background that this research sought to critically investigate the role played by an effective, efficient, and sound financial management system towards the provision of sustainable service delivery to citizens in the region.

1.4 RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

Leary (2004) states that a research question is a question that the research topic seeks to answer, thus the research question should be clear. A carefully constructed research question helps to guide the research to hit its scholarly target. According to Leary (2004), the potential research methodology and design almost always emanates from the manner in which the researcher frames the research question. Leary (2004) further asserted that research questions are crucial in research as they help to guide and encourage the researcher to get solutions and makes discoveries on all aspects of the question posed.

1.5 IMPORTANCE OF THE STUDY

Municipalities across South Africa continue to be dogged by a significant high number of service delivery protests. These protests which are increasingly becoming violent highlight the challenges faced by local government in South Africa. According to Breakfast, Nomarwayi, and Bradshaw (2021), the service delivery protests have resulted in damaged to the public infrastructure in many communities. These protests are a sign of a local government system that is failing to deliver on its mandate. This research therefore was aimed at providing an assessment of the service delivery

challenges faced by municipalities in South Africa with special reference to O. R Tambo District Municipality. The study analyzed the relationship between service delivery and operations of the financial management mechanisms. The study also sought to assist municipalities improve their financial management mechanisms through its concluded recommendations as a means to ensure improved service delivery in the country.

1.5.1 Aim of the study

The main aim of this study was to investigate the role of financial management mechanisms on improved service delivery. The focus of the study was on whether financial management mechanisms used to achieve improved service delivery do actually support the intended outcome in O.R Tambo District Municipality.

The developmental duties of the municipality are clearly defined in Chapter 7 of the South African Constitution. Section 153 subsection (a) of the SA Constitution states that the municipality must; "...structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community..." The nature of the municipalities and their differing capabilities has seen many municipalities in financial trouble, unable to meet the basic needs of their communities. The municipality's ability to manage its finances soundly and effectively should therefore help the municipality to attain sustainable service delivery goal.

1.5.2 Objectives of the Study

The main objective of this study is to explore the role played by sound financial mechanisms on improving service delivery at O. R Tambo District Municipality

1.5.2.1 Sub objectives of the study

The sub-objectives that contribute towards the solutions for the research problem indicated above are as follows:

- To explore the impact of sound financial management systems in enhancing sustainable service delivery by O. R Tambo District Municipality.
- To examine the impact of the South African legislative and policy framework for municipalities on contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.
- To assess the role of the Public Sector Financial Management skills programs fostered effective financial management at O. R Tambo District Municipality
- What recommendations can be made to the senior management at O. R Tambo District Municipality towards contributing to the effective, efficient, and sound financial management and implementation of sustainable service delivery?

1.5.3 Research question and sub-questions

The main research question for the study is:

What role do financial management mechanisms in O. R Tambo district municipality play in improving service delivery?

The sub-questions for the study are as follows:

- What is the impact of sound financial management systems in enhancing sustainable service delivery by O. R Tambo District Municipality?
- How has the South African legislative and policy framework impacted municipalities in terms of contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality?
- What is the role of the Public Sector Financial Management skills programs in fostering effective financial management at O. R Tambo District Municipality
- What recommendations can be made to the senior management at O. R Tambo District Municipality towards contributing to the effective, efficient, and sound financial management and implementation of sustainable service delivery?

The study results will benefit the O. R Tambo District Municipality by offering the municipality insight into the financial management systems and their relationship with service delivery levels.. As service delivery improves, it helps municipalities to increase and improve their revenue collection base as citizens are more likely to be willing to pay for improved services rather than non-payment as a protest measure to poor service delivery.

The results of the study which would advocate for improved service delivery through sound financial management would therefore enhance the quality of life of citizens. Little research has been done to investigate the relationship between financial management systems and service delivery in the former homelands where apartheid excluded these areas from any meaningful services. The study results therefore will add to the limited literature on service delivery and financial management systems in the O. R Tambo region. This will provide a platform for academics and scholars alike to explore further the subject matter towards finding sustainable and lasting solutions to the service delivery challenges faced in South Africa and more specifically in former homelands.

1.6 RESEARCH DESIGN AND METHODOLOGY

The section below will deal with the research methodology and procedures that were used in the study. The study used qualitative research methods on data gathered from five local municipalities and the district municipality's political leadership, senior management, middle management and officials responsible with implementing financial management systems. The study also used interpretivism research paradigm to explore and understand the research question. The section also details the data collection methods used in the study and gives a detailed account of the semi-structured interviews used.

1.6.1 Research approach

A research approach refers to the methodology and procedures chosen to structure the research, collect and analyse data. There are generally three (3) research

approaches known to researchers as at present (Kivunja & Kuyini, 2017). These are qualitative, quantitative and mixed methods research approaches (Kivunja & Kuyini, 2017). For the purposes of this research a qualitative research approach will be adopted. “Qualitative research involves collecting and analysing non-numerical data to understand concepts, opinions or experiences” (Blaikie and Priest (2019:14). Saunders, Lewis & Thornhill (2016:12) defined qualitative research “as a process of naturalistic inquiry that seeks an in-depth understanding of social phenomena within their natural setting”. From the aforementioned definitions it is clear that qualitative research methodology collects non –numerical data about social concepts, people’s opinions, beliefs, values, experiences) and social phenomena in a natural setting with the objective of getting detailed understanding of human lived experiences. The rationale for choosing a qualitative study methodology is since the approach often results in more detailed information about a particular research topic. Thus, a qualitative research methodology is envisaged to result in detailed findings about the role by financial management mechanisms in improving service delivery at O. R Tambo district municipality, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.

1.6.1.1 Research paradigm

Research paradigm is a framework for conducting research that is based on beliefs about reality and the nature of knowledge (Collis & Hussey, 2014:43). Although there are three main research philosophies, which are positivism, phenomenology, and critical realism, this study will adopt interpretivism as its mode of scientific inquiry. According to the interpretivism school of thought, which is related to qualitative research, there are multiple realities to any situation. The study therefore aims to gather detailed research data about the topic under study and believes that each interpretation depends on the individual's subjective interpretation. (Kumar, 2019: 45). The rationale for choosing interpretivism lies in the fact that there are multiple realities about the role by financial management mechanisms in improving service delivery at O. R Tambo district municipality, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and

policy framework on contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.

1.6.2 Research Design

An exploratory phenomenological research design will be chosen for this design. This research design is concerned with bringing out additional new knowledge on a research phenomenon that is completely unknown or partially known so as to bring about comprehensive understanding of the issue being investigated (Quinlan, Babin, Carr & Griffin, 2019). "The phenomenological research design investigates the everyday experiences of human beings while suspending the researchers' preconceived assumptions about the phenomenon" (Saunders et al., 2016:28).

1.6.2.1 Data collection

There are several qualitative data collection techniques that will be employed in this research.

i) Semi structured interviews

Semi-structured interviews involve asking predominantly open-ended questions to respondents. There are a few closed ended questions mostly restricted to biographical questions whilst the majority of interviews questions will be in the form of open-ended questions. The advantage of semi-structured questions is that they enable a researcher to probe respondents further and get detailed information about the issue being investigated on. The rationale for choosing semi-structured interviewing as a research strategy lies in the fact that they enable the researcher to solicit as much detailed information as possible about the role by financial management mechanisms in improving service delivery at O. R Tambo district municipality, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.

ii) Document analysis

This research will also engage in document analysis. This research strategy will involve consulting credible secondary sources of data such as government publications, Statistics SA reports, published textbooks, academic articles and journals, financial statements of O.R Tambo district municipality all of which are publicly available on internet websites. The rationale for engaging in document analysis lies in the fact that they help in the triangulation of findings and to complement data obtained from primary sources. Document analysis will further help ensure that the study's stated research objectives are achieved.

1.6.2.2 Data Sampling

Taherdoost (2016) defines data sampling “as a statistical analysis technique used to select, manipulate and analyse a representative subset of data points to identify patterns and trends in the larger data set being examined”. Data sampling is useful as a cost-effective measure of analysing large amounts of data.

i) Semi structured interviews

Data from semi-structured interviews will be selected for analysis using the purposive sampling method. This sampling method involves the non-probability method of deliberately targeting data that is closely linked and relevant to the research objectives (Etikan & Bala, 2017). Purposive sampling involves selecting the data from a data set sample based on predefined criteria. Under purposive sampling the researcher uses own judgment to choose the type and nature of data to analyse based on its relevance to the provision of answers that the research questions sought to elicit (Gentles, Charles, Ploeg & McKibbon, 2015). The rationale for choosing purposive sampling lies in the fact that it helps to eliminate data that is non-essential and irrelevant to the study (Gentles et al., 2015). This enables the researcher to come up with findings that are relevant to the fulfilment of the research objectives.

ii) Document analysis

Purposive sampling will also be used to target only documentary material that is relevant to the study. Thus only government publications, Statistics SA reports, published textbooks, academic articles and journals containing information about the role by financial management mechanisms in improving service delivery, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management will be examined and analysed. Similarly financial statements pertaining to O. R Tambo District Municipality will be purposively chosen for analysis.

1.6.2.3 Data Analysis

Data analysis is a process of sorting and arranging raw unprocessed data into something meaningful” (Braun & Clarke, 2016:78). The data analysis process assists in reducing a large data into smaller fragments which makes sense.

i) Semi structured interviews

Data analysis for data obtained from semi-structured interviews was conducted through thematic analysis. According to (Vaismoradi, Jones, Turunen and Snelgrove (2016: 17) thematic analysis involves “conducting a closer examination of data to identify common themes – topics, ideas and patterns of meaning that come up repeatedly in a data set. Thematic analysis will be carried out using a six-step procedure. The six steps include familiarizing yourself with the data, coding the data, developing themes, reviewing themes, defining and naming themes, and writing up themes. Thematic analysis was chosen because it is the most suggested and appropriate method for learning about people's views, opinions, knowledge, experiences, or values from a collection of qualitative data. Thematic analysis is preferred because it gives the researcher great flexibility in how to interpret the data

and makes it easier to work with large data sets by categorizing them into general themes. (Clarke, Braun and Hayfield, 2015: 222).

ii) Document analysis

Data from documentary analysis was analysed using content analysis. According to Coffey and Atkinson (2014) Content analysis is employed to create replicable and valid implications by interpreting and coding textual material including verbal and graphic communications. Data from documents was also analysed for content (textual and graphical information) on issues pertaining to the role by financial management mechanisms in improving service delivery, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management.

1.6.2.4 Principles of Trustworthiness

According Coffey and Atkinson (2014), in qualitative research, it is crucial for the researcher to make sure that the methods used are credible, transferable, dependable, and conformable before drawing conclusions. The goal of this research was to ensure that the following criteria are met: findings must be credible, transferable, dependable, and conformable.

i) Credibility

Credibility is a qualitative research criterion that assesses how reliable and convincingly plausible the findings are (Devi, 2017:153). By conducting triangulation of findings, which involves consulting other sources and previous research findings to check for similarities, this study will ensure that the findings are credible.

ii) Transferability

Transferability is a further criterion for qualitative research that assesses how well findings can be applied to other contexts with comparable circumstances (Devi,

2017:153). Transferability will be ensured by providing details about the cultural and social context in which the study will be conducted, allowing for easy comparisons between contexts that are similar (Creswell & Creswell, 2017:357).

iii) Reliability

Another criterion for qualitative research is reliability, which assesses "how much the results can be repeated and be predictable" (Creswell & Creswell, 2017:357). As part of the member checking procedure, respondents will receive compilations of the research's findings in order to check that what they said was accurately recorded and understood as they had been without omissions.

iv) Conformability

According to Creswell & Creswell (2017:358), conformability describes "the extent to which the research findings are upheld by the information gathered was ensured." By using three sources of information, this study will ensure conformability while minimizing the impact of researcher bias and by being honest about one's own beliefs and presumptions.

1.7 SCOPE OF THE STUDY

This study is intended to cover the role that financial management mechanisms in O. R Tambo district municipality play in improving service delivery only. This implies that municipalities that are not under the jurisdiction of O.R Tambo district Municipality are excluded.

The study was carried out in the O. R Tambo District Municipality in the former Transkei (Eastern Cape) to investigate the role and impact financial management systems in ensuring improved service delivery in the O. R Tambo district. The study made use of an interviews conducted with the political leadership of the district municipality, senior and middle management of the municipality and its five local municipalities. These are the strategic leadership of the municipality tasked with the immediate responsibility of ensuring proper functioning of financial management systems to provide adequate service delivery. Interviews were conducted to both

administrative leadership and political leadership. This is to cater for the complimentary roles these two sets of leadership play to ensure effective financial management systems in the municipality. The interviews were conducted to the newly elected (November 2021 local government elections) political leadership and administrative leadership over a period of 20 working days during the start of the 2022/23 financial year.

1.8 SIGNIFICANCE OF THE STUDY

The study sought to investigate the relationship between service delivery and financial management mechanisms in the O. R Tambo District Municipality. The study is therefore sought to contribute to the body of literature on the topic of service delivery looking at the role financial management mechanisms play in exacerbating service delivery protests. There has been no data and research into service delivery in the O. R Tambo district, this study will thus assist in covering this gap thus contributing to the body of literature. The results of the study could also assist other rural municipalities and or other municipalities facing service delivery challenges to implement effective and efficient financial management mechanisms. The study could offer such municipalities possible interventions in some of the service delivery and or financial management systems challenges. Ultimately the study can help build better serviced communities in South Africa and eliminate the service delivery struggles and protests.

1.9 DEFINITION OF KEY CONCEPTS

For this study, the following keywords are used frequently and defined below;

Service Delivery

According to Rickert (2001), service delivery in the South African context can be defined as the provision of product(s) or service(s) like safe water supply, electricity, sanitation, roads, refuse collection and general maintenance of the municipal area. These services and products are distributed by the relevant municipality governing that specific area. Service delivery is thus important and falls directly on municipalities

as they are directly responsible for maintaining healthy living conditions and improving the quality of life for communities.

Service Delivery Protests

Matebesi (2017) describes service delivery protests as a series of demonstrations or unrests and civil disturbances usually levelled at municipalities for failure to provide basic service needs to their communities. Over the years these service delivery protests have turned violent and led to destruction of public property where in some instances human lives have been lost. These protests have become frequent in many municipalities as citizens demand better services from their municipalities.

Financial Management Mechanism

Financial management mechanisms can be described as a set of systems and procedures that are used to govern the management of financial resources of an institution(s) in this case a municipality. These systems or procedures govern how funds are spent and to ensure that the funds are spent for the purposes they were meant for. The municipal financial management mechanisms therefore involves the governance of municipal funds focusing on different components like budgetary process, capital planning, consumer debt and revenue management, procurement, and financial reporting and auditing.

Local Government

Local government can be defined as one of the three spheres of government which consist of municipalities which are responsible for the delivery of basic services to the communities they govern, Mashamaite and Lethoko (2018). Local government is governed through councils which are representatives of elected office bearers.

1.10 SUMMARY

This chapter provided an introduction and background of the service delivery challenges engulfing South African municipalities and the financial management mechanisms as a source of the service delivery challenges. The study focused on the relationship between service delivery and financial management mechanisms in the O. R Tambo District. This chapter also set out in detail the nature and profile of the O. R Tambo District detailing strides and challenges. The chapter clearly articulated the research objectives and research methodologies used. It also described the key terms used in this study. The chapter thus set out the structure of the dissertation.

The next chapter, chapter two (2) of the study focused on the theoretical and empirical literature review. The theoretical underpinnings of the study and empirical literature from other scholars who have studied the same topic is reviewed in chapter. Chapter three (3) of the study considers the methodology used to investigate the research question. In chapter four (4), the study focused on the data analysis and interpretation of the data that was gathered using the methodologies outlined in chapter 3. Finally chapter five gave results and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Chapter one looked at the theoretical literature on service delivery, the concept of service delivery at a broader scale and its application in South Africa. The chapter also discussed financial management within the municipal environment covering legislation, policies, and practices. The chapter then explored the peer reviewed service delivery studies from across the world with focus mainly on South African municipalities. The chapter further identifies the gaps in literature on the relationship between sound financial management systems and service delivery. The gaps are even more noticeable when it comes to predominantly rural municipalities where basic services like water and sanitation provision are a challenge. The chapter will attempt to cover the gap on rural and homelands municipal service delivery issues.

2.2 LEGISLATIVE FRAMEWORK GOVERNING SERVICE DELIVERY IN SOUTH AFRICA

Since the advent of democracy in South Africa in 1994, the new democratic government embarked on a massive task to transform the South African society. The apartheid regime had not only deprived majority of black communities basic human rights but basic service delivery. Service delivery during the apartheid era was thus seen as a privilege to a few minority. The provision of service delivery to the millions of people across South Africa post 1994 became paramount to the democratic dispensation. To achieve basic service delivery, the new government had to embark on policy changes necessary to accelerate the provision of universal service delivery even in most rural areas where accessibility was a challenge. Several key legislative frameworks were developed and enacted to ensure service delivery is achieved. The various legislative framework promulgated since 1994 to accelerate service delivery provision include *South African Constitution, White Paper on Transforming Public Service Delivery, White Paper on Local Government, Municipal Structures Act, Municipal Systems Act, and Municipal Finance Management Act.*

The MFMA is a key instrument in ensuring that municipal financial resources are utilised in efficient and effective manner towards the provision of services and avoid irregular, wasteful and fruitless expenditure. Fourie *et al* (2007) states that the MFMA lays the foundation for good governance, sustainability, revenue adequacy, accountability, transparency, effective and efficient use of resources. The annual AG reports have however noted the continuous disregard or inadequate application of the MFMA in many municipalities. Such has resulted in service delivery challenges experienced by municipalities across South Africa. It is therefore important to note that the MFMA is adequate in terms of addressing the financial management systems in municipalities but the implementation of the MFMA has been poor in many municipalities and a number of reasons have been mooted as causing poor implementation of MFMA.

2.2.1 South African Constitution, 1996.

Service delivery provision is a constitutional requirement placed upon all municipalities in terms of the Constitution. Thus the South African Constitution sets the tone for the provision of service delivery across the country in the new democratic state by outlining the responsibilities of municipalities to ensure that all citizens are provided with services to satisfy their basic needs. The South African constitution also mandates the municipality to structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community. According to Mpofo and Hlatywayo (2015), this therefore calls for municipalities to organize themselves and prioritize the provision of basic service delivery to communities that fall within their jurisdiction. It is also important to note that although the provision of service delivery is given powers in the constitution, the constitution does not go into detail as to what the basic service delivery needs are. The constitution does not provide guidance of regarding specific service delivery the municipality should provide.

2.2.2 White Paper on Transforming Public Service Delivery, 1997.

The White Paper on Transforming Public Service Delivery is primarily about how public services are provided, and specifically about improving the efficiency and effectiveness of the way in which services are delivered, Mpehle (2012). According to

Ndebele and Lavhelani (2017), the White Paper was also aimed at creating a framework for the delivery of public services, which treats citizens more like customers and enables citizens to hold public servants to account for the service they receive.

The White Paper tasks the municipalities to consult citizens about the quality and level of public services they will receive. Aiming to improve service delivery the White Paper brings in the *Batho Pele* principles which centres service delivery on consultation, service standards, courtesy, access, information, openness, and transparency, dealing with complaints, and giving best value. The crafting of the *Batho Pele* initiative in the public sector stemmed from the democratic government's desire to ensure and enhance the quality and accessibility of government services. This would be done through improving efficiency and accountability to the citizens receiving public goods and services. Mafolo and Smith (2010) notes that the full implementation of the *Batho Pele* principles can enhance service delivery whilst ensuring fulfilment of municipal promises for better services to citizens.

2.2.3 White Paper on Local Government, 1998.

In seeking to address the service delivery challenges brought about by the apartheid regime, the new democratic government developed a transitional framework and programme that would provide guidance for the transformation of the local government of South Africa. Koma (2010) states that the White Paper on Local Government was therefore aimed improving the value of the lives of the citizens and to meet their social, economic, and material needs in a sustainable way through a transformed local government. The White paper on Local Government was therefore intended to rebuild the local communities and remedy the damages caused by apartheid on the spatial, social and economic planning. This would ensure that citizens are provided with a decent quality of life and the public services meets the needs of the communities, Govender and Reddy (2015).

The White Paper on Local Government gave a new approach and system of local government that puts citizens at the forefront of service delivery. To this effect the

White Paper would focus on a developmental local government where government is committed to working for the development of communities by offering improved services. The White Paper also borrows some of its principles from other predecessor policies and legislative instruments in advocating for community participation and consultation from inception to service implementation and delivery. Ndebele and Lavhelani (2017) notes that the white paper advocated for the provision and prioritization of communities with no access or little access to services. Of key importance, the White Paper introduced the concept of Integrated Development Planning (IDP) within municipalities. In this, the White Paper gave guidance to municipalities to develop their own IDPs for their short to medium term planning.

2.2.4 Municipal Structures Act, 2000.

Another legislation that was enacted to enhance the provision of service delivery in the new democratic state was the Municipal Structures Act of 2000. The Municipal Structures Act of 2000 sets out guidelines that enables municipalities to uplift their communities by ensuring access to essential services. The Act goes further to define the legal nature of a municipality as including the community and clarifies the executive and legislative powers of municipalities. The Municipal Structures Act also highlights the importance of community participation in the municipal planning, implementation and review processes of the IDP. According to Magagula *et al* (2019), the Municipal Structures Act emphasized the importance of reviewing community needs and priorities, as well as the organisational and delivery means for meeting those needs.

Magagula *et al* (2019), the Municipal Structures Act states that a district municipality should always seek to achieve the integrated, sustainable and equitable social and economic development goals through:

- comprehensive district wide integrated development planning
- promoting bulk infrastructural development and services for the district as a whole
- building the capacity of the local municipalities under its jurisdiction so that they are able to perform their functions and exercise their powers

- ensuring that resources are equitably distributed between the local municipalities so that they render municipal services at an appropriate level.

This will ensure that the service delivery that the district municipality is mandated to provide for its residents across the district is achieved effectively and efficiently. To address service delivery needs the Municipal Structures Act makes provision for the appointment of councillors to represent local municipalities in the district council in order to ensure that critical issues affecting the local municipality receive the attention of the district municipality, Naidoo and Kuye (2005). The Municipal Structures Act further states that there should be cooperation and support between a district and its local municipalities so as to ensure service delivery is achieved across the district.

2.2.5 Municipal Systems Act, 2000.

The Municipal Systems Act was another legislation passed to help shape the municipalities to function accordingly towards achieving the service delivery objective. The Municipal Systems Act therefore articulates the legal nature of municipalities, it also clarifies the rights and duties of the municipal council, local communities, and the municipal administration. The Municipal Systems Act primary focus is the provision of the vital principles, systems and processes essential for municipalities to move gradually towards the socio-economic upliftment of communities, ensuring universal access to affordable basic services. According to Masiya, Davids and Mangai (2019), the Municipal Systems Act requires the municipality to prioritize basic service delivery for its citizens and ensure that all communities have access to basic levels of municipal services.

Magagula *et. Al.* (2019) further states that a municipality should develop mechanisms that it should use to provide municipal services in its area, and also provide for the extent to which such mechanisms should be reviewed by the municipality. At the centre of the act is the participation of residents and prioritization of their service delivery needs.

2.2.6 Municipal Finance Management Act, 2003.

The Municipal Finance Management Act (MFMA) is another legislation act enacted to advance sustainable and effective service delivery through effective financial management controls and procedures. The MFMA was thus developed to modernise budget, accounting and financial management practices by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to deliver services to communities, Hanabe, Taylor, and Raga (2017). The MFMA provides the guidelines on use of public finances with the aim of ensuring municipal budgets generally support the provision of basic services to communities they serve. Such services would help facilitate the constitutional requirement of social and economic development that seeks to promote a safe and healthy environment in sustainable manner. Glasser and Wright (2020) asserts that the MFMA role's is to assist municipalities provide secure sound and sustainable management of their financial affairs. This would help to establish treasury norms and standards for the local sphere of government upon which municipalities can use to provide effective basic services.

2.3 MUNICIPAL SERVICE DELIVERY IN SOUTH AFRICA

Reddy (2016) states that the term service delivery is globally accepted term that refers to the distribution of basic communal needs and services, notably housing, water and sanitation, land, electricity and infrastructure. According to Akinboade, Mokwena and Kinfaek (2014), public service delivery is seen as the provision of public activities, benefits or satisfactions to citizens. In the South African context, Owusu-Ampomah and Hemson (2004) describe service delivery as an instrument and social contract to create social inclusion and raise living standards of the poor majority previously excluded by the apartheid government. This therefore places municipalities at the centre of advancing the provisioning of services to residents that were deprived of these services. The provision of services by many municipalities in South Africa has proven to be both unreliable and inconveniencing to the communities that are served by the municipalities, Chikulo (2016). To this effect service delivery in South Africa remains one of the major challenge facing many municipalities. This has resulted in widespread service delivery protests which have on numerous occasions turned

violent. A plethora of reasons have been cited as drivers of service delivery protests; chief amongst them being the level of dissatisfaction in the delivery of basic municipal services such as clean running water, electricity and toilets, especially in rural settlements. These coupled with high levels of corruptions, high unemployment and poverty rates, and crime have fuelled these service delivery protests, Beyers (2016). Van Antwerpen and Ferreira (2016) attribute the poor levels of service delivery to lack of qualified officials in municipalities. This they further assert that it hampers the government to do the essential maintenance work and to develop excellent strategies that could keep the communities running smoothly.

Today's service delivery challenges cannot however be totally divorced from the apartheid era service delivery planning and backlogs. The services that were delivered during the apartheid era was mainly preferential services delivery with black communities receiving little to no basic services at all. This provision of service delivery enforced segregation and impoverished the black communities, Ndebele and Lavhelani (2017). The approach thus created enormous service delivery backlog within the majority of the black communities.

The huge service delivery backlogs emanating from the apartheid era have also affected the universal provision of basic services to communities by municipalities. The problem of service delivery is even more challenging in rural communities where the O. R Tambo District Municipality draws huge percentage of its residents. Many rural areas have been without basic services since era of apartheid, this has slightly improved with the new democratic government but service delivery in rural areas still lag behind from urban communities, Mabizela and Matsiliza (2020). Besides the lack of access to basic services or the limited provision of basic services, service delivery in rural areas is considered more expensive to provide than urban areas. It is also important to note that the distance travelled to access services both by the user and providers in areas of lower density raises the cost of service provision. Many rural areas are dispersed and sparsely populated with communities having to rely on natural resources for some basic services like water. The provision of basic services in such areas therefore becomes a challenge for municipalities.

Baloyi and Bayers (2019) investigated the impact of financial malpractices on service delivery in South African in the local government. Their study employed the conceptual examination of existing literature methodology. Baloyi and Bayers (2019) found that financial malpractices by officials result in weak systems which lead to fruitless, reckless and wasteful expenditure thereby neglecting the municipal key focus of enhancing service delivery.

Over the past medium term, there has been significant increase in resources to municipalities to deal with service delivery challenges, but the service delivery challenges continue to persist. There is growing realization that the service delivery challenges faced by local government in South Africa will continue to bedevil the municipalities despite efforts to improve levels and quality, Zerihun and Mashigo (2022).

2.4 SERVICE DELIVERY AND PUBLIC FINANCE MANAGEMENT THEORETIC FRAMEWORK

This section of the study specifically focused on the public finance management theory. The two variables' theories key to this research have been explored to understand the research question.

2.4.1 Public Finance Management Theory

According to Khan & Hildreth (2002), the public finance management theoretical orientation outlines how financial management should be conducted in public institutions to achieve financial control and, to a degree, resource optimization. The transactional cost model for public finance management, and some reference to the theory of financial transactions, will therefore be explained here to gain further insight into effective financial management at local government level. Recently public finance systems have witnessed marked increases costs which has adversely affected the budget of the government and more the overall effectiveness of the public sector (Poniatowicz, 2017). Transaction cost economies has been applied to explore issues

around management's control and capital budgeting in a local government sphere. Bartle and Ma (2001) posited that the transaction cost theory enjoys wider applications to the broad sub disciplines of public finance management such as cash management. They went further to state that it is imperative that government must attempt to achieve their service delivery objectives and other public services objectives in a more efficient way.

In the field of public finance management, transaction cost theories are developed mostly for two fields, mainly being procurement and management control (Fourie and Malan, 2020). To have an efficient model, the focus should thus be on the bidding competition and moral hazard effect. The theory goes on further to suggest that the most inefficiencies in procurement process are the post-contractual price adjustments, and they are viewed as commitment failure. This is highlighted as one of the sources of much of finance management inefficiencies in municipalities.

Patashnik (1996) noted that the main features of the transaction cost theory include budget execution, managers being placed at the centre of controls, prioritisation and or decision making regarding feasibility and desirability of a priority. The theory suggests that resources can be effectively saved by matching proper budget control techniques and each public service (Bartle and Ma, 2001). The theory highlights the importance of creating relationships between the budget controller, the entity (in this case municipality) planning, execution, and monitoring of budgetary contracts. The theory also suggests that the focus should be on control cost. The transaction cost theory also speaks to the contracting, viewed as a revenue collection issue, thus revenue can be collected on fixed rates and services rates collection. According to Wieland and Fischer (2020), the transactional cost model of public finance management evaluates institutional and contractual arrangements and management innovation, based on how well they solve various transaction cost problems by the criteria of institutional, contractual, and management efficiency.

According to Goryakin *et al.* (2017), tools that reliably and accurately distinguishes and assesses the efficacy of Public Financial Management (PFM) on enhancing performance of municipalities in as far as service is concerned service delivery

performance in municipalities do not yet exist. This can be attributed to the complex and indirect relationship that exists between PFM systems and service delivery. Only a few studies have investigated the relationship between finance management and service delivery in South Africa. This study will, therefore, seek to add to the few scholars who have attempted to analyse or investigate the role that effective financial management has on delivery of services in the municipal context.

The Public Finance Management Theory however does not entirely cater for the South African municipal space as it leaves gaps in the municipal finance management. The theory does not dwell much on the revenue collection which affects the sustainable provision of services. Failure to collect adequate revenue by municipality can therefore result in reduction in the quantity and or quality of services rendered by a municipality. The theory is also silent on the effect of asset management, often municipalities fail to manage and maintain service delivery assets, and this often results in continuous breakdown of these assets leaving communities without services. The COVID-19 pandemic has also put an extra pressure on government expenditure resulting in reduction in resources allocated to municipalities thus needing municipalities to be creative in implementing service delivery programs.

2.4.2 Service Delivery Theory

One of the widely used and accepted theory to explain service delivery satisfaction has been the Expectancy-Disconfirmation Model (EDM). The model postulates that citizens compare between their expectations and the actual services rendered by the public service, if the public service performance exceeds or meet citizens expectations then the citizens are satisfied. The opposite is true when the citizens expectations are not met by the public service provider. The expectancy-disconfirmation model is based on the citizen's mind on perceived performance of services they receive. Zhang *et. al* (2021) notes that the EDM emanated from marketing literature centred along customer satisfaction. Van Ryzin (2004) tested this expectancy-disconfirmation model in the public sector checking it's applicability to this sector. The positive disconfirmation derived when performance is better than what citizens expected generally would

results in satisfaction while a negative disconfirmation which happens when performance is worse than citizens expectations results in dissatisfaction, Van Ryzin (2004).

Whenever the value of disconfirmation is greater the difference between performance and expectation becomes ever greater, Oliver (2010).

2.5 LITERATURE REVIEW

According to Mabizela and Matsiliza (2020), the service delivery challenges in South Africa continue to hound many communities and even worse in rural and under-resourced municipalities. A number of studies have explored the relationship between service delivery and financial management in municipalities. A synthesis table of the studies that will be interrogated in this chapter section below and these studies will be further analysed below.

2.5.1 Literature Review Synthesis Table

The section shows all the empirical literature that was reviewed, methodology used, and findings from the studies.

Empirical Literature Review Synthesis Matrix Table

Author(s)	Title	Purpose of Study	Methodology	Findings/Results
Akinboade, Mokwena & Kinpack. (2013)	Understanding citizen's participation in service delivery protests in South Africa's Sedibeng district municipality	To assess citizen's participation in service delivery protests	The descriptive and inferential statistics approaches	The level of satisfaction with public service delivery is quite low and allegations of corruption result in poor service delivery and fuel service delivery protests.
Baloyi & Bayers (2019)	The Impact Of Financial Malpractice On Service Delivery: A Conceptual Examination Of Literature	To investigate the impact of financial management on service delivery	The conceptual examination of literature	Financial malpractice has a negative impact of service delivery in SA
Hanabe, Taylor & Raga. (2017)	A model to enhance local government budgetary reforms: A case study of a district municipality in the province of Eastern Cape of South Africa.	To investigate and evaluate possible challenges encountered with the implementation of the budgetary reforms and its effect on service delivery	Mixed methods – with questionnaires used	The study further revealed that the level of financial governance was weak at the municipality and implementation of financial management reforms was slow which in turn affected the level of service delivery
Johannes Beyers (2016)	Service delivery challenges facing municipalities: A case study of Fetakgomo local municipality in Sekhukhune district municipality, Limpopo province	To investigate the main causes of service delivery challenges and the impact of these challenges on service delivery	Qualitative research methods – questionnaires and interviews	The study found that political interference in the administration of municipalities was a challenge and lack of capacity to manage financial systems effectively were some problems affecting service delivery.
Kalonda Govender. &	Factors Affecting Municipal Service Delivery: A Case of	To investigate the factors affecting service delivery at KMTCC	Both qualitative and Quantitative research methods.	The level of service level dissatisfaction was high. Factors like financial management

(2021)	Katima Mulilo Town Council in Namibia.			challenges, skills level and corruption contributed to poor service delivery.
Kanyane (2014)	Exploring challenges of municipal service delivery in South Africa (1994-2013)	To explore service delivery challenges in South African municipalities and find solutions for the problems	Qualitative methods	Service delivery was a direct manifestation of capacity constraints, financial
Karama & Muia (2019)	Effect of Financial resources on the delivery of devolved services in selected counties in Kenya.	To ascertain the effect of public financial resources management of services in Kenya	Qualitative methods (Questionnaires) administered on 384 employees	The study found that good financial resource management had a positive impact on services
Mabizela & Matsiliza. (2020)	Uncovering gaps in the provision of services in the rural Okhahlamba Municipality of KwaZulu Natal Province	To examine the service delivery gaps and determine strategies that enhances service delivery	Mixed method using unstructured interviews and questionnaires.	Capacity and financial resources management constraints was affecting service delivery in the municipality.
Mantzaris (2014)	Municipal financial management to fight corruption and enhance development: A holistic approach	Study seeks to identify and explore various interrelated steps, systems and models that form the basis of solid financial management to enhance service delivery levels	Qualitative research methods	The study revealed that financial management systems are fundamental elements of transparency, accountability and efficient and effective service delivery in every municipality.
Masiya, Davids, & Mangai (2019)	Assessing Public Service Delivery: Public Perception Of Municipal Service Delivery in South Africa.	The study investigates citizen satisfaction with basic municipal service delivery in South Africa and analyses citizen perceptions	Quantitative research methods – data extracted from South African Social Attitudes Survey.	Findings reveal that citizen dissatisfaction with service delivery is influenced by factors such as perceptions of relative deprivation and inequality,
Mazibuko (2020)	Local Government: Getting the South African Municipal Finances Right	The study investigates the effect of financial management on municipal on services to inhabitants	Both qualitative and quantitative methodology	Financial management challenges in local government intensify social exclusion and

		and sustainability of managing municipal finances		hamper delivery of services to inhabitants of the municipality
Moyo (2016)	Governance challenges in service delivery: A case of local municipalities in	To determine governance challenges in municipal service delivery in the North West Province.	Qualitative research methods – questionnaires and interviews.	Study found that politics plays a critical role in skills deployment and service delivery. Financial mismanagement was also identified as catalyst of poor service delivery
Ndebele & Lavhelani. (2017)	Local government and quality service delivery: An evaluation of municipal service delivery in a local municipality in Limpopo province	To investigate service delivery effectiveness in one local municipality in Limpopo in South Africa	Qualitative approach was adopted where a questionnaire with open-ended questions	The findings reflect that financial support systems affect the service delivery
Pretorius & Schurink (2007)	Enhancing service delivery in local government: A case of a district municipality	To investigate service delivery challenges and ways to improve service delivery in the district municipality	Qualitative research methods – using interviews, observations, documents and audio-visual materials	The study found out that service delivery can be enhanced by improving the financial, administrative and service delivery capacity within the district municipality.
Zerihun & Mashingo. (2022)	The quest for service delivery: The case of a rural district municipality in the Mpumalanga province of South Africa	To assess the extent of service delivery deficit and find ways to improve service delivery	Descriptive quantitative method	Residents are not satisfied with the level of current municipal services provided. The municipality does not generate enough funds and their financial systems are weak

2.5.2 Empirical Literature Review

This section will review empirical literature starting from global perspective, regional, national, provincial and O. R Tambo district on the relationship between service delivery and financial management. This literature is sourced from peer reviewed articles supported by other current local government reports. According to the Auditor General (2019), the O. R Tambo District Municipality has a plethora of challenges, ranging from absence of financial systems and processes to inadequate financial internal control systems. According to Auditor General (2019), “In the 2017/18 financial year, the O. R Tambo District municipal council wrote off R2.7 billion (R2 781 767 097) of the irregular expenditure”. The Auditor General (2018) pointed out that some municipalities were flouting the Municipal Finance Management Act regulations by failing to disclose the occurrence of irregular expenditure as is required. This meant that the AG was not able to obtain all the requisite information necessary for the determination of the full extent of the material misstatements arising from the disclosed amount of R679.9 million.

It is widely theorized that improving finance management in public service (municipalities) would invariably impact positively on service delivery (Welham, Krause, and Hedger, 2013). It is postulated that an absence of effective, efficient, and sound financial management systems in areas that acts as enablers of service delivery provision, may also have an adverse impact on the delivery of proper services (Welham et al., 2013). Considerations of pre-existing politically determined strategies for expending public funds helps in the efficient and effective allocation of financial resources. Thus, it is especially the case with determining priorities that promote sustainable service delivery.

2.5.2.1 Literature From Developing Countries

Kalonda and Govender (2021) conducted a research to investigate factors affecting service delivery at Katima Mulilo Town Council (KMTC) in Namibia. The study was based on hundred and thirty (130) participants consisting of thirty council employees and hundred residents that were selected using non-probability purposive and stratified random sampling techniques. The quantitative data was analysed using a software package and the authors also used thematic analysis for qualitative data. The study revealed a very high level of dissatisfaction amongst residents of services rendered by KMTC. It further noted that factors affecting service delivery were many including “.....*lack of leadership, inadequate service delivery skills, financial management difficulties, corruption and ineffective strategic management....*” The level of skills could have an effect on financial management challenges leading to service delivery challenges. The study did not however explore the reasons behind the poor implementation of strong financial management systems which were partly to blame for the service delivery dissatisfaction.

An eight (8) case study review conducted by the World Bank (2012) of states categorised as fragile and undertaking changes to effective public finance management systems to determine whether there was a relationship between finance management improvements and service delivery. The World Bank (2012) study found that there were improvements in service delivery over time, but with no apparent relationship to progress on finance management improvements. Improvements in some basic services occurred across all case studies, regardless of their level of progress on finance management improvements. The study concluded that, based on the evidence, it was not clear and when effective public finance management progress would start to make a meaningful contribution to the service delivery improvements (World Bank, 2012). This study thus does not find any meaningful relationship between improved service delivery and improved financial management systems. The study could however not elaborate

on how improved service delivery could still be noticed despite lack of financial management systems improving significantly.

A study by Karama & Muia (2019) to investigate the effects of financial resource management on delivery of services in counties (provinces) in Kenya found that there was a positive correlation between financial resource management and services delivered in Kenya. The study used qualitative methodology administering using structured and open-ended questionnaires from 384 employees that were randomly selected from eight counties. The study results were obtained from regression analysis. The study used donor funded resources which normally have an additional layer of monitoring of resources and attainment of set objectives. Further analysis need to be explored on how donor funders systems and controls are able to achieve service delivery better.

2.5.2.2 Literature From South Africa

Masiya, Davids, and Mangayi (2019) conducted a study to assess public perceptions on service delivery and in municipalities in South Africa, using South African Social Attitude Survey. This quantitative study found that there are many factors affecting levels of dissatisfaction including “....perceptions of relative deprivation and inequality, unfulfilled political promises, uneven access to services, provision of substandard services and high levels of poverty including disparities which emanate from the post-apartheid regime..” These issues are at the core of service delivery dissatisfaction amongst residents across South Africa.

Wild, Chambers, King, and Harris (2012) in their study found that in many developing African countries despite massive increases in financial resources both from international and domestic stakeholders service delivery has remained very low. This has also been attributed to a number of factors from inadequate financial management

skills to corruption amongst others. Lewis (2006) using cross country data from developing nations mainly from Africa, notes that once financial leakages (usually in the form of corruption) are accounted for, there is a clear relationship between improved financial management and service delivery.

Several small municipalities, and or rural municipalities in South Africa are not operating, maintaining, and delivering services in a manner that is cost effective and sustainable (Johannes & Beyers, 2016). In their study, Johannes & Beyers (2016) using Fotokgomo local municipality data investigated the service delivery challenges in this municipality. The qualitative study used questionnaires and interviews on thirty participants from the municipality. Johannes & Beyers (2016) noted that failures by municipalities to “manage assets” mainly due to the lack of effective and efficient financial management skills, often leads to a premature deterioration (depreciation) of assets. Consequentially this leads to frequent and prolonged and unanticipated disruptions to the delivery of services. The study also found that other challenges causing service delivery problems in the Fetakgomo local municipality stemmed from recruitment and skills deficiencies in municipal management positions.

Ndebele and Lavhelani (2017) conducted a study to evaluate the local government and the quality of service delivery from a local municipality in Limpopo province. The study used qualitative research methods with a questionnaire which had open-ended questions. The data was collected from a total of twenty five (25) participants with five (5) officials and twenty (20) community members. The results of the study revealed that service delivery in the municipality is greatly affected by the financial support systems. It is thus important to note that municipalities ought to effectively and efficiently manage their financial management systems to improve service delivery.

Rural municipalities are some of the hardest hit but poor service delivery across South Africa. In a study by Mabizela and Matsiliza (2020) that was conducted to examine the

service delivery gaps in Okhahlamba municipality in KwaZulu Natal province measured dissatisfaction among community members. The sample size was two hundred and thirty five (235) of which two hundred were community members, twenty (20) were municipal officials, and 15 officials from provincial government. The study employed the mixed methods where interviews and questionnaires were used to collect data then thematic approach used to analyze data using a software package. The study found that the challenges in the municipality stifling service delivery emanated from capacity constraints and poor financial resource management. This also shows how capacity can affect financial management hence service delivery.

Kanyane (2014) explored the municipal service delivery challenges from 1994 – 2013 in South Africa using document synthesis in order to address problems and challenges of service delivery. The study used qualitative literature review and found that the service delivery challenges was a direct consequence of capacity challenges in municipalities, financial viability and management constraints, corruption, and political interference. The inability of municipalities to effectively manage their financial systems has worsened the service delivery problems in municipalities.

Moyo (2016) also conducted a study to determine governance challenges in the provision of services in Mpumalanga province local municipalities. The study had three hundred and forty (340) participants and used qualitative research methods (questionnaires and interviews). The research findings were that political interference plays an important role in skills deployment and service delivery in the municipalities. It also found that serious financial mismanagement, corruption, fraud and financial irregularities were affecting service delivery in the municipalities.

According to Bekink (2006) municipalities are the lowest level sphere of government that are closest to the grassroots communities and their people. It is because of their proximity to the local communities and the grassroots that motivated the government to

make the decision of allocating Municipal governments the responsibility of delivering basic services. This responsibility further required municipalities with the responsibility of ensuring sound and effective financial management for the provision and delivery of basic services to the communities under their jurisdiction.

Zerihun and Mashego (2022) conducted a study that was aimed at critically assessing the extent of service delivery deficit and find ways to improve service delivery in a rural district municipality in Mpumalanga. The study used descriptive quantitative methods and collected data from 120 participants using questionnaire and content analysis of official documentations. The results revealed that residents were not satisfied with the level of municipal services provided. The poor service delivery also resulted from the fact that the rural district municipality was not able to generate revenue due to non-payment by residents. The district municipality's financial management systems were weak and unable to support adequate service delivery.

Pretorius and Schurink (2007) conducted a study to investigate means of enhancing service delivery in a district municipality in Gauteng. The study focused on the leadership as catalyst to enhancing service delivery in the district municipality. The study used qualitative research methods mainly interviews, observations, document review and audio-visual means. The authors' findings revealed that service delivery could be enhanced by "... improving the financial, administrative and service delivery capacity within the district municipality..." The study found it was therefore imperative to improve leadership ability to manage financial and administrative capacity to delivery service.

Akinboade, Mokwena, Kinck (2013) conducted a study to assess and understand the citizens participation in service delivery protests in Sedibeng district municipality. The study was from a sample of 1 000 participants and used the descriptive and inferential statistics approaches. It was found that the level of satisfaction with municipal service delivery in the district was very low. Further more it was found that the poor service

delivery can also be attributed to the level of corruption within the district. The district thus need to enhance the financial management systems to prevent corruption hampering service delivery efforts.

Several factors determine the achievement of effective and sustainable service provision. Though the availability of financial resources plays an important role in the delivery of services, Lee (2012) further asserted that service delivery can be further enhanced if financial resources of a municipality are allocated and used in a manner that ensures efficiency, effectiveness and sustainability of the delivery of services. Municipalities need to ensure maximisation of their revenue collection while at the same time ensuring that scarce resources are used diligently, or the objective of sustainable service delivery will remain a pipe dream for many municipalities (Edwards, 2015).

An analysis of literature suggests that good finance management performance is a necessity, but on the other hand it is not a sufficient pre-condition, for sustainable and effective performance in the roll out of service delivery, whereas poor finance management systems provide a high degree of ascertainment that they will lead to poor delivery of services (Rao, 2013).

In an article by Mantzaris (2014) to identify and explore steps, systems, and models that form basis of solid financial management systems in municipalities. The article highlighted the many challenges faced by municipalities in South Africa including the financial management issues. The study revealed that "... financial management systems are fundamental elements of transparency, accountability and efficient and effective service delivery in every municipality..." Failure by many municipalities to have effective financial management systems has thus resulted in service delivery chaos.

A study conducted by Hanabe, Taylor, and Raga (2017) to investigate and evaluate possible challenges encountered with the implementation of the budgetary reforms and its effect on service delivery. The study was conducted at Amathole District Municipality using mixed methods with questionnaires used to gather primary data. The study sample population was ninety-six (96) with ten (10) mayoral committee members, twenty-six (26) councillors, and sixty (60) senior and middle-management officials. According to Hanabe, Taylor and Raga (2017), “.... the study revealed that the budgetary reforms introduced by the National Treasury are to strengthen financial management practices, which are essential for the long-term sustainability of municipalities and to improve service delivery.” The study further revealed that the level of financial governance was weak at the municipality and implementation of financial management reforms was slow which in turn affected the level of service delivery in the district.

Rao (2013) affirmed that sound financial management has often been associated with service delivery improvements. However, Rao (2013) acknowledged that comprehensive evidence pointing to a direct correlation between sound financial management and service delivery improvements is still scarce. This further implies that sound financial management alone is not sufficient to bring about service delivery improvements hence suggesting that there may be other influencing factors that have a role to play to make municipalities improve their service delivery performance.

In a study by Mazibuko (2020) conducted to investigate the effect of financial resource management challenges in South African municipalities found that, the financial management challenges of poor budgeting leading to budget shortfalls, weak revenue collection, flawed procurement processes amongst others have caused financial shambles and distress in municipalities. The study found that this leads to poor and unmaintained assets and infrastructure, deteriorating services quality causing service delivery protests. Mazibuko (2020) also found that these challenges increases municipal deprivation and intensifying social exclusion which is the unfortunate history of many

municipalities. The study was conducted using both qualitative and quantitative methodology examining South African municipalities.

Welham et al. (2013) asserted that the prevalence of weak financial management systems in some public sector entities has had the effect of diverting external funders and donors of local government community development to non-profit organisations (NGOs). This is because external donors put more emphasis on the existence of sound financial governance and accountability systems. Public sector departments or institutions that lack proper and sound financial governance and management systems do not receive direct budgetary and funding support from donors. Instead, this has led to donors and or external funder's channeling financial aid and assistance through NGOs as a strategy to ensure authentic service delivery improvements.

2.6 SUMMARY

It should be noted that while effective public finance management helps to provide relevant and accurate information to decision makers so that they can put into effect efficient financial process management systems. However, the weakness arising from this is that public financial management alone does little to ensure that the correct decisions are made and implemented. As indicated in the literature review covered above, the challenges of service delivery in municipalities are multi-dimensional and at the core of these challenges are financial management issues within municipalities. The extent to which service delivery is affected is dependent on skills set to deal with financial management systems amongst other reasons. The studies reviewed showed a relationship does exist between service delivery and financial management, the relationship is mainly positive. None of the studies reviewed here shared the same characteristics as the O. R Tambo District Municipality hence the need to use O. R Tambo District Municipality data to investigate the relationship between financial management and service delivery.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Chapter 3 considered the research design, research strategies and the rationale for the chosen methodology. The research design that was chosen for this study is a qualitative exploratory methodology, with great emphasis placed on ensuring that the integrity and impartiality of the data is upheld to the greatest extent possible. This chapter scrutinized fundamental aspects of empirical research, including the sampling strategy, data collection instrument, and data analysis.

3.2 RESEARCH APPROACH

A research approach refers to the methodology and procedures chosen to structure the research, collect and analyse data. According to Kivunja & Kuyini (2017), there are generally three (3) research approaches known to researchers as at present. These are qualitative, quantitative and mixed methods research approaches. This research therefore adopted the qualitative research approach. Blaikie and Priest (2019) defined qualitative research as “.... involving the collecting and analyzing of non-numerical data to understand concepts, opinions or experiences”. Saunders, Lewis & Thornhill (2016) defined qualitative research “as a process of naturalistic inquiry that seeks an in-depth understanding of social phenomena within their natural setting”.

The aforementioned definitions show that qualitative research methodology hinges around collecting of non–numerical data about social concepts, people’s opinions, beliefs, values, experiences and social phenomena in a natural setting with the objective of getting detailed understanding of human lived experiences. The rationale for choosing a qualitative study methodology was guided by the justification that this approach has the potential to yield extensive and comprehensive information regarding a specific research area. It was envisioned that the utilization of qualitative research

methodology will yield comprehensive findings regarding the contribution of financial management mechanisms towards enhancing service delivery at O.R Tambo district municipality. The study further investigated the effect of sound financial management systems on sustainable service delivery in O.R Tambo District Municipality. Additionally, the study analyzed the contribution of the South African legislative and policy framework towards promoting effective, efficient, and sound municipal finance management of O.R Tambo District Municipality.

3.2 RESEARCH PARADIGM

Collis & Hussey (2014) define research paradigm is a framework that guides how research should be conducted based on ideas about reality and nature of knowledge. Despite the fact that there are three research philosophies namely positivism, phenomenology and critical realism, the study shall focus on interpretivism as a school of thought about science and knowledge. According to Kumar (2019), interpretivism represents a paradigm in qualitative research that endeavours to procure comprehensive research data pertaining to the subject matter under investigation. This theoretical framework acknowledges the presence of divergent realities that exist in any given situation, and asserts that each interpretation is contingent upon the subjective perspective of the individual. The rationale for choosing interpretivism lies in the fact that there are multiple realities about the role by financial management mechanisms in improving service delivery at O. R Tambo district municipality, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.

3.3 RESEARCH PHILOSOPHY

In the realm of research philosophy, two fundamental perspectives can be identified. Kumar (2019) expounds that the initial research philosophical stance encompasses positivism and interpretivism, also known as phenomenology. According to Kumar

(2019), positivism is a research philosophy that is inherent in the quantitative research approach and is based on the idea that there is only a one objective truth regarding any given phenomenon. The goal of positivism is to separate truth from falsehood by using scientific and numerical methods to demonstrate what is true and what is false. Interpretivism is a philosophical approach to research that acknowledges the presence of numerous versions of reality or "truths" concerning any given phenomena. Corbin and Strauss (2017) assert that within the interpretivist paradigm, there is a recognition that multiple interpretations exist for any given phenomenon, and that subjective perspectives play a significant role in one's understanding and acceptance of reality.

The study focused on the Interpretivist (Phenomenological) Research Philosophy in order to examine the efficacy of financial mechanisms in enhancing service delivery within the context of the O. R Tambo District Municipality. According to Creswell (2013) an Interpretivist (Phenomenology) is a radical philosophy that accepts multiple solutions to a problem and is determined by how each person interprets the issue. Numerous realities may emerge from the perspectives of various researchers, contrary to what phenomenologists frequently hold to be the case. According to Coffey and Atkinson (2014), the interpretivist approach is characterized by its argumentative nature and its aspiration to acquire in-depth information about a given phenomenon.

Given that the study is qualitative in nature, the study embraced Interpretivism as a theoretic framework, founded on the principle that diverse realities and interpretations exist in light of the difficulties with the Peach Value Addition Cooperative Project's sustainability and their effects on the municipality's project sustainability, As echoed by Saunders, Lewis, and Thornhill (2009), the adoption of interpretivism (phenomenology) as a research philosophy underpinning this study proved integral as it facilitated the identification of various realities concerning the extent to which financial management mechanisms enhance service delivery in O. R Tambo district municipality. The study was aimed at investigating the effects of sound financial management systems within

the O.R Tambo district municipality, specifically elucidating how such systems can enhance sustainable service delivery. Additionally, the research evaluated the role of the South African legislative and policy framework in contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.

3.4 RESEARCH DESIGN

A Research design is the structure that holds your research together and makes it possible for you to respond to the research questions in a way that is appropriate, effective, and efficient. McKenney and Reeves (2018) state that a research design serves as a comprehensive blueprint that elucidates the methods by which a research study will be executed with the aim of accomplishing its objectives. McKenney and Reeves (2018) further state that a fundamental component of research entails the formulation of a well-defined research design that delimits the essential characteristics of the data necessitated, specifies the various methods that will be employed to procure and scrutinize this data, as well as outlines how the resultant outcomes will be utilized to collect and analyze this data, and how all of this will respond to the research question. An exploratory phenomenological research design was chosen for this design. Quinlan, Babin, Carr & Griffin (2019) states that this research design is concerned with bringing out additional new knowledge on a research phenomenon that is completely unknown or partially known so as to bring about comprehensive understanding of the issue being investigated.

Basias & Pollalis (2018) further states that exploratory research design is a that may be chosen if the goal of the research is to discover something new about what is being investigated so as to bring in new knowledge or extra perspectives. An exploratory research design was chosen because it was envisaged to bring more unexplored and unknown information pertaining to the role by financial management mechanisms in improving service delivery at O. R Tambo district municipality, impact of sound financial management systems in enhancing sustainable service delivery.

3.4.1 Data collection

There are several qualitative data collection techniques that were used in this research and all of the used techniques are further discussed below to understand how they were used in the study.

3.4.1.1 Semi structured interviews

Semi-structured interviews involves asking predominantly open ended questions to respondents. There were a few closed ended questions mostly restricted to biographical questions whilst the majority of interview questions were in the form of open ended questions. The advantage of semi-structured questions is that they enable a researcher to probe respondents further and get detailed information about the issue being investigated on. The rationale for choosing semi-structured interviewing as a research strategy lied on the fact that they enabled the researcher to solicit as much detailed information as possible about the role by financial management mechanisms in improving service delivery at O. R Tambo district municipality, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management of O. R Tambo District Municipality.

Semi-structured interviews were conducted using the English language, and this was possible because the target group comprised of managers and professional staff who are assumed to be conversant in the language. However, where the participant preferred to also speak vernacular language (Xhosa or isiZulu), such a participant was allowed to do so, and the data was translated back to English for transcription and coding. This was possible because the researcher is conversant in English, isiXhosa and isiZulu languages. Each interview was scheduled to last for approximately 20 to 30 minutes using face-to-face interviews. During the interviews, notes on emerging key points were written down for later analysis. Data collected was stored in electronic format and on password-protected external drives and will be kept for a period of five years and will be discarded thereafter.

3.4.1.2 Tools for data collection

An interview guide was developed for both senior and middle management (administrative leadership), implementing officials and political leadership. This was to cater for the complimentary roles these four sets of heterogeneous groups plays to ensure effective financial management systems in the municipality.

3.4.1.3 Document analysis

This research also engaged in document analysis. This research strategy involved consulting credible secondary sources of data such as government publications, Statistics SA reports, published textbooks, academic articles and journals, financial statements of O. R Tambo district municipality all of which are publicly available on internet websites. The rationale for engaging in document analysis lies in the fact that they help in the triangulation of findings and to complement data obtained from primary sources. Document analysis will further help ensure that the study's stated research objectives are achieved.

3.4.3 DATA SAMPLING

Taherdoost (2016) defines data sampling "as a statistical analysis technique used to select, manipulate and analyse a representative subset of data points to identify patterns and trends in the larger data set being examined". Data sampling is useful as a cost effective measure of analysing large amounts of data. According to Etikan, Musa and Alkassim (2016) and as further elaborated by Pascoe (2014), sampling is the science of choosing participants from the targeted population to an extent that the results can be generalised to the same population.

There are two main classes of sampling techniques, namely, probability sampling and non-probability sampling. The former entails an element of random selection of respondents, while the latter selects respondents in a non-random way. In non-probability sampling, respondents are selected based on the judgement of the researcher, whilst in probability sampling, they are randomly selected, Denzin and

Lincon (2011). Pascoe (2014) is of the view that the random element of selecting respondents under probability sampling makes the selection process objective, unbiased, and more representative. On the other hand, non-probability sampling methods use subjectivity in the selection of respondents, and this has the disadvantage that the respondents are not representative of the entire population, Pascoe (2014).

This study adopted non-probability purposive sampling for selecting documents, articles and journals to study and for selecting research participants for semi-structured interviews.

3.4.3.1 Semi structured interviews

Although all the data that was collected by the researcher was ultimately analysed and presented in the study, the researcher carefully selected data with the same theme. Thus the data from semi-structured interviews were selected for analysis using the purposive sampling method. This sampling method involves the non-probability method of deliberately targeting data that is closely linked and relevant to the research objectives, Etikan & Bala (2017). Purposive sampling involves selecting the data from a data set sample based on predefined criteria. According to Gentles, Charles, Ploeg & McKibbin (2015) under purposive sampling the researcher uses own judgment to choose the type and nature of data to analyse based on its relevance to the provision of answers that the research questions sought to elicit. The rationale for choosing purposive sampling lies in the fact that it helped to eliminate data that is non-essential and irrelevant to the study and this notion is supported by Gentles et al., (2015). Purposive sampling helped the researcher to come up with findings that are relevant to the fulfilment of the research objectives.

3.4.3.2 Document analysis

Purposive sampling was also used to target only documentary material that is relevant to the study. Thus only government publications, Statistics SA reports, published textbooks, academic articles and journals containing information about the role by financial management mechanisms in improving service delivery, impact of sound

financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management were examined and analysed. Similarly financial statements pertaining to O. R Tambo District Municipality were purposively chosen for analysis.

3.4.3.3 Target population

The target population for the study were the senior management employees, middle managers, finance officials, political leadership of the district municipality and the five local municipalities. The O. R Tambo District Municipality and its five local municipalities had a total of about forty (40) senior managers, one hundred and seventy middle managers, and two hundred and thirty six ward councillor of which about fifty five hold municipal portfolios. The officials added as the other participants to the study were supervisors in key financial and service delivery departments. The rationale for selecting managerial and supervisory employees in charge of financial and operational management was based on the role they play in implementing financial management systems that can promote or derail service delivery to improve the lives of the people of O. R Tambo District. On the other hand, ward councillors represented the political leadership and were chosen for their knowledge of the service delivery standards being provided by the district municipality and ward councillors are the first port of call for any service delivery complaints from communities they represent.

3.4.3.4 Sample size

The sample size for this study included a total of seventy (70) participants drawn from a pool of senior and middle managerial employees, officials and councillors (politicians) of O. R Tambo District Municipality and the five local municipalities.

3.4.3.5 Pilot Study

Gill and Johnson (2014) characterises a pilot study as a process by which a researcher conducts a pilot test of the actual research instrument with the primary goal of determining the instrument's suitability for use in the actual data collection exercise is

described as a pilot study. Gill and Johnson (2014) have expounded on the notion that a pilot study may involve conducting a mini-interview, if the study is qualitative in nature, or a mini-survey, if it is quantitative, encompassing a small number of participants. Alternatively, the research instrument may be subjected to analysis by a research expert. A pilot study helps in finding errors and omissions that require correction before the study is conducted.

A pilot study was carried out utilizing purposive sampling techniques to select two participants from the senior managerial personnel pool, two from middle management, two participants from officials, and one respondent from the councillors (politician) under O. R Tambo District Municipality. The selection procedure for pilots proceeded with ease and there were no discernible complications faced by the pilot respondents in responding to the interview questions posed. The pilot interviews gave the researcher the needed assurances that the set of questions would draw the required responses and had no element of confusion to the respondents.

3.5. DATA ANALYSIS

Data analysis is a process of sorting and arranging raw unprocessed data into something meaningful" (Braun & Clarke, 2016:78). The data analysis process assisted in reducing large data into smaller fragments which helped to make sense.

3.5.1 Semi structured interviews

Data analysis for data obtained from semi-structured interviews was conducted using thematic analysis. According to Vaismoradi, Jones, Turunen and Snelgrove (2016) Thematic analysis is a method that entails performing a meticulous scrutiny of information with the aim of discerning recurring themes, concepts, and patterns of significance within a dataset.

This technique was adopted in this study because thematic analysis is an appropriate method of analysis for seeking to understand experiences, thoughts, or across a data set. Thematic analysis has been adopted because it is highly flexible and can easily

be adapted to analyse data such as common drivers and determinants of water challenges affecting communities. Kumar (2010) provides the five key steps involved in thematic analysis technique. Thus a five–step process was undertaken when conducting thematic analysis. These steps are adopted and modified to suit the objectives of this study and are presented in Table 3.1 below:

Table 3.5.1: Steps followed in qualitative data analysis

Step	Explanation
1. Familiarisation	This step involves going through participants’ responses to understand the meaning conveyed (Kumar 2010). Thus, listening and re-listening to the interview recordings will make the researcher familiar with the data.
2. Identifying the thematic framework	Dominant and emerging data patterns from the data were identified. Main ideas were written down and coding from the stream of data was done. After coding data was put into different categories depending on their intended meaning. This was done in alignment with the research objectives. Irrelevant data was removed. This was done with greater care to avoid losing valuable data.
3. Indexing	Data was transcribed, and dominant ideas were indexed to become themes. The researcher’s judgement was used to index data into themes.
4. Charting	Data was rearranged into a sequence of charts combining data with similar codes from all data sources into one place. The thematic framework was used to develop charts since it helped to create logic linked to the research aim and objectives from data.
5. Mapping and interpretation	A graphical and visual thematic map illustrating how the themes relates to each other was created.

3.5.2 DOCUMENT ANALYSIS

Data from documentary analysis was analysed using content analysis. According to Coffey and Atkinson (2014) Content analysis is employed to create replicable and valid implications by interpreting and coding textual material including verbal and graphic communications. Data from documents was analysed for content (textual and graphical information) on issues pertaining to the role by financial management mechanisms in improving service delivery, impact of sound financial management systems in enhancing sustainable service delivery and impact of the South African legislative and policy framework on contributing to the effective, efficient, and sound municipal finance management.

3.6 ETHICAL CONSIDERATIONS

The ethical considerations were carefully analyzed and taken into account in this research study, this was also noted by Kumar (2019). It was crucial to ensure that the participants' privacy were protected and that they were not harmed physically, emotionally, or mentally during the study. In addition, any potential conflicts of interest were avoided to maintain the integrity and credibility of the research. The ethical guidelines set forth by regulatory bodies (The Ethics Committee) were followed strictly, and there were no any deviations from those guidelines. The researcher managed to also obtain informed consent from the participants and their institutions, and the study's purpose and procedures, potential risks and benefits, and the participants' right to withdraw at any time were clearly explained. Furthermore, confidentiality was maintained throughout the study, and the data collected was kept secure and only shared with the supervisor for the purposes of the research. A thorough ethical review was necessary to ensure that the study upholds the highest ethical standards and respects the rights of the participants.

To foster professionalism in research conduct, it was imperative that all investigations give due attention to ethical concerns, as stressed by Kumar (2019). Ethical considerations comprised verifying that participants have provided informed consent, safeguarding against any potential harm to participants, and upholding principles of confidentiality and anonymity. The study acquired ethical endorsement from the ethics committee affiliated with the Nelson Mandela Metropolitan University (ethics approval ref number **22-BES-DEV-093** approval letter attached as annexure 01).

3.6.1 Ensuring Participants have given Informed Consent

According to Kumar (2019), the fundamental principle of obtaining informed consent requires that the researcher may only collect data after giving thorough explanations of all aspects of the study, including the respondents' entitlements to participate on a voluntary basis and to retract from the research procedure at any stage they find requisite. This facilitated the active participation of the respondents in the research process, empowered by an informed perspective. The researcher took measures to ensure that participants provided informed consent through the provision of explicit details pertaining to the research objective, participant rights, and individual responsibilities, which were conveyed through both verbal explanation and a formal draft consent form. Participants were requested to endorse the drafted consent letter as evidence of their informed agreement to participate in the study.

3.6.2 Safeguarding of Participants Against Potential Harm

According to Kumar (2019), it is essential for researchers to prioritize the protection of respondents from all possible instances of harm. The safeguarding of participants against potential harm was done through use of virtual means, such as the Teams, Zoom, or WhatsApp platforms, for conducting interviews to prevent the transmission of the Covid-19 virus or the avoidance of physical harm for respondents who prefer remote modes of participation.

3.6.3 Ensuring that Permission is obtained

According to Creswell and Poth (2016), prior to the commencement of data collection, it is an absolute ethical obligation for every researcher to ensure the acquisition of written authorization from the appropriate officials. The researcher submitted a written request to the municipality's senior management, responsible for overseeing the administrative affairs of O. R Tambo District Municipality, seeking permission to conduct their study.

3.6.4 Ensuring Confidentiality and Anonymity

According to Kumar (2019), maintaining confidentiality and anonymity represents a moral obligation that aims to safeguard sensitive information from unauthorized disclosure, as well as hiding the identification details of research participants. In line with endeavors to safeguard the privacy of research information, any data in hard-copy format was safeguarded through secure locking mechanisms, while digital information was subject to encryption via password-protected software applications. In order to achieve a state of anonymity, pseudonyms were utilised.

3.7 SUMMARY

This chapter focused on the research design, research strategies and discussed justifications for the selected methodology. A qualitative explanatory research design was selected, and it was deemed crucial that the method maintains the credibility and objectiveness of the data as far as was possible. The sampling strategy, data collection instrument and data analysis were explained. The next chapter presents, discusses and interprets the findings of the study.

CHAPTER FOUR

FINDINGS AND INTERPRETATION OF DATA

4. INTRODUCTION

Chapter four (4) of the study focused on reviewing the results of the qualitative data collected from the O. R Tambo District. The data was collected from five local municipalities namely King Sabatha Dalindyebo Local Municipality, Nyandeni Local Municipality, Mhlontlo Local Municipality, Port St Johns Local Municipality and Ingquza Hill Local Municipality. This chapter presents a detailed analysis of the qualitative data, the compilation of the interview questions and the results and analysis of the quantitative findings of the study.

The findings are also presented in the light of other similar or near similar research findings and available literature. The analysis and findings might identify similarities and differences between this study and previous studies and literature. Following an in-depth description of the research methodology in Chapter 3, this chapter will thus answer the research question prepared and administered using those research methodologies described.

Detailed findings and data interpretation as per the interviews held with the target interviewees are presented in this chapter.

4.1 RESULTS AND ANALYSIS OF QUALITATIVE DATA

The results of the interview were presented and an in-depth analysis of the results presented to paint a picture of the relationship between financial management systems and service delivery in the O. R Tambo District Municipality and the five local municipalities.

4.1.1 BACKGROUND

The qualitative data was collected as according to the research method and design as indicated in Chapter 3. The study used mainly interview conducted face to face and telephonically to understand service delivery and financial management systems in the O. R Tambo District Municipality. The next stage was to code the responses of the qualitative data collected from interviews conducted and identify themes emerging from the data collected.

The total number of participants and their representation is presented below;

Table 4.1: Total number of targeted respondents

Category	Total number of Respondents
Politicians	21
Senior Management	23
Middle Management	15
Officials	11
Total	70

The study targeted a total of seventy participants drawn from twenty one (21) politicians, twenty-three (23) senior managers, fifteen (15) middle managers, and ten officials (11) officials in the entire district.

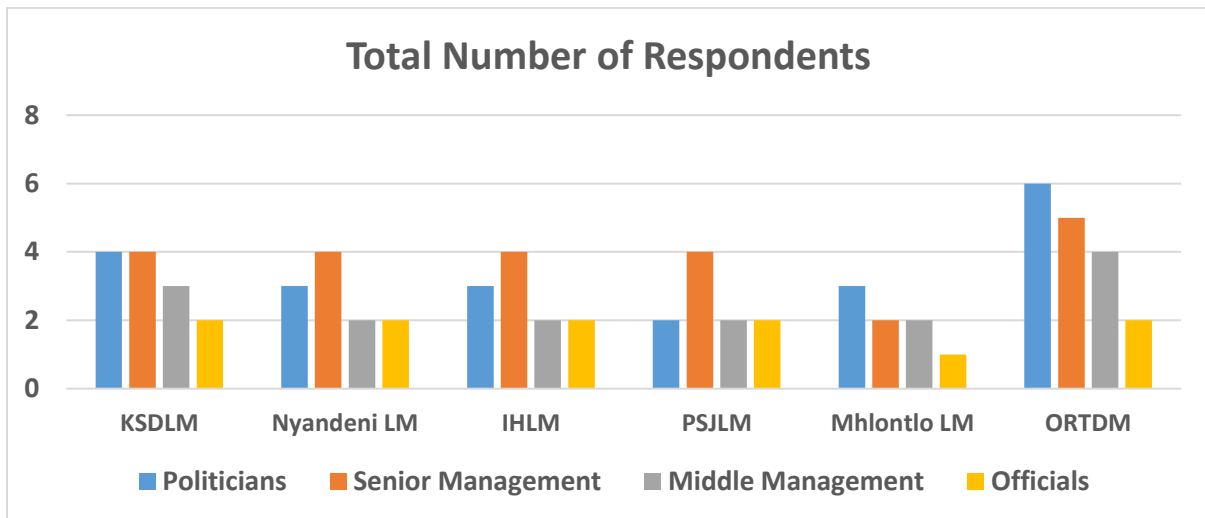
The rate of responses from the respondents of this study was high as the researcher was flexible to change dates and or times with all participants to interview those who could not be located during agreed times or those who had other unplanned emergency commitments. Baruch and Holtom (2008) defines the response rate as "...the percentage of the number of people who respond to the research interview questions, in relation to the total targeted number of people initially sampled...". The study targeted seventy (70) participants from across the five local municipalities (King Sabatha Dalindyebo, Mhlontlo, Nyandeni Port St Johns, and Ingquza Hill)

plus respondents from the district municipality. The district municipality respondents were also included as the district has a mandate to provide services to the community (mainly water and sanitation). In providing these core services the district also ought to comply with the same financial management regulations as the local municipalities. The purpose of response rate is to provide important insights into the consistency and accuracy of the collected data in answering the research question.

Table 4.2: Total Number of Respondents Per Municipality

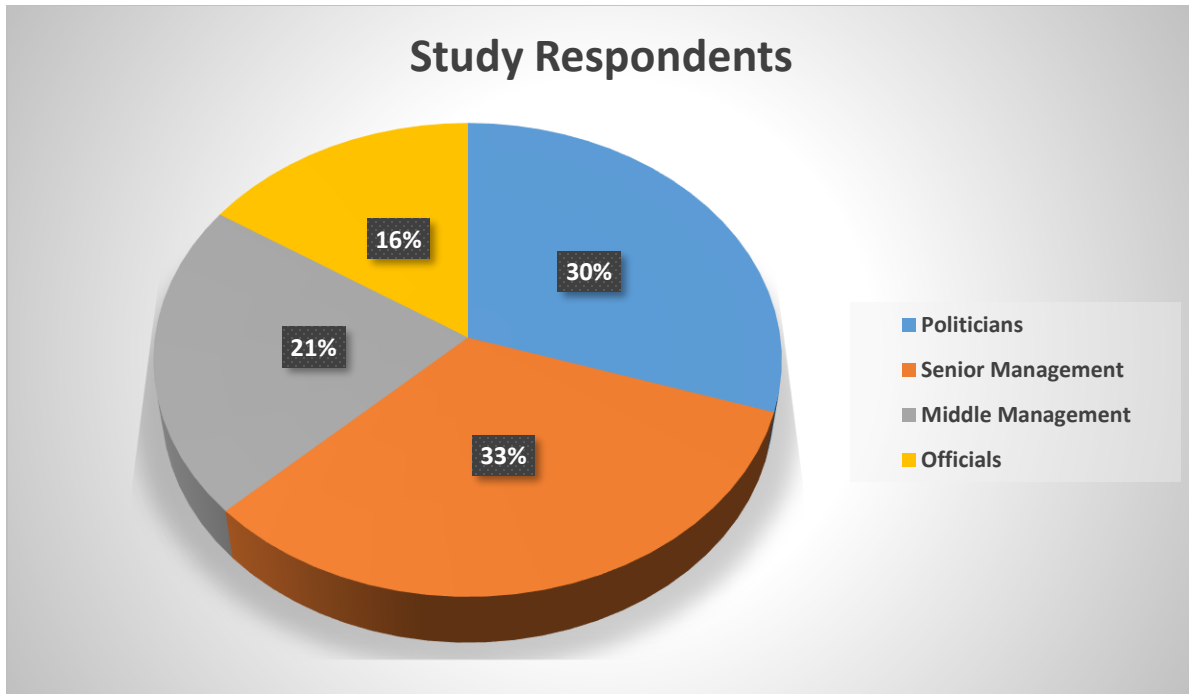
Category	KSDLM	Nyandeni LM	IHLM	PSJLM	Mhlontlo LM	ORTDM	TOTAL
Politicians	4	3	3	2	3	6	21
Senior Management	4	4	4	4	2	5	23
Middle Management	3	2	2	2	2	4	15
Officials	2	2	2	2	1	2	11
Total	13	11	11	10	8	17	70
Grand Total	70						

4.2.1: Graphical Representation of Respondents



The total number of respondents from the interviews conducted amounted to the seventy targeted respondents by one. The extra respondent's results were thus not excluded from the study report and analysis as all responses were considered crucial to the research question.

Table 4.3: Percentage of Respondents



Nearly a third of the respondents came from the strategic administrative leadership of the municipalities across the O. R Tambo District Municipality as these are responsible with ensuring adherence to prescribed laws and legislation on a daily basis. The senior managers are also responsible for ensuring proper financial planning and service delivery prioritization. Politicians (General Ward Councillors and Members of the Mayoral Committees) constituted 30%, a diverse engagement with this category was important as they are responsible for the oversight of finance and performance of the municipal services. The study therefore was centered around (63% of respondents) the key decision makers in the municipality to understand the role they play to ensure financial management systems talk to service delivery in the O. R Tambo district. The rest of the respondents, a combined 37% comes from middle managers and finance officials who are responsible with the implementation of financial systems to ensure service delivery.

An analysis of the data from the interviews conducted across the O. R Tambo District Municipality also indicated that the municipality is run by individuals who have considerable

experience in local government environment. The Table below shows the collective local government experience across all levels within the O. R Tambo District Municipality;

Table 4.4: Local Government Work Experience

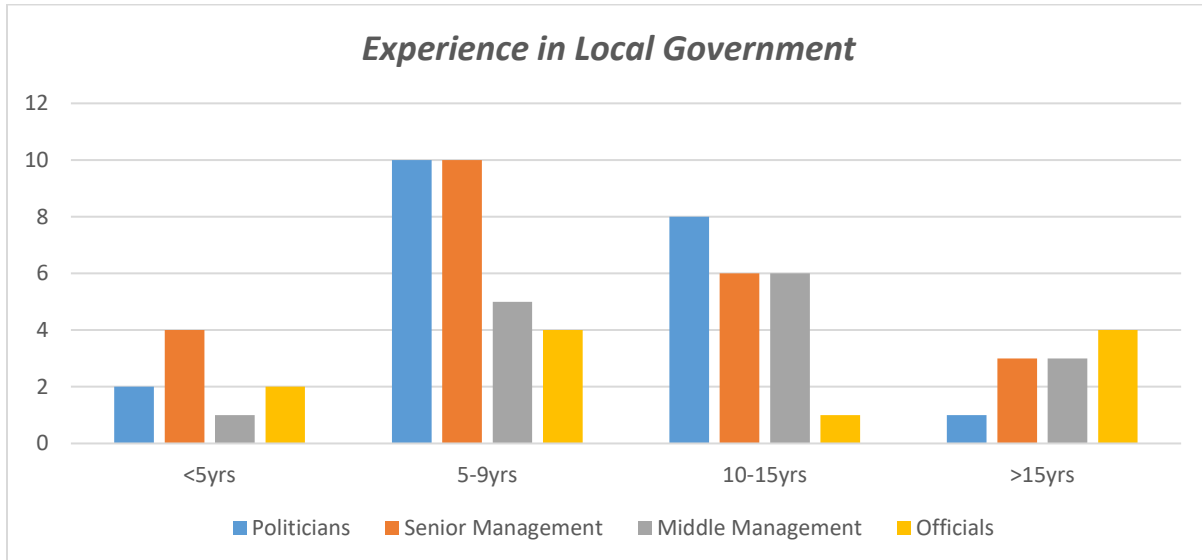


Table above indicates that nearly 14% of the total individuals interviewed (politicians, senior and middle management plus officials) had less than five years' experience in the local government sphere. Thus just over 86% of the interviewees had more than five years' experience in the local government which translate to serving at least their second terms in municipal environment. This gives them experience to understand the financial management systems' challenges faced by the municipality and sets the municipality on right footing to dealing with these challenges.

4.1.2 THEMATIC ANALYSIS

The study interview sessions were approached in a manner such that information was gathered in accordance to four areas i) Introduction: to deal with demographics of the respondents, ii) Theme One: to understand the financial management systems and service delivery nexus in municipalities, iii) Theme Two: how to enhance service delivery sustainability and iv) Theme Three: skills development in fostering financial management systems.

Analyzing the research responses, the data was coded and three themes emerged from the data. The themes will be analysed according to the response categories, all politicians responses will be analysed first then senior managers, middle managers and officials analysed

respectively. A conclusion of all the patterns of these themes will then be done at the end of the theme. The three themes are discussed and analysed further below.

4.1.2.1 Theme One – Understanding Financial Management Systems in Municipalities.

To enable the researcher to fully understand the nature of financial management systems in municipalities and how individuals responsible with ensuring effective and efficient financial management systems are in place and working, the researcher had to engage these individuals from a point of understanding their knowledge and understanding of financial management systems. This theme is key to the main objective of the study to understand they key implementing player's deep understanding of how instituting sound financial management systems would have an effect on service delivery in the district. The engagement was across the four levels of influence or and control of systems. The researcher would therefore learn if there is a general consensus or understanding of what these systems are or are meant to achieve.

Responses by Politicians

Analyzing the responses from the interviews with political office bearers in the O. R Tambo district, there was general understanding of what financial management systems in municipality is. Although put in different words the core theme of the responses was that financial management systems in municipality are systems or ways in which the municipality manages its financial resources to achieve set goals. One of the political administrator respondent described financial management systems as;

“...ways that a municipality has to follow in managing it's budget..”

and

“...the use of municipal finances properly..”

These ways are prescribed using various legislative frameworks and other guidelines as stipulated by the relevant instruments. The politicians view financial management systems as a tool used to effectively manage municipal budget in order to implement service delivery. There is also an understanding that the use of financial resources in a proper way defines financial management systems. The proper use of municipal finances would therefore allow the finances to be used according to prescribed rules and regulations. Another political respondent explicitly defined financial management systems as;

“It means applying general management principles or methods to financial resources of the project to evaluate the value of the project...”

These general management principles are therefore the cornerstone of sound financial management systems in municipalities. The political leadership within the O. R Tambo District understands that the correct use of financial management systems helps prevent corruption within the municipalities. Some describe financial management systems as ways in which corruption can be eradicated in municipalities. When proper financial management systems are implemented in the municipality, the political leadership are of the view that corruption cannot exist in the municipality. Other respondents view financial management systems as revenue collection or generating means and its effective management of such revenues.

“....Financial management systems refer to methods used to mobilize or generate revenue/resources for the municipality and how these financial resources are used to render services to communities. These methods are used in the revenue side and expenditure side to ensure efficiency and value for money...”

Political leadership also view financial management systems in municipalities as methods that allows a municipality to generate and manage financial resources in order to provide basic municipal services to residents of the municipality. Thus they view the system as enabler to managing the municipal revenue and expenditure.

Responses Senior Management

Responses from the Senior Management of the O. R Tambo district also echoed the sentiments and understanding of what financial management systems are. They all shared a common understanding that these systems were processes and procedures that are in place used to govern the proper use of the municipal finances. One of the respondent defined municipal financial management systems as;

“Processes used to manage revenue, expenses, and assets in a Municipality.....”

The respondent went on to state that the objective of such systems is to ensure that the organization manages its finances and ensuring the financial sustainability of the organization. It is thus important these systems for any financial management systems within municipalities to achieve financial stability and sustainability. Other senior managers also describe the financial management systems as measures used by the municipality to manage its financial resources to attain set objectives. The respondents note that these measures could be set procedures, policies, regulations amongst others that could be used to manage the financial resources of the municipality. The common understanding thus is these measures or processes or procedures are aimed at managing financial resources of the municipality.

Furthermore, the responses from middle management and supervisors or practitioners showed a clear understanding of what financial management systems are in the context of their municipality. The understanding by these group of respondents is consistent of administrators whose duties requires them to understand what financial management systems is and the role they need to play to implement these financial management systems. Having a clear understanding of the roles that officials dealing with financial management systems on a daily basis should ultimately lead to improved use of financial resources, better and sustainable service delivery provision in municipalities. One middle manager described the role played by financial management systems in the municipality as;

“...systems put in place to regulate and control the income or revenue and expenditure in the municipality for the purpose of rendering sustainable municipal services to the public...”

Financial management mechanisms therefore are responsible for having sustainable service delivery to communities. The controls and way finances are regulated by these mechanisms thus have an impact on the level of service delivery. The controls will allow the municipality to exert leverage of service delivery. Other respondents understood the role of the financial management systems to be processes and procedure that will help manage and improve the municipality's revenue collection, expenditure management and the management of risks associated.

The last group of respondents were the daily users of financial instruments within municipalities (the personnel responsible with day to day inputting, capturing and or recording financial records or transactions). The respondents were also clear of what they viewed financial management systems to be within municipalities. The respondents also had common understanding that the financial management systems were procedures, processes, instruments, and or set of rules that ought to be followed to ensured municipal finances are managed effectively. A respondent from the O. R Tambo District Municipality described financial management systems as;

“...mechanisms put in place to curb financial irregularities in the municipal environment.....ensuring finances are governed or managed in line with legislation...”

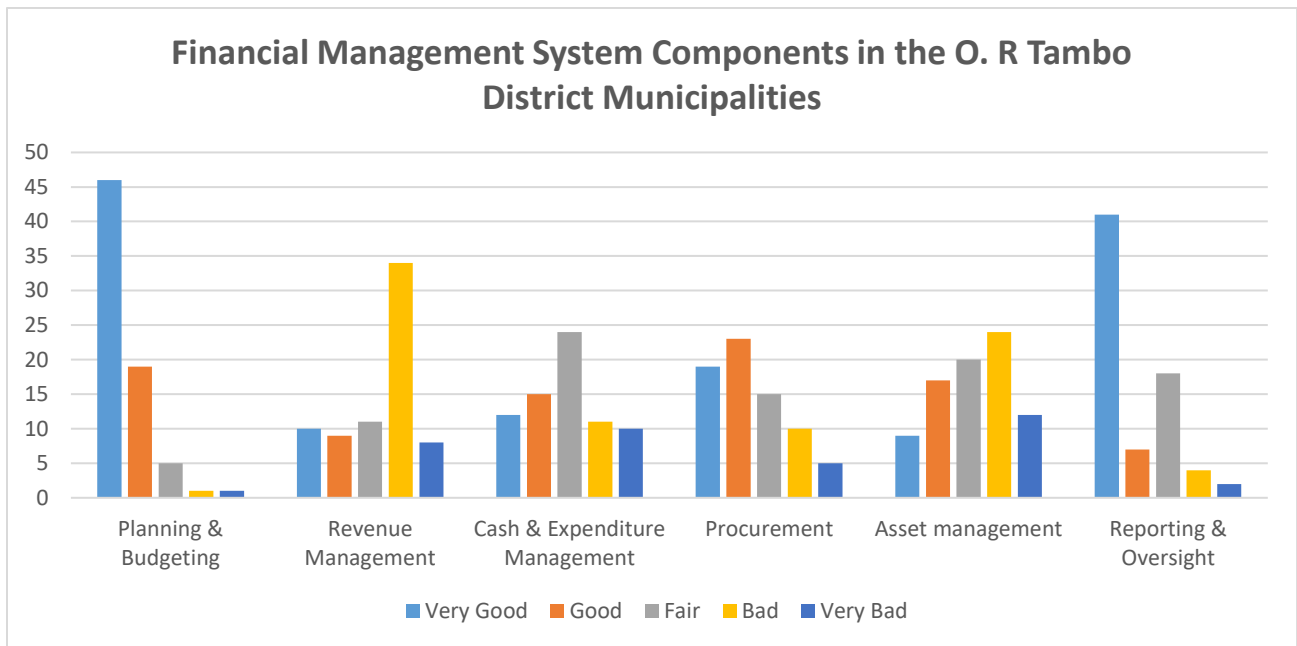
The respondent is aware of what the financial management systems are and how they will help the municipalities. These mechanisms would ensure municipal finances are used according to the set regulations. The adherence to the mechanisms will ensure the municipality funds are

not misused. Others view financial management systems as mechanisms designed to improve financial accountability and optimal use of resources.

Financial Systems Components Rating

The respondents also rated the financial systems components and their experiences in municipalities. The rating of how they viewed planning and budgeting, revenue management, cash and expenditure management, procurement, asset management, and reporting and oversight is presented below;

Table 4.5: Financial Management Systems Components Rating in Municipalities.



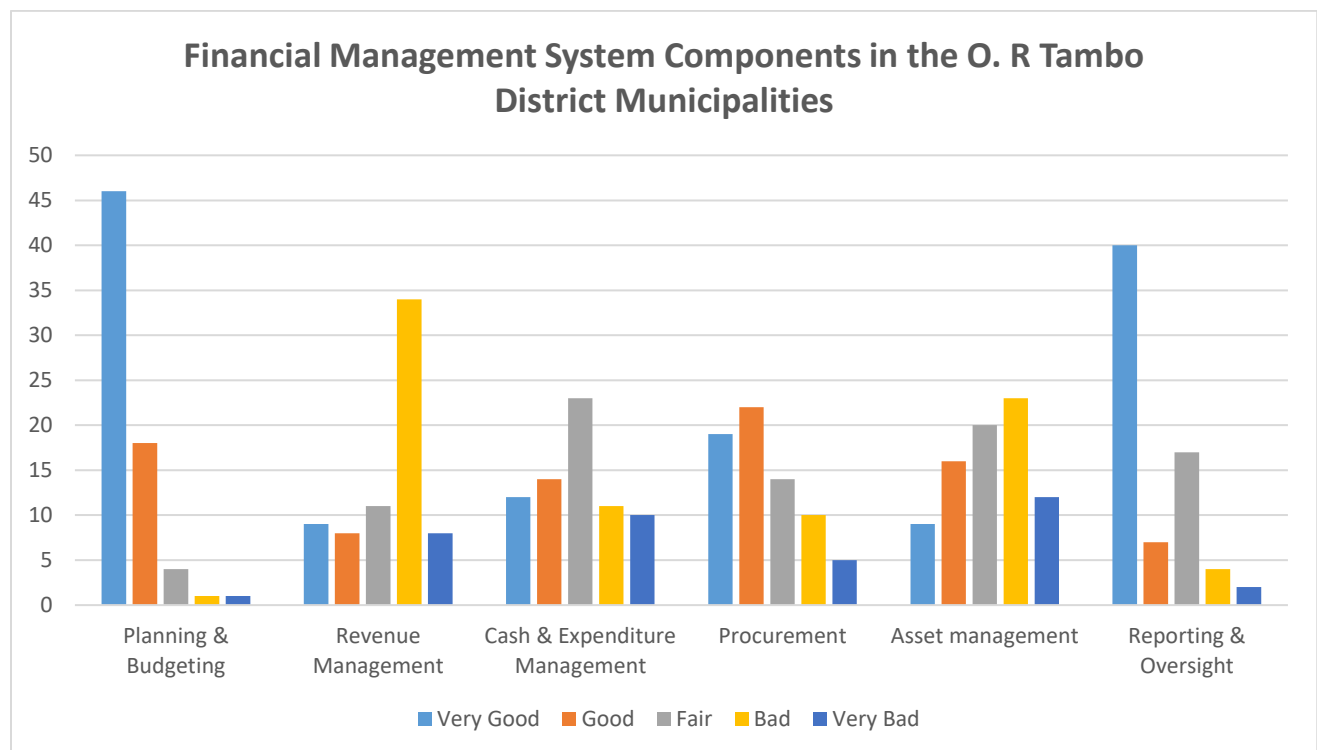
The respondents felt that planning and budgeting plus reporting and oversight in their municipalities were very strong. This therefore means that the O. R Tambo District Municipalities value planning and budgeting as key components of the financial management systems. About eighty nine percent (89%) of the respondents rated planning and budgeting as being very good and good. While sixty-six percent (66%) of the respondents also rated reporting and oversight as very good and good within their respective municipalities. The respondents felt that revenue management within the O. R Tambo district municipalities was very poor and generally rated bad or very bad. Nearly sixty-percent (60%) of the respondents viewed their revenue

management systems components as bad and very bad. This has also been noted by the Auditor General when auditing O. R Tambo District as having very poor revenue management systems.

The respondents also rated cash and expenditure management as at minimum fair to bad and very bad. This rating also applied to asset management within the municipalities thus the need to enhance cash and expenditure management plus asset management within the municipalities. Procurement was rated as being generally fair and good. There is however room for improvement in how the respondents rated procurement within municipalities.

The respondents were also asked to evaluate according to their understanding the importance of six municipal financial management components. They respondents generally agreed that all the financial management systems components were somehow important towards improving service delivery in their municipality. The results of the respondents are tabulated below;

Table4.6: Financial Management Systems Components Importance



Revenue management and cash and expenditure management were rated as the two most important components according to O. R Tambo District Municipalities' results. All the respondents ranked these two as the most important and very important components of financial management systems. In importance these were followed by planning and budgeting, reporting and oversight, procurement, and asset management.

Some respondents noted that the financial management systems components all exist in their municipality but exist at differing levels. Although they are generally satisfied with the performance of those components, some are of the view that the finance department is short staffed which affect the way some of the components perform. A number of respondents noted the challenges that procurement (Supply Chain Management) have to provide effective service for the purpose of uninterrupted and effective delivery of services.

4.1.2.2 Theme Two - Relationship between financial management systems and service delivery.

To further understand the roles and relationship of financial management systems, the study sought interviewed respondents to ascertain the linkage between financial management systems and how these affect or enhance service delivery. The general responses from political leadership within the municipalities has some understanding of the impact financial management systems have in enhancing service delivery in their municipality. One respondent explained the relationship using the financial management system components stating that;

“.....Planning and budgeting ensures that the municipality through it's IDP (Integrated Development Planning) have plans that are funded. Financial management systems identifies and ensures that sources of revenue to generate income to fund municipal plans. It also helps to prevent unfunded budget....It also ensures competitive bidding and

value for money.”

The above quote explains the understanding of the respondent and stresses that planning and budgeting in the municipal processes is important to ensure that plans are budgeted for. This will thus lead to sustainable financial stability in the municipality as resources are used for planned activities. Other respondents also stated that the financial management systems have a potential to ensure financial stability in municipality through the effective and efficient use of funds “...for the purposes it was meant for without wastage..” Thus once wastage is eliminated through effective financial systems, the municipality will thus be able to provide for services to its community. This therefore leads to enhanced service delivery in the O. R Tambo region. This is also echoed more succinctly by another respondent as follows;

“...Using allocated finances for their original and planned purpose.”

Thus the understanding of impact financial management systems have in enhancing sustainable financial stability relates to correct use of resources to pursue municipal objectives of service delivery.

Another of the political leadership explained the role and importance of having financial management systems to enhance sustainable financial stability through proper budgeting of working capital in the municipality.

“The positive impact of financial management systems help in risk management, budgeting and working capital.....it therefore assist municipality in monitoring of finances..”

Strong financial management systems will provide municipality a platform to recognize financial management risks and devise mitigating means to those risks. The financial systems would also help the municipality to have a control over the finances and properly monitor its budget meant for service delivery.

The understanding of the impact of financial management systems from the senior management in enhancing financial stability municipalities also showed a clear understanding of the impact. Senior management generally viewed the impact financial management systems on financial sustainability as cornerstone of service delivery in the municipality;

“This is key in enabling service delivery by availing financial resources for service delivery without any hindrance and ensuring that service delivery is efficiently provided..”

When properly implemented, the financial management systems therefore would allow a municipality to render services to its citizens efficiently as the resources are managed in the most efficient ways. Another respondent noted the challenges that their municipality is encountering in terms of revenue collection. The municipality is having challenges in collecting revenue and suggested that the financial management systems of the municipality needed to be correctly utilised to expand the revenue base and effectively collect revenue that will be used for service delivery. Effective financial management systems were also seen as important in protecting financial resources abuse in municipalities thereby reducing any financial abuse or misuse.

There was also the collective view from senior managers that effective financial management systems can play a positive impact in enhancing financial stability as these systems can be panacea for financial usage bottlenecks that can lead to delays in service delivery and to some extent non provision of services. A municipality that therefore masters the financial management systems is more likely to have the delivery of basic services to its community efficiently and effectively.

Middle management, supervisors and or practitioners within the municipalities who are exposed to financial management systems on regular basis also weighed in on the impact that those financial management systems play in enhancing service delivery in the municipalities. The

responses from this group of interviewees showed that there is a general positive relationship between effective financial systems and enhanced service delivery. These effective financial management systems will enable enhanced service delivery through better planning and budgeting. This is also supported by improved revenue collection among others.

“Good financial management systems impact positively in enhancing sustainable service delivery.....this is usually due to improved planning and budgeting.....sound expenditure controls and systems of procurement also help enhance service delivery coupled with good asset repair and maintenance...”

The sustainability of service delivery and enhancement thereof cannot be complete without ensuring that all the facets of financial management systems are observed correctly. The effective financial management systems would also entail having assets and equipment used for service delivery repaired and maintained timeously to avoid break downs which would lead to prolonged periods of no service delivery to communities.

Administrators and practitioners also echo that these financial management systems are important so as the municipality functions properly and avoid municipalities running out of budget or misappropriating funds. Thus it allows the municipality to properly plan, budget, and use municipal resources in the correct manner as prescribed by acts and regulations. Once effective systems are in place, good governance in the municipality is ensured else a municipality can collapse or be put under administration.

The study also investigated the understanding of any linkages between having effective financial management systems and providing sustainable service delivery. At the political leadership, one interviewee explained the linkages as;

“...Effective financial management systems ensures efficiency.....”

It helps the municipality to avoid wasteful and fruitless expenditure while making sure that financial resources are always available to provide services in a sustainable manner.”

This clearly shows that there is a greater level of understanding of the linkages between effective financial management systems and provision of sustainable service delivery. Once resources are not wasted or used fruitlessly then in that municipality there is greater chances of the budget being used in a sustainable way to provide services to communities. The general consensus from the responses thus has been that effective financial management systems lead to sustainable service delivery. Another respondent explained that;

“...Effective financial management is vital for business survival and growth.....should these systems be complied with effectively, service delivery will be sustainable as resources will be available to implement service delivery programs..”

The respondents understood effective financial management system as a vehicle that brings sustainable service delivery to their municipalities.

To explain the linkage between having effective financial management systems and providing sustainable service delivery, there was a near common understanding by senior management that implementing effective financial management systems lessens the chances of municipalities embarking on unsustainable service delivery provision path. To the senior management in general, sustainable service delivery ought to improve the quality of life of the community their municipality operates in despite the municipal financial limitations. The provision of these services should thus not lead to the municipality to go broke and ultimately place it under administration. A senior manager noted that;

“....financial planning as a key component of the financial management systems would ensure that the amounts budgeted is in line with infrastructure capital and other provisions at reasonable cost whilst providing for maintenance budget.....”

As indicated above, it is not enough for the municipality financial management systems to only make provisions for the provision of services without making budgetary provisions for the repairs and maintenance of any service delivery infrastructure and or assets. In this regard, an effective financial management system would therefore require the upkeep and maintenance of service delivery infrastructure and or assets.

Senior management also felt that once the municipality has implemented effective financial management systems, the monitoring of resources becomes much easier and this will ensure services being delivered to communities are at best optimal. The repetitive application of these effective systems will therefore inculcate a culture of efficiency and sustainability when it comes to the delivery of services. This culture can best be described;

“When effective financial management systems are implemented, there is a direct link to improved and sustainable service delivery.....service delivery is provided for timeously, consistently and of good quality..”

The effective systems cut the hold ups in delivering services to the communities and since the hold ups are eliminated, communities are offered reliable services that are not interrupted by inefficient financial management systems where in other months budget for services runs out before the financial year ends. In other cases of inefficient financial management systems, service providers are not paid timeously resulting in them holding services or not able to provide said services. The senior management also echoed the sentiments that effective financial management systems are at the heart of eliminating financial abuse and misuse which would in turn affect service delivery. To create an environment of sustainable service delivery, all the financial systems components need to function effectively and eliminate service delivery challenges encountered by many South African municipalities.

Middle management also concurred with other respondents that there is a positive relationship between effective financial management systems and the provision of sustainable service

delivery in O. R Tambo District municipalities. The general view held is that effective financial management systems in municipalities lead to effective and efficient use of municipal resources. This will ensure there are resources to continuously provide municipal services throughout the course. A sizeable number of the middle management responses could not succinctly describe the financial management – service delivery nexus. This was worrying to some extent as these are responsible for the day to day implementation of service delivery related programs. To some the linkage between effective financial management systems and sustainable service delivery provision means that there is greater transparency and accountability in management of municipal resources leaving no room for wastage thereby effectively using all resources on service delivery.

Officials and or practitioners view effective financial management can lead to sustainable service delivery as funds are utilised for services planned for. There was also a view that projects within municipalities are usually a success as a result of good finance management plan and hence results in the sustainability of those projects as resources are adequately available throughout the life cycle of the projects. Proper financial management systems also allow for prioritization in the allocation of funds to critical service delivery projects. One of the respondent stated that;

“...A few service delivery projects in the municipality were halted when funds were depleted mid implementation of the projects....in some instances the projects overspent resources and led to service delivery collapse..”

As stated above, municipal service delivery projects are affected by poor financial management and implementation. Once the service provider is not paid due to funds being depleted then those services will likely be halted. Thus a proper financial management of these key service delivery projects will allow for the sustainable implementation of the service delivery projects.

4.1.2.3 Theme Three – Financial Management Systems and Skills

The study also assessed the potential impact that skills plays in understanding, developing and or implementing financial management systems within the municipalities. The respondents in the study stressed the role and potential influence that skills have on municipal systems. The study hypothesized that there ought to be a strong relationship between skills and the effective implementation of financial management systems. The political leadership was asked of the skills development and financial management systems in their respective municipalities. The respondents have been subjected to some level of skills development within their municipalities to help equip the political leadership to executive their duties on municipal financial management. One specific respondent stated that;

“During the start of the Council term and at least once a year, Councillors are trained on various pieces of legislation including MFMA, Procurement policies, National Treasury regulations, Audit reports amongst other to enable them to conduct effective oversight.....”

As indicated above, the Councillors play a key important role within the municipal sphere to provide effective oversight on financial usage within the municipality. A clear understanding of the policies, legislations, and acts governing the use of finance within municipalities is therefore needed to be able to provide such effective oversight. Municipalities are making financial management literacy for Councillors important hence a dedicated approach by all O. R Tambo district municipalities to provide such education for both new, old and or returning Councillors. The financial management skills programs for Councillors also cater for any changes in regulations that might be introduced by national treasury hence atleast once a year the program is run.

A majority of the senior management respondents have seen and some have been part of the local government transformation and professionalization through skills development and this has had an impact in the manner in which municipalities are being run *viz-a-vis* immediately after the dawn of democracy. The senior management also echoed the sentiments expressed

by the political leadership and confirming the presence of financial management skills development programs. They noted that these programs were forming the core competences required by legislation for senior and middle management positions within the municipalities. To that end all of the municipalities are investing in accredited skills development programs for its staff;

“.....in our municipality, all senior managers, middle managers and various operational positions were funded by the municipality to study municipal finance courses as regulated by national treasury....”

The importance of financial management skills for local government actors is therefore expressed by municipalities spending considerable amounts skilling their staff. The minimum competency requirement as per national treasury regulation was designed to address the skills gap in municipalities. The municipalities have responded by providing adequate training for staff and key is the financial management skills which have been sighted by Auditor General as challenge faced by municipalities.

However as one respondent noted, one municipality has started scaling down on financial management skills development programs for staff. This is however after considerable initial investment on skills to its employees, the focus of the municipality after gaining sufficient skills is to attract personnel with minimum core competence skills levels. This therefore underlines the value that municipalities place in financial skills development despite scaling down on skills development programs. In another municipality, an incentive based skills training was being implemented for municipal staff with special emphasis on continuous learning for finance management staff. In addition national treasury and other state entities still provide free of charge workshops for finance and non finance municipal personnel to understand key financial processes and or procedures.

Middle management in O. R Tambo District described the role that their municipalities play in ensuring the management and staff attain a municipal finance management qualification in the form of a Certificate Programme in Management Development (CPMD) qualifications as

prescribed by National Treasury. The CPMD programme in municipal finance management equipped the middle management with practical and professional skills needed to promote efficient, effective, accountable and sustainable management of municipal finances. The respondents all but confirmed that the CPMD programme was funded by their municipality to senior and middle management with some municipalities offering it to officials outside the senior and middle management. This is confirmed by one respondent who stated that;

*“...in my municipality, CPMD programme is offered to assist in
capacitating officials....”*

The manager confirms that indeed the programme is offered to officials in the municipality to skill the employees. Other respondents however noted that the prescribed CPMD programme was only offered to senior and middle managers in their municipality. This therefore confirmed that at minimum the CPMD programme was offered to senior managers and in few municipalities extended to key officials outside the management levels. These were officials responsible with implementing financial management systems in the municipality.

The practitioners and or officers also attested to the availability of financial management skills development programs in their municipalities but a sizeable number indicated that the skills development programs offered to this group was not the same as those offered to senior and or middle managers. One such course which was not afforded to this group was the CPMD programme although almost all respondents agreed that they are offered some form of financial management capacity building courses.

The respondents were also asked how these financial management skills programs were assisting ensuring effective financial management systems within the municipality. The respondents were of general view that these programs are crucial to Councillors especially for politicians with no finance management background. These programs gives them a deeper understanding of how the municipality is run from a financial point of view and how this has an impact on service delivery. A respondent noted that;

“The training of Councillors on financial management acts, policies, and regulations help to bring officials to account and conduct financial transactions within the laws of the republic. This will limit unauthorized, fruitless, and wasteful expenditure.....”

Empowering the councillors with financial management systems therefore can help these councillors able to steer the municipal finances in effective direction as prescribed by the legislation. Other respondents were also of the same view noting that the skills help them ensure that the municipal funds are utilised effectively without much room for wastage.

Senior management view adequate financial management skills as one critical component that can help engrave and foster effective financial management application in municipalities. The senior management highlighted the lack of adequate skills which is contributing to massive under-collection of revenue and in some instances uncontrolled expenditure. However the presence of periodic skills development programs for officials and political champions has somehow helped municipalities manage finances better through these skills development programs. A particular respondent noted that;

“...financial management skills development programs in the municipality can be credited for better financial management understanding to personnel responsible with financial planning, financial management, financial implementation and financial oversight....”

The senior administrative respondents have seen a marked improvement in understanding of financial management processes and procedure by those below them responsible for the implementation of financial management systems and those who have an oversight role. This they say has improved those responsible with oversight to interpret regulations better and apply these regulations on municipal finances. To properly execute financial management duties, the officials needs to be continuously skilled and re-skilled for effective financial management systems implementation.

The study can conclude that the middle management respondents indicated to a large extent that financial management skills have a positive impact in fostering effective financial management systems in municipalities. In addition regular workshops conducted for municipal employees to capacitate them on new national treasury financial management instruments or regulations help foster effective financial management in municipalities. One of the respondent stated that;

“...the public sector financial management skills program impact positively in the municipality in that the financial performance of the municipality is ultimately improved as noted in the Auditor General reports...”

The respondents were able to link the skills development programs with. Improved financial management within their municipality and this could be verified through the Auditor General’s report which ranked their financial status of their municipality to above good. The continuous education and or capacitation of these line personnel helps better implementation of financial management and proper interpretation or application of financial regulations.

Practitioners and officers noted that the skills development programs offered to them has made an impact in their understanding of financial management systems and has helped enhance their roles in ensuring service delivery is provided sustainably.

4.2 QUESTIONS TO PONDER

Amongst the respondents interviewed, there was a general consensus that municipalities in the O. R Tambo district somehow do follow the prescribed guidelines to ensure effective financial management systems. About 65% of the respondents are generally satisfied with how the municipality follows these guidelines with 19% of the interviewees not sure if the municipality

does follow these guidelines on financial management. Nearly 16% of the respondents do not agree that their municipality in the O. R Tambo district does follow the prescribed financial management systems. Nearly 49% of the respondents also acknowledge that there are challenges in their municipality in implementing effective and efficient financial management systems. Some even went further to cite the various Audit findings by the Auditor General which raised concerns on the financial management challenges that need to be addressed by their municipality. Those who noted the challenges were of the view that no system is fail proof but were generally satisfied with current financial management systems and need adjusting to cater for shortfalls that might have been uncovered.

About 92% of the respondents agreed and strongly agreed that the municipal oversight structures in their municipality played a crucial role in ensuring effective financial management systems which would ultimately lead to improved service delivery. A further 6% of the respondents were not sure of the impact the municipal oversight structures play in ensuring effective financial management system while less than 2% saw no role the oversight structures play in ensuring effective financial management systems in their municipality. The overwhelming majority of respondents also agreed that the oversight structures in the municipality was effective noting especially the Municipal Public Accounts Committee (MPAC).

4.3 CONCLUSION

The researcher conducted an in-depth semi-structured interviews with political leadership within the O. R Tambo district covering all the five local municipalities and the district municipality. The interviews were also conducted to senior managers, middle managers, and some finance officials to assess the role of financial management systems on service delivery. All the organizations' have service delivery mandates for their communities and the district having service delivery duties for the entire district (thus covering even the five local municipalities). All the municipalities have autonomous powers on their financial resources and the usage thereof. The research found out there was a general understanding of what financial management within the municipalities is. There was however no consensus as to the efficacy of the financial management systems in the municipalities. Some were of the view that even though the financial management systems were in place, these systems had challenges which need to be

sorted. The research also found that financial management skills is key in implementing efficient financial management system in municipalities. To this end, all municipalities are actively implementing financial management skills across all levels for its personnel.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5. INTRODUCTION

The preceding chapter four helped in providing answers to the research question that were then presented in chapter five (5). Chapter five (5) of the study therefore presented the results of the study derived from the data gathered from the interview participants in the O. R Tambo District. The chapter also provided recommendations to enhance municipal service delivery and effective financial management systems. These results and recommendations also provided additional literature on service delivery in South African municipalities plus gave direction for future studies on the role financial management mechanisms play in enhancing service delivery in municipalities. The chapter also noted that the results or conclusions presented in this chapter are specific to data gathered from O. R Tambo District Municipality. The recommendations presented also in this chapter were not universal but specific to O. R Tambo district but shed light of the role financial management systems could be improved to enhance service delivery in O. R Tambo district municipalities.

5.1 CHAPTER SUMMARY

The goal of this study was to investigate the role of financial management mechanisms/systems in fostering sustainable service delivery for municipalities in the O. R Tambo district. The research thesis was divided into five chapters in order to explain the context of the research, the problem statement, the research goals, the research design, ethical concerns, the literature and methodologies used in the study. The other chapters included the data presentation, the analysis of that data thereof, the presentation of results of the analysis and their implications. The study was divided into five chapters and the study chapters are summarized as follows;

Chapter One: Introduction and Background

Chapter one of the study introduced the research topic followed by the articulation of the research problem and the statement of the need for the research to be conducted. The chapter also outlines briefly the proposed method of the study and the expected outcome discussed. It

also introduced the research design and methodology that were discussed further in a separate chapter.

Chapter Two: Literature review

In the literature review chapter, the study explored the theoretical literature that was used to understand the role of financial management mechanisms on service delivery. The study reviewed empirical literature related to financial management systems and service delivery in municipalities. In this chapter, the literature on the nature, debates and roles played by financial management systems and its impact on service delivery. The chapter also reviewed the various South African legislation and policies on local government, financial management systems and service delivery provision in O. R Tambo district municipalities. Furthermore the chapter reviewed the role of the constitution in local government.

Chapter Three: Research Design and Methodology

The research design and methodology chapter focused on the research approaches and research methodologies to be used in the study were discussed in detail in this chapter. The chapter provided detailed information on the research participants and how these research participants were sampled. The instruments used to collect data from research participants and the procedures that were followed were discussed in detail in this chapter. The chapter also discussed the methods are used to analyse the data. Lastly, the ethical considerations of the research were discussed in this chapter.

Chapter Four: Findings and Interpretation

The results of this study were presented and analyzed in the form of graphs, tables and thematic observations emanating from the results data in this chapter. The chapter thus comprised the analysis, presentation and interpretation of the findings of the interviews conducted in the study. The analysis and interpretation of data was carried out in four categories, the categories were based on the four groups of participants interviewed namely politicians, senior managers, middle managers and officials.

Chapter Five: Conclusions and recommendations

The last chapter of the study presented the research findings conclusions and the possible recommendations to the research problem. Thus the explaining of the study's findings were expressed, the researcher also offered some suggestions to problems or challenges being encountered. The section further outlined the research's constraints as well as future areas of further research extension(s). The conclusions were based on the research purpose, research questions and results of the study. The recommendations were based on the conclusions and purpose of the study.

5.2 CONCLUSION

The objectives of the study were to investigate the impact of financial management systems on the service delivery level in the O. R Tambo District Municipality (and the five local municipalities under it). Thus the study focused on whether financial management mechanisms used to achieve improved service delivery do actually support the intended outcome in O.R Tambo District Municipality. The study also had sub objectives which included that the study needed to examine the role the financial legislative framework or policies contributed to the efficacy of the financial management systems in the O. R Tambo District Municipality. Furthermore the study sub objectives assessed the role that financial skills development programs (capacity building) played (or did not play) in fostering effective financial management mechanisms leading to improved service delivery. It further sought to understand if the O. R Tambo District municipalities had financial management systems that are adequate to provide sustainable service delivery across the region.

5.2.1 Implications of the Study

In accordance with the main objective of the study, the results of the study confirmed that financial management systems play a critical role in ensuring sustainable service delivery in the O. R Tambo district municipalities. The respondents felt that once their municipality service delivery can be greatly improved by implementing effective and efficient financial management mechanisms. To this effect the study found that the level of political leadership is also crucial to ensuring that effective financial management mechanisms are implemented in the municipality.

The study also concluded that the municipal financial management mechanisms play a critical role in sustainable service delivery more specially when the senior administrative and political leadership understands that these mechanisms involved managing a range of interrelated components. These components include planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. The participants indicated varied responses on the management level of these components in their municipalities. It was clear that all municipalities were not overall satisfied with how their municipalities performed on all of the components. A dismal performance on these components therefore hinders provision of sustainable service delivery. The implementation of effective finance management systems in O. R Tambo district municipalities therefore enables the municipalities to properly plan, mobilise and utilise financial resources in an efficient and effective way, as well as fulfil their (municipalities) service delivery obligations and allow for accountability to citizens of the O. R Tambo region.

Based on the study results from participants, it can thus be concluded that financial management mechanisms inefficiencies are an obstruction to enhanced service delivery in the O. R Tambo District municipalities. The study results confirmed the importance of financial capacity (skills development) for key municipal employees (both management and political leadership). The study concluded that the level of financial management plays an important role in ensuring that service delivery is attained and is sustainable. The necessary skills would reduce and even eliminate inefficiencies in the municipal procurement and supply chain management, inappropriate planning, and improper delegation of unqualified authority. In addition to the necessary skills, the study concluded that integrity of the appointed and elected officials and politicians is important to enhanced financial management systems.

The importance of skills was acknowledged by all the municipal participants and the study concluded that all the municipalities in the O. R Tambo district view skills development as a key element to ensuring effective implementation of financial management systems which would in turn help the provision of sustainable service delivery.

The study concluded that financial management oversight as a financial management mechanism in the O. R Tambo District are important in ensuring enhanced service delivery. Data and results from the study revealed that all the municipalities in the O. R Tambo district have functional political oversight committees looking into financial management mechanisms and enhancing these committees would results in better provision of services through thorough financial management accountability. The study results agreed that the oversight committees play a crucial role in the financial management and service delivery nexus. Thus it can be concluded that it is important to ensure that oversight committees on finance are working effectively to ensure sound financial management practices and ultimately sustainable service delivery provision in the municipalities.

The study also concluded that there is generally a broad understanding of what financial management mechanisms are and how they affect the sustainable delivery of services in the O. R Tambo district municipal areas. The extent to which these mechanisms affect service delivery however varies according to the groupings of the research. Senior and middle managers generally have a very succinct understanding of the linkages between financial management mechanisms and service delivery. The political leadership generally understood the linkages but some lacked the clarity in explaining the linkage. This was also seen in other especially finance officials interviewed who would not properly link finance management systems and service delivery. The study thus could agree that while the participants' varied in articulating linkages between finance management systems and service delivery, the consensus was that service delivery is indeed influenced by financial management mechanisms in the O. R Tambo District.

The overall results of the study provided a convincing proof that indeed financial management systems play a critical role in ensuring sustainable service delivery in the O. R Tambo district municipalities. Efficient and effective financial management systems are a catalyst to service delivery and the O. R Tambo district municipalities citizens can access better service delivery if financial management systems are efficient.

5.3 RECOMMENDATIONS

The results of the study clearly indicated the importance of financial management systems on service delivery in the O. R Tambo District municipalities. The following recommendations are made with the aim of helping to improve financial management systems and service delivery in the O. R Tambo district municipalities;

5.3.1 Skill Development (Capacity Building)

The study revealed that majority of the municipalities have capacity building programs and a few of those programs are offered by accredited institutions of higher learning. The ones offered by institutions of higher learning are offered to all the senior managers as per the minimum competency requirements as set out by National Treasury. The study therefore recommends that all the municipalities offer the CPMD courses to all its senior managers and middle managers. In addition, the municipalities should also offer refresher courses for all staff responsible for budget and treasury (BTO) together with managers and supervisors. These refresher courses can also include capacity building and articulation of new National Treasury regulations or circulars issued during the course of financial year.

The municipalities should do away with non-accredited courses for its employees. None of the municipalities mentioned that political leadership were afforded short term courses to understand how municipal finances should work or managed.

The O. R Tambo district municipalities also need the right skills to manage the finance management systems to ensure sustainable service delivery. The municipalities therefore need to focus on attracting and retaining the right skills, providing skills development and training that would meet the service delivery needs.

O. R Tambo district municipalities should be cognisant of the fact that having the human resources personnel with the right skills will enable the municipalities to have effective and efficient financial management systems.

5.3.2 Finance Management Systems Components

The respondents rated the financial management systems components and a number of those components rated low. One of the component rated very low was procurement, cash flow management, budgeting and asset management. The study recommends that the municipalities should improve the procurement process. Improvement of the procurement process should focus on Supply Chain Management (SCM) staff and ensure compliance with various legislation or regulations. The SCM process within the municipalities should be transparent and provide value for money to the municipalities' procured goods and services.

The SCM should invest in greater standardisation of procurement policies, this would also enhance the O. R Tambo residents access to information and improve monitoring, this would address transparency and compliance. As the municipalities work with a variety of services providers that need to be paid timeously, it is therefore paramount that the procurement process needs to be effective and conducted in accordance with the Municipal Finance Management Act (MFMA). Once the financial systems are managed effectively, the flow of finances would therefore ensure effective service delivery.

The poor revenue collection in the O. R Tambo district municipalities can addressed by proper management of the indigent register which is not regularly updated in the municipalities. A number of households included in the indigent register should not be in the register, this results in the municipality losing on revenue collection. The municipalities should improve on their revenue collection means starting by improving on its billing systems.

The poor asset management is cause of poor service delivery, the O. R Tambo district municipalities need to have better asset management policies. Most of the municipalities do not have asset management policies and their asset registers are poorly managed which results in poor asset management. The maintenance of the assets play a crucial role in providing sustainable service delivery hence the study recommends municipalities adequately budgets for assets purchase, repairs, and maintenance.

The study proposes that municipalities should investment in good budgeting techniques and ensure there is personnel to conduct proper budgeting for the municipality. The municipalities that lack financial budgeting should enroll the services of National Treasury or Provincial Treasury to assist with developing effective budgets that will allow for effective service delivery. Thus it can be noted that the lack of proper budget planning and weak financial management systems do impede service delivery.

5.3.3 Finance Oversight Committees

Although it was noted that all municipalities had functioning finance oversight committees, their efficacy needed to be solidified. The study therefore recommends the strengthening of the oversight capacity in the O. R Tambo district municipalities. In order for the finance oversight committees to be effective, they need to be equipped with the necessary tools giving them the ability to probe financial management and enable them to be pro-active in facilitating development of effective financial management systems.

The respondents could not provide evidence that the oversight committees are capacitated. The study therefore also recommends that the municipalities in the O. R Tambo district provides adequate financial management training to members of the oversight committees.

5.4 SUMMARY

The study results therefore clearly indicated that effective financial management systems leads to sustainable service delivery in the O. R Tambo District Municipalities. There is therefore a strong need for O. R Tambo District municipalities to invest in continuously enhancing their finance management systems to improve service delivery provisioning in the region.

It is also important to note that transparent supply chain management systems, effective finance internal control and audit systems enhances service delivery in the O. R Tambo district municipalities.

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