



**The Effectiveness of financial controls during
1996, 2001 and 2011 Census Years in Statistics
South Africa**

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DECLARATION

I, Morongwe Calvin Molongoana, hereby declare that:

- This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.
- This dissertation is being submitted in fulfilment of the requirements for the degree of Master of Public Management.
- This dissertation is the result of my independent work and investigation, except where otherwise stated. Other sources are acknowledged by complete referencing. A reference list is attached.
- I hereby give consent for my dissertation, if accepted, to be available for photocopying and for interlibrary loan, and for the title and summary to be made available to outside organisations.

Calvin Molongoana

Date: March 2020

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ABSTRACT

The primary research objective of this study was to determine the effectiveness of financial controls within Stats SA during the 1996, 2001 and 2011 census years. The study relied on various official internal Stats SA documents and others in the public domain; Audit Reports from the office of the Auditor General; and other relevant literature in order to address the research objectives.

The findings indicate that although the Medium-term Expenditure Framework (MTEF) and Public Finance Management Act (PFMA) frameworks were in place and provided principles, norms and standards for financial controls during the census years, these financial controls were not fully adhered to; the recruitment and management of fieldworkers did not often follow the established labour and tax laws; cash management for remunerating fieldworkers and contract management for service providers presented major challenges. Audit Committees made recommendations to improve financial performance but senior management failed to enforce adherence to financial controls; senior management lacked the expertise, experience and capacity to manage the census; and adopted IT systems also compromised financial controls. Efforts to address the initial challenges encountered during the 1996 census year had very little impact and therefore the challenges recurred through the subsequent years.

Based on the findings one can observe that financial controls at Stats SA have not been effective. Therefore, it is recommended that Stats SA should build the capacity of senior managers to manage the census; ensure that budgeting is informed by plans, increase awareness of financial controls to enhance compliance to PFMA; invest in effective cash management systems for payments of fieldworkers during the census; invest in integrated human resources and financial management systems; and increase IT skills within Stats SA.

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ACRONYMS

AG	Auditor General
ECOSOC	Economic and Social Council
MTEF	Mid-Term Expenditure Framework
NSO	National Statistical Offices
PFMA	Public Finance Management Act
RSA	Republic of South Africa
SCOPA	Standing Committee on Public Accounts
SOE	State Owned Enterprises
UN	United Nations
UNSD	United Nations Statistical Division

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Orientation and Background

The history of Census taking dates back to the Roman Empire, where a list of men was kept to track men who were fit for military service (Baffour, King and Valente, 2013:2). To date the United Nations (UN) through their United Nations Statistical Division (UNSD) serves as a central mechanism within the secretariat of the UN to supply the statistical needs and coordinating activities of the global statistical system. The division has been in the forefront of encouraging countries to undertake censuses by means of support, (both technically and financially); coordination, monitoring and evaluation of census outputs amongst other things. In providing such support they have established a hand book on the Principles and Recommendations on Population and Housing Census (United Nations, 2015). This hand book together with the handbook on the management of population and housing censuses are aimed at ensuring that there is comparability of data amongst member states as well as to help lessen the burden of censuses on National Statistical Offices (NSO). Statistics are fundamental to the effective functioning of a democratic society. The public at large and the spheres of government use official statistics to develop and monitor public policy, make decisions, allocate resources and for other administrative purposes. Hence, their vital role in public policy formulation, monitoring of the well-being of the people and for the democratic process itself (United Nations, 2015).

The UN Handbook on the Management of Population and Housing Census (2001) states that population is basic to the production and distribution of material wealth. The handbook further describes a population census as the total process of planning, collecting, compiling, evaluating, disseminating and analysing demographic and social data at the smallest geographic level pertaining, at a specified time, to all persons in a country or in a well-delimited part of a country. According to Baffour *et al.* (2013), a census is the procedure of systematically acquiring and recording information about the members of a given population. It is a regularly occurring and official count of a particular population.

Population census is an essential component of a country's statistical system. Since the dawn of democracy in the Republic of South Africa (RSA) there has been three

census undertaken; namely 1996 census, 2001 and 2011. Statistics South Africa (Stats SA) is a Government department mandated through the Statistics Act no: 6 of 1999, to design, collect, process, analyse and publicly disseminate official statistics. In addition to the Act, there are fundamental principles of statistics to be adhered to when generating official statistics. In 1994 the United Nations statistical commission adopted these principles (United Nations, 2001). The same principles were endorsed by the Economic and Social Council (ECOSOC) in 2013 and finally adopted by the General assembly in 2014. South Africa as a member state of the United Nations is also a signatory to these 10 principles. In summary they are as follows: official statistics must be relevant, impartial and must be accessed equally; professional standards and ethics must be maintained on the methods and procedures for collection, processing, storage and presentation of data; accountability and transparency must be maintained at all times; the statistical agency must guard against erroneous interpretation and misuse of statistics; sources of official statistics must be chosen with regard to quality, timeliness, costs and burden of respondents; confidentiality of individual information must be maintained and used exclusively for statistical purposes; and the laws, regulations and measures under which statistical systems operate must be made public.

The last three principles refer to national and international cooperation as well as the use of international standards. The importance of these scientific numbers in a country cannot be over-emphasised, hence the need for a statistical agency like Stats SA to guarantee official statistics in terms of relevance, timeliness and quality to inform planning processes across the spheres of government and the private sector.

Section 195(1) of the Constitution of the Republic of South Africa (1996), outlines the formation of Public Administration by articulating basic values and principles governing public administration. Some of these fundamental principles articulated above refer to similar responsibilities bestowed to public service institutions as contemplated by the Constitution. Section 7(2)(a) of the Statistics Act no: 6 of 1999 stipulates that the Statistician General must conduct a population census every five years, unless the Minister on advice of the Statistician General determines otherwise by notice in the Gazette. The process of counting the population (popularly known as the Population Census) is a very costly and tedious exercise. It also leaves intense fatigue on those

involved in its day to day management and coordination. Furthermore, management systems used in statistical agencies are found wanting as far as capacity is concerned to carry the census volumes, hence outsourcing of some census functions (StatsSA, 2003). In some countries where resources are more limited, other annual or periodic surveys are suspended to avail all resources (human, financial, logistical etc) to the census taking. In RSA the last 3 censuses costed the country approximately R6billion in total, (R900million in 1996, R1.6billion in 2001 and 3,4billion in 2011). These increased costs during the census reflect the potential additional burden on existing operating and financial management systems as compared to the annual allocations outside the census project years. According to Diop (2001), the cost of running a census is the most common reason why most countries fail to conduct censuses. Hence regional and global initiatives driven under the UN umbrella to help NSO's to plan better and source funding for the census in advance (Diop, 2001). These resources availed for census taking are public funds which must be controlled and managed according to public financial management guidelines. Table 1 below shows the percentage change of the financial allocations to Stats SA during the census projects.

Table 1: Census Budget vs. Baseline Budget

Year	Census Budget	Total Departmental Budget	Census Budget as a % of Total Department Budget
1996	289,600	372,600	78%
2001	348,444	493,710	71%
2011	1,738,262	3,240,909	54%

Source: Stats SA Annual Reports (1996, 2001, 2011)

These amounts granted to Stats SA to undertake the census are public funds, and there are specific legislations globally on how to manage public funds. In South Africa there are also specific pieces of legislations that direct the management of public funds, for example, the Public Finance Management Act 1 of 1999. Sec 38 of the

Public Finance Management Act (PFMA no 1 of 1999), refers to the responsibilities of Accounting Officers and amongst other responsibilities it articulates the need for effective, efficient and transparent systems of financial and risk management and internal controls. Even though there is legislation in place there are inherent challenges that government departments face in an effort to adhere to the legislative requirements (Kuye and Ajam, 2012) and Stats SA is no exception. These challenges are further compounded by the fact that implementation must be transparent, putting a further strain on the public managers (Francis, 2013).

Financial management refers to the process of planning, organizing, directing and controlling the financial resources of an organization (Kadam, 2012). Hendrickse (2008:182), states that financial management should include keeping of accurate records of all financial transactions, linking the budget to the strategy and operational plan of the organization. Financial management stipulates that there should be internal controls or checks and balances in place with the objective of safeguarding the organization's assets, and also to manage risk. According to Block, Geoffrey and Danielsen (2008), financial controls encompass the procedures designed to protect assets and ensure that all financial transactions are recorded to prevent and reduce errors and fraud. Financial controls ensure that institutional operations are conducted in an effective and efficient manner and thus prevent errors and fraud (Wakiriba, Ngahu and Wagoki, 2014).

Public Service refers to government departments or institutions as established in terms of sec 197(1) of the Constitution of the Republic of South Africa. According to Cloete (1993:237) public institutions exist mainly for two purposes, namely to (i) maintain law and order, and (ii) provide the population with essential goods and services which private enterprises cannot provide for various reasons. The Constitution, in chapter 9 establishes state institutions supporting constitutional democracy. The Auditor-General (AG) is one such institution. The Constitution recognises the importance and guarantees the independence of the Auditor-General. Sec 188 describes the functions of the Auditor-General as follows: (1) the Auditor-General must audit and report on the accounts, financial statements and financial management of:

- a) All national and provincial state departments and administrations;
- b) All municipalities; and

- c) Any other institution or accounting entity required by national or provincial legislation to be audited by the Auditor-General.

Sub section (3) stipulates that the Auditor-General must submit audit reports to any legislature that has a direct interest in the audit, and to any other authority prescribed by national legislation. All reports must be made public. Even though the Auditor-General's office was legislatively established in 2004, departments were held accountable by other oversight mechanisms of the state like the legislature (Parliament) which has a constitutional mandate to oversee the work of departments while holding Accounting Officers accountable. The audit reports from the Auditor-General will form the core of the research, to understand how financial controls might have been compromised by this momentous task of counting the population.

The results of the last three censuses as much as they were generally well received, they were mainly criticized by various stakeholders (including parliamentary committees) for the high undercount they recorded; that is 9%, 17% and 14% consecutively; as well as for adverse financial reports during the data collection periods (Mufamadi, 2010). Some of the challenges Stats SA faced during the census years include poor financial reporting, lack of compliance to financial procedures, poor budgeting and lack of cash management systems.

Given this background, this study seeks to assess the effectiveness of financial controls during the census years at Stats SA. What systems were in place to manage cash transactions at Stats SA during the Censuses of 1996, 2001 and 2011? Have there been any improvements on financial controls deployed over the three census years? What recommendations were made to address the identified challenges that hindered adequate financial controls in subsequent years? The researcher aims to highlight theory of financial control in understanding the effect of financial control in the public service as a lesson from international best practice. The literature review chapter of this study will focus on this aspect of best practices in a global context.

1.2 Problem Statement

Since 1994, the government has made commendable efforts to create a transparent and accountable State, through introduction of various financial legislations, to aid

management of public funds (Makamure, 2012). Despite these efforts financial mismanagement and maladministration has remained pervasive in the public sector (Munzhedzi, 2016). One of the major challenges that have affected Stats SA is a lack sufficient monitoring controls to ensure adherence to the SCM regulations and requirements regarding financial reporting. According to the Auditor-General (2012) senior management tasked with this responsibility did not exercise it as required resulting in irregular expenditure. Hence, Stats SA received qualified audit reports from the office of the Auditor-General for the financial years, 2001/2 and 2011/12 respectively. Qualified audit reports generally indicate that there maybe a breach of statutory obligations, or there may be sufficient evidence of mis-statements, apart from which, the financial statements are said to present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity in conformity with generally accepted accounting principles (Auditor-General, 2012). However, Stats SA continue to have challenges in financial reporting. The preparation of regular, accurate and complete financial reports that are supported by relevant documents or information remains problematic within Stats SA.

More specifically, there have been challenges with budgeting for the censuses within Stats SA. Poor budgeting has often led to misalignment between planned activities and allocated funding. For example, during the 1996 census the Statistician- General appeared before (SCOPA) to account for over expenditure incurred during the census year. Specifically, it was stated that the department did not have adequate systems in place to maintain records of accounts payable for goods and services received but not yet paid for. One key management responsibility is to put financial controls in place in order to minimise possible misuse of public funds (National Treasury, 2000).

This study is intended to contribute towards addressing these challenges by addressing the following primary question: How effective are financial controls during census years at Statistics South Africa? The study seeks to determine nature and efficacy of the financial controls used by Stats SA during the Census 1996, 2001 and 2011 project years. The study will also suggest recommendations for reducing adverse audit findings and improve financial management during future censuses.

1.2.1 Theoretical Framework

The research will be guided by the theory of financial control and the Agency theory. These theories provide a framework for understanding the complexity of financial management and accountability in the public sector, but specifically in Stats SA. Furthermore, the theories will provide a basis for the analysis of the research findings.

1.2.1.1 Theory of Financial control

This study is grounded in the theory of financial control. According to Östman (2009:3) the financial control theory states that structure and financial control systems work together. The theory further stipulates that existing and possible functions of financial tools for organizations are most essential. Smith, Cronje, Brevis and Vrba (2007:390) define control as a management process whereby management ensures that the actual activities fit in with the predetermined goals and planned activities. They advocate that it is one of the four fundamental management functions; that of keeping deviations from planned activities and performance levels to a minimum, to achieve organizational goals with as few problems as possible.

The main criticism of the theory is that the intention to use and the actual use of a technological innovation do not strongly link with each other. It is further argued that the intention to use a system does not necessarily mean a user will actually use it permanently as time gap may bring new opportunities and feelings. However, the financial control theory is relevant to the current study because it will assist in explaining the complexities surrounding financial management within Stats SA.

1.2.1.2 The Agency Theory

The Agency Theory defines the relationship between a principal and an agent in which the principal engages the agent to perform specific duties. In hiring the agent the principal also delegates some level of decision making. However, inherent in this relationship are two fundamental problems: (1) that the objectives of the principal and agent do not conflict and (2) that the principal and agent reconcile different tolerances for risk (Jensen, 2000).

The agency theory further suggests that there are possible ways of minimizing opportunistic tendencies by agents which might jeopardize the interests of the

principal. The theory recognizes the incomplete information about the relationship, interest or work performance of the agent described as adverse selection or moral hazard. Moral hazard and adverse selection affects the output of the agent in two ways:

- i) Not doing exactly what the agent is appointed to do; and
- ii) Not possessing the requisite knowledge about what should be done (Wakiriba, Ngahu and Wagoki, 2014).

Thus to prevent conflict and harmonize the interests of the principal and the agent a binding contract should be written and signed by both parties (Berle and Means, 1932). Other control mechanisms include financial reporting, audit committees and external audits (Jensen and Meckling, 1976:306).

The agency theory will assist in understanding the relationship between the state and Stats SA in relation to census and the challenges arising from this relationship. The theory will also provide a basis for document analysis.

The theory of financial controls and the agency theory are complementary hence their adoption in this study. The theory of financial controls will establish the structures and financial control systems put in place by Stats SA during the census periods under review. The agency theory will help establish whether Stats SA had the financial management capacity and whether they followed the financial management requirements in terms of compliance. The outcome is a complete picture that will demonstrate to what extent Stats SA had effective financial controls in place.

1.3 Research Objectives

The main objective of the study is stated below:

- To determine the effectiveness of financial controls used by Stats SA during the 1996, 2001 and 2011 censuses.

Based on the primary objective stated above, the secondary objectives are stated as follows:

- To examine the policy framework for financial controls.

- To determine if there was an effective financial budgeting process followed to finance the 1996, 2001 and 2011 censuses.
- To ascertain what systems were in place for managing cash transactions during the 1996, 2001 and 2011 censuses.
- To establish if there were improvements in the recording and reporting of financial transactions and reports.
- To explore other challenges regarding financial controls Stats SA encountered during the 1996, 2001 and 2011 census years.
- To make recommendations for improving financial controls within Stats SA.

1.4 Research Questions

This study is based on the following primary question:

- How effective were the financial controls used by Stats SA during the 1996, 2001 and 2011 census?

In order to fully respond to the primary research and adequately address the research objectives, the following secondary research questions must be answered.

- What is the policy framework for financial controls during census?
- Was there an effective financial budgeting process followed to finance the 1996, 2001 and 2011 censuses?
- What systems were in place for managing cash transactions during the 1996, 2001 and 2011 censuses?
- Were there improvements in the recording and reporting of financial transactions and reports?
- What other challenges regarding financial controls were encountered by Stats SA during the 1996, 2001 and 2011 census years?
- What recommendations can be made to improve financial controls within Stats SA?

1.4.1 Central Theoretical Statement

The study is based on the theory that financial controls deployed by Stats SA during census years were not effective. The department received qualified audits in the two of the three census years under review. According to the Auditor-General (2012)

qualified audit reports indicate that there may be a breach of statutory obligations, or there may be sufficient evidence of miss-statements, apart from which, the financial statements are said to present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity in conformity with generally accepted accounting principles. The study will show the specific areas in which financial controls were not effective during the three census years under review.

1.5 Research Design and Methodology

Research design is critical in providing overall guidance for the collection and analysis of data of any study. According to Nachmias and Nachmias (2008), research design provides the link between theory that informed the research and argument supported by the empirical data collected. The research design also outlines the methods or techniques used for sampling, data collection, and analysis in order to address the objectives of the research.

There are various forms of research designs such as experimental, descriptive, causal, and exploratory designs (Jankowicz, 2005: 198-202). For purposes of this study the cross-sectional descriptive and analytical approaches are adopted. The data that will be collected relates to three census periods. The analysis of the data will present a picture on financial controls for the three periods.

1.5.1 Research strategy

Saunders, Lewis and Thornhill (2007:90) point out that research strategy refers to the general plan of how a researcher will go about in answering research questions. There are various strategies from which a researcher, guided by research objectives, can select a strategy. For this study the document analysis strategy will be used to conduct the research. Document analysis is a systematic procedure for reviewing or evaluating existing documents - both printed and electronic material (Bowen, 2009). The analysis of the documented data and information will enable the researcher to determine whether or not the financial controls used by Stats SA during census were effective. The study will exclusively rely on secondary data from Stats SA and the Auditor General for the years under review.

The researcher is already in possession of the following relevant documents:

- a) Departmental policies on financial management and controls
- b) Departmental annual reports
- c) Audit reports from the office of the Auditor-General and Internal auditors
- d) Management responses to the Auditor-General's reports for the years under investigation.

1.5.2 Document Analysis

Document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin and Strauss, 2008). The document analysis process will begin by establishing the type of documents that are likely to answer the research questions. The researcher will then secure access to the documents by seeking the necessary permission from relevant authorities with Stats SA. Once permission has been provided the researcher will devise a system for keeping documents for review confidential. This may include saving electronic documents in password-protected folders and files. The next step would be to compile the documents for review ensuring that only documents with relevant information are purposively selected. During this process of compiling the documents the researcher will check, where necessary with the authors of the documents to make sure there is clarity on the content of the documents. Once all the documents have been gathered, the researcher will then review each document noting which research question is being addressed by individual documents (Evaluation Briefs, 2009). This approach is suitable for the study in that the conclusions regarding the effectiveness of financial controls will be based on official documentation provided by Stats SA and from the office of the Auditor-General.

The departmental policies on financial management and controls will show the guidelines, processes and procedures, and standards that should guide Stats SA during census years. The policies will be used as a benchmark or standard to evaluate compliance or performance of specific financial controls. Documents such as the Auditor General's report and reports from the internal audit department will highlight if the financial systems and controls for the years under review were in good standing. The annual reports and the minutes of audit committee meetings will indicate any pertinent issues relating to financial controls and measures taken to correct any anomalies.

1.5.3 Literature Study

The purpose of a literature review is not only to identify and analyze all information written about a topic, but also to gain insight and understanding into the problem at hand. The literature review for this study will focus on understanding financial controls and how they also relate to public projects such as censuses. The study shall make use of the following sources among others:

- i. International professional and academic journal articles on public financial management – These will provide a grounded understanding of issues and challenges in public service delivery and management.
- ii. Government publications including audit reports from the office of the Auditor General, PFMA, Audit Committee reports, Annual Reports from Stats SA and other reports in the public sector with a focus on financial management
- iii. Local and international textbooks on issues of public financial management and service delivery will provide secondary sources of data for the study.

1.5.4 Data Analysis and Interpretation

Data analysis is a way of gathering, modelling and transforming data with the aim of bringing order, structure and meaning to data (Marshall and Rossman, 2006:111). The following basic steps of data analysis will be employed in this study categorising data; coding data; and calculating appropriate statistics (Babbie, 2008).

1.6 Significance of the Study

This study is intended to be beneficial to both Stats SA and the academia. Within Stats SA the study will provide the following:

- Enable Stats SA to view in perspective the effectiveness of financial controls during the 1996, 2001 and 2011 census years. The analysis that will be conducted by the researcher will provide an independent perspective that could potentially highlight aspects not captured in internal review processes;
- Make recommendations to Stats SA for managing future censuses with regard to financial management;
- Highlight and re-emphasize to other government departments the significance of public financial management.

In the academic field, the study will add to the literature on financial management in public sector institutions. This literature will benefit other researchers, lecturers and students at institutions of higher learning as part of expanding their intellectual capital.

1.7 Delimitation of the Study

The study is primarily focused on Stats SA and specifically on the 1996, 2001 and 2011 census years. The study is concerned with establishing whether or not there were sufficient financial controls during the three census periods.

1.8 Ethical Considerations

According to Polit and Beck (2010), researchers must deal with ethical issues when their intended research involves human beings. Furthermore, research must be designed in such a manner that the respondent does not suffer physical harm, discomfort, pain, embarrassment or loss of privacy (Blumberg, Cooper, and Schindler, 2005:156). Furthermore, the researcher should comply with the five ethical concerns in conducting research: consent, privacy, consequentiality, harm, and confidentiality and anonymity (Henn, Weinstein and Foard, 2009:80). The researcher will ensure that all documents received for the review are not shared with third parties (Burns and Grove, 2003:171). The documents will therefore be reviewed in a designated location and where there is restricted access to other individuals not involved in the study. The researcher will also respect any restrictions regarding documents that may not be taken out of Stats SA offices.

All the Stats SA staff members who will be approached to collect the documents for review will be informed of the purpose of the study. The individuals will be notified in advance and will be allowed sufficient time to ask questions for clarification regarding the research. Finally, the researcher will not provide any incentives or coerce staff to provide documents for review.

1.9 Limitations of the Study

The success of the study is dependent on the availability and access by the researcher to the relevant documents for the analysis. Although some of the documents required are available in the public domain, there are other documents such as minutes of the

audit committees for the three census periods, which might be problematic to access. In order to mitigate this, the researcher has formally written to Stats SA requesting the documents. In addition, the researcher has also explained to relevant authorities how the study might be beneficial to Stats SA.

The other limitation could be that the information and data might be in a format that is not amenable to fulfilling the objectives of the study. In order to mitigate this challenge should it arise, the researcher has ensured that the research approach is qualitative and focused enough to enable document analysis that can still adequately answer the research questions and address the research objective.

1.10 Chapter Layout

Chapter 1: Orientation, Background of Study and Problem Statement

Chapter 2: The Theory and Practice of Financial Controls in the Public Service.

Chapter 3: Research Methodology

Chapter 4: An Assessment of the Effectiveness of Financial Controls used by Stats SA during the 1996, 2001 and 2011 Census years

Chapter 5: Conclusion and Recommendations

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of literature that forms the theoretical foundation of the research study. The key concepts that will be reviewed are financial management, the theory of financial control and the agency theory. These concepts will be discussed in general financial terms and also within the context of public institutions. To set the background for the discussion, the review will highlight the nature and context of public institutions with a particular focus on census. In this regard, the role of Statistics South Africa (Stats SA) in conducting censuses will be discussed. The importance of census taking in the developmental context will be highlighted. Ultimately, the literature review intends to demonstrate the basis for financial controls in Stats SA given that it is run on public financial resources and that its functions influence service delivery in the country.

2.2 Overview of public institutions

Public institutions are all organisations that are owned, run as well as financed by the government on behalf of the public (Adams, 2014). This implies that all the activities of the public sector are governed by government's pronouncements and constitutions. The role of public institutions is regarded as part of supporting and safeguarding institutional democracy. In South Africa, Chapter 10 of the Constitution (ss195-197) lays out the basic values and principles for public administration and, within public administration, the role of the public service (South Africa 1996). Public Service refers to government departments or institutions as established in terms of sec 197(1) of the Constitution of the Republic of South Africa. Public institutions exist to maintain law and order, and to provide citizens with essential goods and services which private enterprises cannot provide for various reasons (Kuye and Ajam, 2012). The services that are classified as public services are those that:

- a) Cannot be delivered by the private sector because of their collective nature;
- b) Are necessary for the realization and attainment of a government's goals and objectives and the private sector, for some reason, fails to deliver them; or
- c) Can be delivered more cheaply and advantageously by collective effort than by individual effort (Cloete, 2012).

According to Kuye and Ajam (2012) public sector officials must provide strong leadership to deliver public services to citizens through collaboration and partnerships. The constitution further provides guidelines for public administrative systems to provide services fairly and equitably (section 195(1) (d)), responsively and in a participatory manner (section 195(1) (e)), accountability (section 195(1) (f)) and transparently (section 195(1) (g)).

The study focuses on Statistics South Africa (Stats SA), which is a government institution. As an institution, Stats SA is required to abide by the constitution and perform its functions efficiently and effectively for the benefit of citizens. The constitutional and budget reform processes instituted by government further places emphasis on good financial management in the public sector (Kuye and Ajam, 2012). Financial controls, which are an aspect of financial management constitute the focus of this study.

2.2.1 Background to Stats SA

Statistics South Africa (Stats SA) is a national government department established following the demise of the apartheid government. Formerly known as the Central Statistical Service, Stats SA absorbed the statistical services of the former homelands of Transkei, Bophuthatswana, Venda and Ciskei into one national department. Stats SA is accountable to the Minister in the Presidency: Planning, Monitoring and Evaluation. The activities of the department are regulated by the Statistics Act (Act number 6 of 1999), which ensures independence from political interference in the production and dissemination of official statistics. Stats SA is mandated with the task of producing timely, accurate, and official statistics in order to advance economic growth, development, and democracy. These statistics encompass demographic, economic, and social censuses and surveys. With regards to population census Stats SA has produced three censuses, in 1996, 2001 and 2011 (Stats SA, 2011).

Stats SA is also mandated to:

- Promote coordination among statistical producers in South Africa in order to improve the quality, consistency, comparability and optimum use of official statistics and thereby avoid unnecessary duplication;
- Provide statistical advice to organs of state; and

- Liaise with statistical agencies of other countries and international agencies;
- Designate statistics as official (Stats SA, 2011).

Stats SA is headed by the Statistician-General whose duties and powers are stated as follows:

- a) Administers the Statistics Act
- b) Is the accounting officer of Stats SA
- c) Directs Stats SA and is responsible for the implementation of the work programme
- d) Makes recommendations to the Minister regarding the policies and priorities of Stats SA
- e) Is responsible for statistical coordination among organs of state (Stats SA, 2011).

2.2.2 The nature and context of population census

According to Baffour, King and Valente (2013), a census is the procedure of systematically acquiring and recording information about the members of a given population. It is a regularly occurring and official count of a particular population. The UN Handbook on the Management of Population and Housing Census (2001) states that population is basic to the production and distribution of material wealth.

Conducting a national population census is a complex exercise that requires enormous resources and technical expertise to perform. The process includes mapping the entire country, mobilising and training of enumerators, conducting a massive public campaign, canvassing all households, collecting individual information, compiling vast amounts of completed questionnaires, and analysing and disseminating the data (United Nations, 2015).

The benefits of a census as stated in the UN Handbook on the Management of Population and Housing Census (2007) include the following:

- Provide the facts essential to government for policy-making, planning and administration.

- Enables decision-making that facilitates the development of socio-economic policies to enhance the welfare of the population.
- Provides important data for the analysis and appraisal of the changing patterns of rural/urban movement and concentration, the development of urbanized areas, geographical distribution of the population according to such variables as occupation and education, as well as the socio-economic characteristics of the population and the labour force.
- Provides guidance in the decision-making processes of the private sector. Population size and characteristics influence the location of businesses and services that satisfy the needs of the target population.
- Population censuses also constitute the principal source of records for use as a sampling frame for the household surveys during the years between censuses.

Stats SA has a formidable task of conducting population and other censuses in the country. However, due to the massive cost of conducting a census Stats SA has to ensure proper management of any funds allocated towards this purpose. Anomalies in the expenditure of these public resources are likely to jeopardize the functions of Stats SA and may ultimately affect its reputation in the public. The focus on financial controls during census years is intended to establish financial performance of Stats SA and recommend remedial controls in order to improve fiscal management.

2.3 Financial Management

Understanding financial management is central to this study given that the study seeks to establish how Stats SA managed the expenditure of financial resources during the census periods under review. Therefore, it is necessary to provide a brief overview of what financial management entails. A discussion on the theory of financial controls and the Agency theory will also be discussed to set the theoretical framework for the analysis of Stats SA's financial performance during the 1996, 2001 and 2011 census periods.

The practice of financial management includes processes and procedures used to raise, utilise and account for money within organizations. Financial management

requires proper planning and budgeting of resources in alignment with organizational priorities to ensure efficient and effective use of these resources (Wakiriba, Ngahu and Wagoki, 2014). The other key principles that guide financial management include keeping accurate record of financial transactions, maintaining transparency and accountability in the use of and reporting on financial transactions. Sound financial management leads to sustainable organizations that consistently achieve their goals and objectives both in the private and public sectors (Padilla, Staplefoote and Morganti, 2012).

2.3.1 The theory of financial control

The theory of financial control was advanced and popularized by Östman (2009). The point of departure for the theory is the personal functions of human beings, both present and in the future. This theory stipulates that existing and possible functions of financial tools for organizations are most essential. It is further stated that payments, financial instruments, accounting, control models, economic calculations, and related considerations, both within and outside of the organization, ought to be discussed in regard to inner characteristics but also possible effects (Ostman, 2009). The ultimate focus of financial controls, whether instituted from external sources, such as independent auditing or internally, remains targeted at safeguarding organizational assets (Wakiriba, Ngahu and Wagoki, 2014:105).

The theory of financial controls for organizations places a natural focus on the firms such that they are viewed from several latitudinal areas. The first regards the human beings' functions of what is accomplished through organisations, their activities and output. The second is about the structure of the organization and activities, and of transactions that various parties have with each other. The third covers the control systems in the sense of recurring procedures and methods that are employed to relate present and future functions to resources both externally and internally. The fourth and last area illustrates the specific processes of individual organizations for certain issues. The aforementioned financial control tools are argued to be crucial from an organization's perspective and also for larger economic systems. These tools enable the coordination and facilitation of prudent financial management (Ostman, 2009). For this study, these tools are relevant as the data analysis will endeavour to establish if Stats SA deployed adequate human capital and effective and efficient structures and

systems for financial transactions. The theory further states that structure and financial control system works together (Ostman, 2009). The financial control theory is relevant to the current study as it will assist in locating and understanding the financial controls within Stats SA.

2.3.2 Financial controls

The need for sound financial management cannot be overemphasized both in the private and public sector. Financial controls are necessary in public institutions to provide citizens with the confidence and assurance that public funds are not misused (Prowle, 2013). Safeguarding of organizational resources and assets is of prime importance. Financial management stipulates that financial controls are required in order to do this effectively and to manage risk. According to Dzomira (2014) financial controls encompass procedures designed to protect assets and ensure that all financial transactions are recorded to prevent and reduce errors and fraud. Financial controls protect organizational assets, safeguard investments by stakeholders, and encourages adherence to approved financial policies and regulations. Therefore, financial controls are located within a framework that promotes sound financial management (Wakiriba *et al.*, 2014; Koitaba, 2013). Key financial controls relevant for this study include budgeting, cash management, accurate and consistent recording and reporting of financial reports and compliance to financial management legislation and regulations.

Khoove (2010) provides a distinction between control environment and control activities. The author states that the control environment is the attitudes, abilities, awareness and actions of a client personnel and particularly management in relation to control. Financial control activities are the policies and procedures that help ensure that management directives are carried out. Financial controls play an important role in ensuring the accuracy of reporting, eliminating fraud and protecting the organization's resources, both physical and intangible. These internal control procedures reduce process variation, leading to more predictable outcomes (Dzomira, 2014).

The Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework, whose focus is on providing organisations with a framework for assessing

the effectiveness of internal controls lists five components that should be considered, namely:

1. Control Environment;
2. Risk Assessment;
3. Control Activities'
4. Information and Communication; and
5. Monitoring Activities (COSO, 2013)

The document analysis for this study will focus specifically on the issues raised in the reports by the Auditor General, Stats SA financial and Audit Committee reports. Where appropriate the components stated in the framework above will also be discussed. The framework defines internal control as a process effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance as outlined below (COSO, 2013).

- Operations Objectives – These relate to the effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- Reporting Objectives – These relate to internal and external financial and non-financial reporting to stakeholders, which would encompass reliability, timeliness, transparency, or other terms as established by regulators, standard setters, or the entity's policies.
- Compliance Objectives – These relate to adhering to laws and regulations that the entity must follow.

Although effective in practice, the framework concedes that there are limitations that arise in the implementation of financial controls because it is a human function. Individuals could make errors of judgment or omission; management can override financial controls; or staff could collude to sabotage the integrity of financial controls (COSO, 2013).

2.3.2 The Agency Theory

The agency theory as originally developed by Jensen and Meckling (1976) an organization is viewed as a nexus of contracts between different stakeholders of the organization. The theory states that the owners of the firm and the executives hired to run the business may have different and often conflicting interests regarding the business. While the owners want the business to profit, executives might be focusing on benefiting themselves. Thus, according to Jensen (2000) the ultimate motive with the agency theory is to ensure that the objectives of the principal and agent do not conflict and that the principal and agent reconcile different tolerances for risk.

Agency theory explains the application of controls as being primarily based on economic cost benefit analysis. The theory recognizes the incomplete information about the relationship, interests or work performance of the agent described as adverse selection and moral hazard. Moral hazard and adverse selection affects the output of the agent in two ways; not doing exactly what the agent is appointed to do, and not possessing the requisite knowledge about what should be done (Wakiriba *et al.*, 2014). This affects the overall performance of the relationship as well as the benefits of the principal in the form of cash residual. Therefore, controls become necessary in order to reduce information asymmetries between principals and owners.

Additionally, the theory has been used to explain demands for monitoring controls such as the financial statement audit, external directors on boards and committees, audit committees, internal audit and compensation schemes (Arwinge, 2013). Thus, internal controls, financial reporting, budgeting, audit committees, and external audits are some of the many mechanisms used in business to address agency problems (Jensen and Payne, 2003).

In the context of this study, the agency theory will assist in understanding the relationship between the state and Stats SA in relation to census and the management of financial resources. The agency theory will assist in the diagnosis of challenges faced by Stats SA with regards to financial controls. The agency theory would also be useful in recommending financial controls necessary to safeguard public finances allocated to Stats SA.

2.4 Financial management in Public institutions

2.4.1 Public Finance

Managing public finance is a challenging task that requires adherence to strict codes of governance. Public officials assigned to manage public finance have to balance this with political, economic and administrative governance imperatives. Public finance management should also be guided by the principles of transparency and accountability. Another essential component of public finance management is a system of financial monitoring and reporting to ensure that public officials can be held accountable for their actions, and that laws are administered and public services are delivered efficiently (Fourie, 2012:69).

The control and regulation of public funds is intended to promote good governance while efficiently and effectively delivering services to the citizens who are the source of these resources. Furthermore, this will boost the confidence of citizens in public officials (Wanjau, Muiruri and Ayodo, 2012). In South Africa, the Public Finance Management Act (Act 1 of 1999), the Municipal Finance Management Act (Act 56 of 2003) and relevant regulations stipulated by the National Treasury are the legislative instruments employed to guide financial management in the public sector. The promulgation of these instruments is based on the Constitution of South Africa (1996)

2.4.2 The Constitution and public sector financial management

The Constitution of South Africa (1996) states that national, provincial and local government structures must promote transparency, accountability and effective financial management (RSA Constitution 1996, Section 215:1). Chapter 13 stipulates that all government revenue must be paid into the National Revenue Fund and must be accessed through appropriate systems approved by parliament.

The Constitution also prescribes the establishment of a national treasury to ensure transparency and control over expenditure. Legislation in the form of the PFMA (Act 1 of 1999) prescribes the generally recognized accounting practices, uniform classification, norms and standards. These prescriptions are intended to improve and standardize financial management processes in the public sector.

2.4.3 The Public Finance Management Act (PFMA)

The PFMA was enacted to radically improve financial management in the public sector. The Act introduced strategic financial management in the public sector in order to bring about efficiency and accountability. Thus the central goals of the PFMA are to improve the operational efficiency of government spending. Although government financial management is a national issue, in a globalised economy it is becoming open to scrutiny. Fiscal governance has now become a key indicator for foreign investors seeking opportunities to invest.

The PFMA dismantled the previously centralised approach to managing public resources and devolved authority to heads of government departments and agencies. The Act thus guides financial budgeting and planning within government departments and this is integrated within a performance management framework. The PFMA is viewed as part of a legislative reform process in public sector financial management with the following aims:

- to establish an appropriate link between strategic objectives and expenditure plans;
- to ensure fiscal discipline within the constraints of what can be afforded;
- to promote the efficient use of resources, by decentralising and delegating decisions to where they are best made;
- to improve incentives and empower managers to make effective decisions while at the same time holding public sector executives accountable for their managerial decisions;
- to introduce transparency and promotion of accountability, and
- to introduce accessibility of information and budget estimates.

The legislative reform in public financial management seeks to entrench good governance in all government institutions at all levels. This is demonstrated by the extension of the PFMA framework to local government through the Municipal Finance Management Act (Act 56 of 2003). The need to improve fiscal governance is thus a major priority in government. In this study, it is therefore important to establish whether Stats SA has managed its financial resources within the PFMA framework during the census periods under review.

Specific financial controls articulated within the PFMA framework include preparation of budgets that are aligned to strategic and implementation plans, implementing an internal audit system through the support of an audit committee, compliance to financial regulations and preparation of detailed and accurate financial statements.

2.4.4 The role of the Auditor-General

The preceding discussion located the Auditor-General at the centre of financial management compliance and accountability in government departments and state owned enterprises (SOE). The Auditor-General was established as part of the Chapter 9 institutions that are meant to support constitutional democracy in South Africa. Its key function as described in Section 188 of the Constitution is to audit and report on the accounts, financial statements and financial management of: all national and provincial state departments and administrations; all municipalities; and any other institution or accounting entity required by national or provincial legislation to be audited by the Auditor-General. In addition, the Auditor-General also relies on independent auditing of these institutions.

A key attribute that guides the office of the Auditor-General in discharging their functions is its independence. The Constitution recognises the importance and guarantees the independence of the Auditor-General. This means that the Auditor-General is independent of the government institutions for which it performs audits. Independence enables financial audits to be performed according to specified standards and without prejudice. However, the office of the Auditor-General remains accountable and also works in conjunction with other organs of the state such as SCOPA.

The purpose of performing an audit of financial statements is to enable the Auditor-General to express an opinion as to whether or not the financial statements fairly represent, in all respects, the financial position of any government department or agency at a specific date. The result of each department's operations and cash flow information for the period being audited are documented in accordance with an identified financial reporting framework and/or statutory requirement. The Office of the Auditor-General is also responsible for building the capacity of various public accounts committees in the form of briefings, report writing and training. In the event of hearings

regarding anomalies picked during audits, the Auditor-General can act as an expert witness when called upon to do so.

The Auditor-General audit reports are classified as public documents. However, the Auditor-General is also required to be sensitive to citizen interests and political stability when sharing such documents. This study will rely extensively on audit reports from the Auditor-General on Stats SA for the census periods under review. The analysis of these documents will enable the researcher to determine the state of financial management at Stats SA during those periods and determine whether or not there were adequate financial controls as required by the PFMA.

2.4.5 Accounting Officers in Public Finance

In the public sector, all appointed heads of government departments are also designated as accounting officers. As noted earlier, the Statistician-General is designated as the accounting officer with responsibilities over the financial transactions of Stats SA. This means that accounting officers are personally accountable for all financial transactions and activities of their departments (PFMA, 1999). According to Visser and Erasmus (2002:36), the accounting officer must ensure that internal procedures and internal control measures are in place for payment approval and processing. The duties and responsibilities of accounting officers are outlined in Section 38 of the PFMA as follows:

- a) must ensure that the department, trading entity or constitutional institution has and maintains—effective, efficient and transparent systems of financial and risk management and internal control;
- b) is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution;
- c) must prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct; and manage available working capital efficiently and economically;
- d) is responsible for the management, including the safe-guarding and the maintenance of the assets, and for the management of the liabilities, of the department, trading entity or constitutional institution;
- e) must comply with any tax, levy, duty, pension and audit commitments as may be required by legislation; and

- f) must take effective and appropriate disciplinary steps against any official in the service of the department, trading entity or constitutional institution who contravenes or fails to comply with a provision of this Act.

The level of skill required for the position is very high and it is important to maintain consistency in the appointment of accounting officers to ensure continued and sound financial management in government departments.

2.4.6 The Standing Committee on Public Accounts (SCOPA)

The mandate of the Public Accounts Committees in South Africa is drawn from section 55 and 114 of the Constitution. These committees are established institutions through which Parliament ensures accountability of government. The SCOPA works to ensure that public money allocated to government departments is accounted for on behalf of the National Assembly. In that regard, SCOPA oversees the effective, efficient, economical and transparent management of departments. In exercising their mandate, SCOPA examines the Auditor-General's annual reports on the financial affairs of public institutions to ensure compliance to financial management standards.

For SCOPA to function effectively it requires relevant and timely information from the Auditor-General's office, which has the authority to audit government departments and report to Parliament. The National Treasury also provides SCOPA with information regarding any improvements in financial management and internal control measures. With a wealth of financial management information, SCOPA is able to perform its functions effectively (Tsheletsane and Fourie, 2014).

According to the rules of the National Assembly (9th ed), SCOPA has the following powers and functions:

- to consider the financial statements of all government departments and constitutional institutions submitted to Parliament;
- to consider any audit report on financial statements;
- to examine any reports of the AG regarding government departments, constitutional institutions or any other public body;
- to examine any other financial statements or reports referred to it;

- to summon witnesses to appear before it; and
- to assess whether value for money has been received.

Based on its analysis of audited financial statements of government departments, SCOPA can make recommendations on how poor performing departments can improve on financial management. In cases of financial misconduct SCOPA may recommend charges or sanctions against accounting officers who carry the responsibility of financial management in their respective departments. In 1996 the Statistician-General appeared before SCOPA to account for over expenditure incurred during the census year (Tsheletsane and Fourie, 2014).

As an institution SCOPA has its challenges. Among them is the lack of technical capacity and financial resources to perform its oversight functions (Idasa, 2010). The committee has thus failed to take further action on government departments who have routinely ignored its recommendations. Furthermore, resolutions continue to be carried over from previous years without adequate action being taken (South Africa 2010/2011:75),

2.5 Summary

This chapter provided the literature review pertinent to the study. The literature provided the background of public institutions and an overview of Stats SA and its mandate. The review also highlighted the purpose and benefits of conducting population censuses. Financial management was then discussed and the theory of financial control and agency theory presented as well. Furthermore, the literature review focused on financial management and controls in the public sector in South Africa. The roles of the Auditor-General, SCOPA and accounting officers were also discussed. This chapter laid a foundation for benchmarking the analysis of the study findings. The next chapter will focus on the research methodology.

CHAPTER 3: METHODOLOGY

3.1 Introduction

This chapter provides a description of the research methods utilized in order to address the research objectives of the study. The research design chosen for this study is cross-sectional, descriptive and analytical. The study is located within the interpretivism paradigm and has adopted the document analysis research strategy. The research design, paradigm, and research strategy are described in detail in this chapter. The chapter also describes the research questions guiding the research, the data collection process and the data analysis approach. The chapter also addresses the important concepts of reliability and trustworthiness which are critical in establishing credible research findings and conclusions in qualitative studies. The research ethical considerations are also described in this chapter. The chapter closes with a summary of what is discussed in this chapter.

3.2 Research Design

A research design is a plan, structure and strategy of investigation designed to answer research questions (Kumar, 2011). An appropriate research design is required to enable the researcher to reach valid findings, comparisons and conclusions. The research design is the logic that links the data collected with the initial research questions Yin (2012) and influences the choice of research strategy, choice of data collection techniques and analysis procedures as well as the time horizon of the project (Bryman and Bell, 2015). According to Saunders *et al.* (2012), the choice of the research design is greatly influenced by the research questions. Therefore, the research questions should be clearly and accurately formulated.

The commonly used research designs include experimental, descriptive, explanatory, and exploratory designs (Collis and Hussey, 2014). For the purposes of this study the cross-sectional descriptive and analytical approach was adopted. The study focused on the 1996, 2001 and 2011 census years. Relevant documents were reviewed to ascertain the presence of financial controls during each census year. The analytical perspective focused on determining the effectiveness of these financial controls and to establish any remedial action taken to effect improvements of these financial controls in successive years.

3.3 Research Paradigm

Research paradigm provides a philosophical grounding for any study. According to Cresswell (2014) a paradigm is a system of thinking that expresses established theories, traditions, approaches, methodologies and models in a particular discipline. The most dominant research paradigms are interpretivism, positivism, constructivism, transformative, and pragmatism (Cresswell, 2014). This study sits within the interpretivism paradigm which focuses on understanding and interpreting everyday events in order to ascribe meaning. The purpose of this study is to establish whether there were financial controls in place during the 1996, 2001 and 2011 census periods. Although the data seems historical now, the documents that were analysed were compiled as part of the day to day activities of Stats SA.

3.4 Research Strategy

Research strategy refers to the general plan of how a researcher will go about in answering research questions (Saunders *et al.*, 2012). Therefore, the choice of research strategy is influenced by the type of questions to be answered. However, in order to select the appropriate research strategy the research questions have to be correctly framed. For this study the document analysis strategy was used.

Document analysis is a systematic procedure for reviewing or evaluating existing documents - both printed and electronic material (Bowen, 2009). Document analysis allows research questions which focus on the past and changes over time to be answered. According to Saunders *et al.* (2012) the ability to answer the research questions depends on the nature of the documents. O'Leary (2014) emphasizes the use of official and formal documents as a source of information in order to guarantee credibility of the analysis.

However, even where official documents are available, there are challenges regarding access to such documents. Furthermore, the content of the documents may also not be in the format that will satisfy the research objectives (Saunders *et al.*, 2012). To address these challenges the researcher established prior to the research that the data documents required for the study are available, mostly in the public domain. In addition, Stats SA also make some of its documents public. For example, annual reports and census reports are available on their website. However, for other

documents that might not be made public the researcher ensured that such permission to access some of the documents within Stats SA was granted.

The study exclusively relied on publicly available reports from and regarding Stats SA and the Auditor General for the years under review.

These documents include the following:

- e) Departmental policies on financial management and controls
- f) Departmental annual reports
- g) Audit reports from the office of the Auditor-General and Internal auditors
- h) Minutes of the audit committees for the periods and project in question;
- i) Management responses to the Auditor-General's reports for the years under investigation.

The researcher was cautious in the selection of the documents used in the study to ensure that an appropriate number of relevant and quality documents were reviewed. Furthermore, these documents were evaluated before analysis to determine the trustworthiness of the content so that the results are credible as required in qualitative studies (Bowen, 2009; O'Leary, 2014).

3.5 Research Questions

According to Bryman and Bell (2015), research questions are crucial in guiding the research activities and processes. The research questions enable the researcher to narrow the purpose statement to specific questions that researchers seek to answer (Cresswell, 2014).

The primary research question guiding this study is stated as follows:

- How effective were the financial controls used by Stats SA during the 1996, 2001 and 2011 census?

In order to adequately answer the primary research questions the following secondary research questions should be addressed:

- What is the policy framework for financial controls during census?
- Was there an effective financial budgeting process followed to finance the 1996, 2001 and 2011 censuses?

- What systems were in place for managing cash transactions during the 1996, 2001 and 2011 censuses?
- Were there improvements in the recording and reporting of financial transactions and reports?
- What other challenges regarding financial controls were encountered by Stats SA during the 1996, 2001 and 2011 census years?

The researcher constantly referred to the research questions in order to maintain focus on the study objectives.

3.6 Data Collection Process

The study was based on a review of documents relating to financial management during the 1996, 2001 and 2011 census periods. Therefore, data collection was based on accessing the relevant documents that would provide information on financial controls such as audit reports, minutes of audit committees and annual reports.

The data collection process involved compiling a list of documents to be reviewed and gaining access to the documents for analysis. Figure 1 below depicts the data collection process.

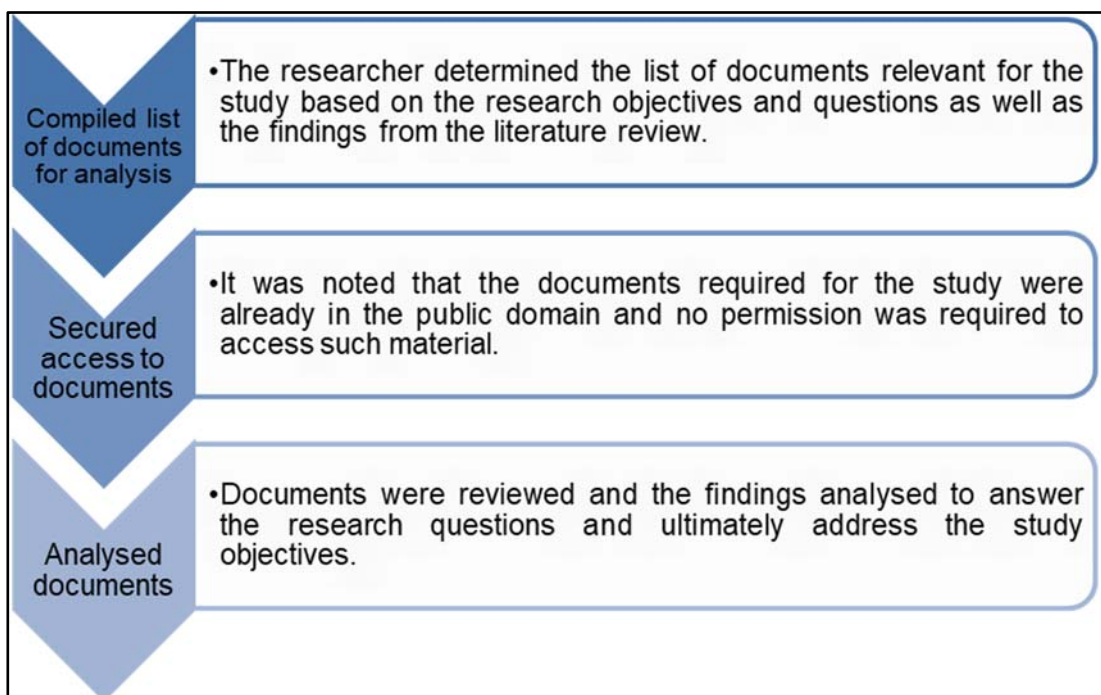


Figure 1: Data collection process

3.7 Data Analysis

Data analysis is way of gathering, categorising, coding and transforming data in order to give it meaning (Saunders *et al.*, 2012). According to Neuman (2009), data analysis entails searching the data for patterns and themes that recur. Ultimately, the data only becomes useful when these patterns are translated into language that answers the research questions and addresses the research objectives (Saunders *et al.*, 2012).

The data that was found in Stats SA documents was both quantitative and qualitative. The quantitative data related to the financial management data contained in audit reports such as expenditure figures. Qualitative data related to the narratives regarding the integrity of the financial management processes including financial controls in place and the performance of Stats SA during each financial year.

The analysis was performed in two stages. The first stage focused on analyzing data for each individual census period to establish the financial management processes followed and the financial controls in place. This indicated whether for each individual year there were sufficient measures taken to establish effective financial controls under the prevailing circumstances at the time. The second stage of the analysis focused on establishing whether or not there were improvements in financial controls in successive years. This helped to establish whether or not recommendations made in previous years were implemented or not.

The research questions guided the analysis. Content analysis was used where there were narratives regarding financial controls recurring each census year. Content analysis was also used to classify, summarize and tabulate the data in order to give it meaning (Flick, 2014). The analysis focused on interpreting the meanings that were presented by the recurring patterns in the data (Denzin and Lincoln, 2011). In the context of this study the researcher ensured reliability and trustworthiness of the research findings at the analysis level by clearly outlining and adhering to consistent and systematic document analysis procedures. Reliability can be looked at two levels: data collection level and data analysis level. At the level of data collection, reliability refers to the extent to which the data collection instruments or techniques will yield

consistent findings. Similarly, at the data analysis level, reliability refers to the extent to which the analysis procedures will yield consistent findings (Delpont and Roestenburg, 2011). Trustworthiness ensures that the research process is conducted with rigour for authentic and credible findings to be obtained. In this study credibility was ensured through thorough reviews from peers and the academic supervisor in order to ensure that the research methodology and analysis was sound and that the data was interpreted correctly (Polit and Beck, 2012:594).

3.8 Ethical Considerations

Wherever research is conducted there are ethical considerations regarding the data collection processes and interaction with human subjects (Saunders *et al.*, 2012). Where research processes are concerned, standard procedures should be followed and where human interaction is involved, participation should be voluntary and based on informed consent (Polit and Beck, 2010).

In this study, the researcher focused on document analysis with no interviews of personnel within Stats SA. The following research ethics were observed by the researcher:

- Applied for clearance to conduct the research from the Basic and Social Sciences Research Ethics Committee of the North West University Vaal Triangle Campus;
- Informed relevant Stats SA officials about the purpose of the study and its benefit to the department;
- Sought the permission of Stats SA to access relevant documents for review and analysis; and
- Informed Stats SA how the findings of the study would be disseminated
- The reputation of the NWU and Stats SA was not compromised since most of the documents analysed are in the public domain.

3.9 Summary

This chapter outlined the research methodology for the study. The chapter detailed the research design, research paradigm, research strategy and research questions were discussed. The chapter also discussed the data collection process, data analysis

and the concepts of reliability and validity as well as ethical considerations in research. In the next chapter the data collected during the research study is analysed, interpreted and research findings presented.

CHAPTER 4: DOCUMENT ANALYSIS FINDINGS

4.1 Introduction

This chapter provides the findings of the study based on the document analysis of selected publications within Stats SA and other relevant reports and evaluations. The specific publications and reports are indicated in this chapter. The chapter also provides a brief overview of the document analysis process before presenting the actual findings.

The study findings are presented according to each census year. Section 4.3.1 presents the findings for the 1996 census; Section 4.3.2 presents findings for 2001 census; and section 4.3.3 presents findings for the 2011 census. The individual census year presentation of findings assists in highlighting unique experiences and challenges encountered by Stats SA during each census year. Furthermore, the findings are also presented according to the research questions that guided the study. This is done in order to make relevant conclusions as to whether or not the study objectives were accomplished in the end. Section 4.4 provides an overall description of the findings with respect to improvements in financial controls over the three census years. Section 4.5 presents recurring and potential challenges regarding financial controls during census years. A discussion of the findings is presented in section 4.6. The discussion provides perspective to the findings and creates a basis for the study conclusions and recommendations. The chapter closes with a summary.

4.2 Documents Analysis

The primary objective of the study was to determine whether there were financial controls within Stats SA during the 1996, 2001 and 2011 census years. The study relied on various official internal Stats SA documents and others in the public domain; Audit Reports from the office of the Auditor General; and other relevant literature in order to address the research objectives.

The documents accessed and analysed during the study are:

- Final Management Report (2012).
- Departmental policies on financial management and controls

- Departmental annual reports
- Audit reports from the office of the Auditor-General and Internal auditors
- Minutes of the audit committees for the periods and project in question;
- Management responses to the Auditor-General's reports for the years under investigation.

The analysis of the documents was conducted according to the following research questions that guided the study:

- RQ1: What is the policy framework for financial controls during census?
- RQ2: Does the financial data available show any trend or pattern to suggest that there are financial controls?
- RQ3: Have there been any improvements on financial controls deployed over the three census years?
- RQ4: What are the challenges confronting Stats SA in financial controls during census years?
- RQ5: What recommendations can be made to improve financial controls within Stats SA?

Document analysis was conducted separately for each year to determine the availability of financial controls and the challenges encountered in that regard. Thereafter the analysis sought to establish whether or not there were any changes or improvements in the financial controls from each census year to the next.

4.3 Findings

This section presents the findings of the documents analysis as per each census year. The findings highlight the framework within which the financial controls were established and implemented, the experiences of Stats SA during each census year, and the challenges faced.

4.3.1 Census year 1996

The 1996 population census is the first post-apartheid national census to be carried by Stats SA then called the Central Statistical Service (CSS). The department was

under new management and comprised a head office and nine provincial offices. In order to extend its reach to all communities CSS established 73 regional offices to facilitate the implementation of the population census. The 1996 national population census was historic in that this was the first time all citizens were counted and this occurred at a time when the transition from apartheid to democracy was occurring.

Being the first national census in post-apartheid South Africa, the CSS needed enormous capacity and assistance to implement the census. The census was thus implemented with the assistance from the Census Advisory Committee, the United Nations Population Fund (UNFPA), the Australian Bureau of Statistics, and Stats Sweden. The assistance rendered was in recognition that there was no such previous experience within CSS to manage an exercise of this magnitude. The process of counting the population (popularly known as the Population Census) is a very costly and tedious exercise. It also leaves intense fatigue on those involved in its day to day management and coordination. Furthermore, evidence from elsewhere indicate that statistical agencies often struggle with human capacity, financial resources and management systems required to conduct a census (Stats SA, 2003). Some agencies end up outsourcing the census functions. Therefore, by acquiring assistance from international organisations with relevant experience was a positive decision to ensure that the first ever census in a democratic South Africa could be implemented successfully.

4.3.1.1 RQ1: What is the policy framework for financial controls during census?

As a public institution the CSS was financed by government through the National Treasury. The population census was financed through the medium-term expenditure framework (MTEF). According to the MTEF, funds are disbursed to cover a three year period at a time. With respect to accounting, all government departments use a cash-based accounting system. According to this system of accounting payments receipts are only recognized when the payments are actually made or received and not at the time they are made. The system also assumes that all the money allocated for a particular year will be spent in that financial year. In order to manage the budget and expenditures during census, CSS established separate cost centers with the following main categories of expenditures: human resources; goods and services; and capital.

Noting that the national census required a massive financial investment, CSS put in place procurement procedures and methods for the acquisition of goods and services. CSS also had an electronic payment system for salaries and procurement of goods and services. Furthermore, the CSS put in place an Acquisition Plan for anticipated expenditures on the following major items:

- Office accommodation and equipment for head office staff and for the regional offices;
- Distribution of census materials;
- Spray paint to paint numbers on informal dwellings;
- Transport of census fieldworkers;
- Training materials;
- Census questionnaires; and
- Processing equipment.

Budgeting and planning process

The budget allocation for the 1996 census was R117 million. The budget seemed to have been based on previous censuses, which did not cover the whole country, thus making it inadequate for a national census. The key budget items were personnel including payments and transport for the fieldworkers who would conduct the door-to-door interviews to gather census data across the country; administration costs for the management of the entire census; and the equipment including IT systems required for the census. The initial budget that was put together is shown in Table 2 below. Although the budget was initially pegged at R117 million, the planning process showed that a bigger budget of about R300 million was required. However, further calculations showed that the census actually required R626.9 million to complete.

Table 2: Budget for the 1996 Census

	96/97	97/98	98/99	Total
Personnel Other	29,992,783.62	8,190,500.10	875,649.62	39,058,933.34
Fieldworkers pay	180,910,418.42	29,031,785.65	62,772.27	210,004,976.34
Personnel Total	210,903,202.04	37,222,285.75	938,421.89	249,063,909.68
Other Administration	10,210,625.47	4,632,861.62	943,316.58	15,786,803.67
Telephone services	4,399,288.79	2,154,284.10	381,459.73	6,935,032.62
Catering	17,844,680.20	8,679,678.09	54,303.63	26,578,661.92
Transport	8,946,689.21	7,794,279.34	2,095,330.84	18,836,299.39
Administration Total	41,401,283.67	23,261,103.15	3,474,410.78	68,136,797.60
Stores other	1,763,149.57	1,090,697.32	15,951.01	2,869,797.90
Printing	10,885,985.49	608,980.83	226,991.36	11,721,957.68
Publishing	8,230,683.95			8,230,683.95
Stationary	1,907,055.40	243,376.02	27,250.12	2,177,681.54
Protective clothing	3,103,456.14			3,103,456.14
Stores Total	25,890,330.55	1,943,054.17	270,192.49	28,103,577.21
Equipment current	506,774.51			506,774.51
Equipment capital	9,454,561.14	7,852,789.76		17,307,350.90
Equipment Total	9,961,335.65	7,852,789.76	2,291,964.06	20,106,089.47
Buildings Total	178,294.97	127,429.74	55,088.52	360,813.23
P&S Total	12,350,700.40	11,610,212.02	380,066.74	24,340,979.16
Miscellaneous Total	566,877.05	1,532,787.92	918.76	2,100,583.73
Total	301,252,024.33	83,549,662.51	7,411,063.24	392,212,750.08

Source: Compiled by Researcher

The financial controls for census were planned within the framework described above. This meant that the CSS had to follow the relevant legislation and accounting principles as stipulated by the National Treasury to manage the allocated census budget.

4.3.1.2 RQ4: What are the challenges confronting Stats SA in financial controls during census years?

There were several challenges that were experienced during the 1996 census. Some of the challenges, although not directly linked to financial controls had an impact on the financial management of the census. Thus, indirectly they ultimately impacted on financial controls.

The first major challenge was that there was no previous experience within CSS for managing a national census. As a result there was no benchmark for budget estimates to successfully implement the census. This was exacerbated by the fact that the management tasked with running CSS and managing the census had been recently

appointed and there were capacity skills gaps in relation to the administrative, financial and organizational management. Furthermore, CSS had a very short time-span for the planning of the census. Instead of a three year lead time the management had 18 months within which to plan the census. As a result the plans and budgets had to be adjusted repeatedly resulting in discrepancies in the management of finances.

Closely related to the management of the census was the issue of recruitment of CSS staff and census enumerators. Regional managers recruited to manage the regional offices during the census lacked the requisite skills, which put financial management at risk. Enumerators in excess of 80 000 had to be recruited on a temporary basis. These fieldworkers were previously unemployed and had to be trained to enable them to participate in the census. This increased the cost of the census and also presented challenges regarding financial controls.

Fieldworkers were required to be paid through the CSS payroll. However, the lack of administrative capacity within the human resources function resulted in other fieldworkers' details not being captured on the payroll system. As a result they had to be paid in cash instead of through the electronic payment system. There is also evidence that some fieldworkers were paid without authentic documentation verifying work done. In some cases some staff were paid before their appointment were fully processed. All these situations impacted on financial controls and exposed the financial management system to fraud.

The other challenge regarding financial controls that emerged during the 1996 census was the lack of financial management skills, especially among the temporary staff recruited for the census. The large cash transactions presented enormous challenges owing to the contingency plans that were made where the electronic payment system failed. This meant that accounting of finances had to be done manually. The situation was made worse by the fact that there were no record keeping procedures established for the census; controls and procedures in place were ignored in a bid to expedite payments for fieldworkers; cash accounts were not reconciled on time; and no proper books of accounts were kept.

At the end of the census it was stated that the books of accounts were in a chaotic state. It is further stated that R5.4 million could not be accounted for after the

reconciliation of the 1996 Census due to lack of supporting documents. There were also erroneous allocations amounting to R19.65 million due to poor financial management skills of staff. Finally, the expenditure overshoot the total budget by R35.40 million for the 1996 census.

As discussed in the literature review, the CSS was tasked with public funds and they have a responsibility to ensure that the funds and assets of the state are protected. The foregoing shows that financial controls were inadequate and some of the financial regulations were not followed. The accounting officer has the responsibility to put financial controls in place in order to minimise possible misuse of public funds (National Treasury, 2000). As a result of the poor financial management processes and the failure to follow all the necessary regulations the accounting officer - the Statistician- General – was summoned to appear before SCOPA to account for over expenditure incurred during the 1996 census year. Specifically, it was stated that the department did not have adequate systems in place to maintain records of accounts payable for goods and services received but not yet paid for. According to Smith and Cronje (2002) the CSS management should have had the ability to ensure that any deviations from planned systems and activities were minimal in order to ensure accomplished of planned goals. Furthermore, appearing before SCOPA was also in line with the Agency Theory that required the Accounting Officer to do as was expected by the government and having the requisite knowledge and skills to carry out the functions of the CSS (Wakiriba, Ngahu and Wagoki, 2014). Therefore, clearly the financial controls were neither adequate nor effective during the 1996 census year.

4.3.2 Census year 2001

The 2001 population census was conducted exactly five years after the 1996 population census. This is in line with the provisions of the Statistics Act of 1999, which stipulates that Stats SA must conduct a census every five years. Following the experiences encountered in the 1996 census, Stats SA put in a place a project team dedicated to managing the census. The management structure for the census was also improved to ensure efficient implementation of the census. Key support services such as financial and human resources management were put in place including logistical support. This is in line with the expectation that in general the 2001 census had more trained and qualified staff, and improved planning than the 1996 census. In

addition, being aware of the previous challenges and making effort to correct them is one of the key management responsibilities to enable the Accounting Officer to adhere to legislative requirements (Kuye and Ajam 2012). The census was conducted from 9 – 10 October 2001 with a team of 83 000 enumerators and over 17 000 supervisors and 3000 fieldwork coordinators.

4.3.2.1 RQ1: What is the policy framework for financial controls during census?

The framework for financial controls changed in 2001 following the introduction of the PFMA (Act 1 of 1999). The PFMA was enacted to improve financial management in the public sector. The Act brought about standardization of accounting practices, norms and standards in order to improve operational efficiency across government departments. The Act also empowered departments by devolving authority for financial planning, budgeting and management to heads of departments. Therefore, in 2001 and successive years financial controls were outlined and assessed within the context of the PFMA framework.

For the Census 2001 a financial management and administration subproject was established to provide effective, efficient and economic utilization of financial resources for the census project in accordance with the State's norms and standards. The project set the following objectives in order to achieve the set goal:

- Establishing financial management policies and procedures
- Staying within budget and establishing an effective cash management system including a financial reporting system
- Setting up performance measures and indicators
- Recruiting and appointing skilled personnel and ensuring timely payment of salaries and other financial entitlements to employees
- Developing an integrated financial system which included pay roll, accounting, general ledger, banking and performance reporting
- Establishing financial links to Stats SA's overall financial system
- Ensuring sound administrative systems were in place and adhered to.

The subproject was therefore critical in setting up a framework to further support the financial controls during the 2001 census year.

Planning and budgeting process

Planning for a census typically takes at least three years. International standards suggest that the planning may take up to seven years. In light of the above, Stats SA had eighteen months to plan the 2001 census. An initial budget of R626 million was drawn up in 1999 and was expected to cover a three-year period. The budgeting process followed required each sub-program manager to compile their own budget. This approach was based on rationale that sub-program managers were the most knowledgeable individuals with the requisite expertise to facilitate the budgeting process for their program. Furthermore, the responsibility for each program lay with these individuals. Therefore, final budget was a compilation of all sub-program budgets.

However, of the R626 million budget for the 2001 census, National Treasury allocated R240 million for three years commencing 1999. This budget was presented as shown in Table 3

Table 3: Census 2001 budget approved by National Treasury

Financial year	Allocation
1999/2000	R45,033m
2000/2001	R95.867m*
2001/2002	R99,100m*
Total	R240,000m

*Estimates

Source: Compiled by Researcher

The approved budget was far below what was required to conduct a full census. Therefore, Stats SA had to devise alternative approaches to conduct the census. But with limited alternatives Stats SA informed the National Treasury that the allocated budget was inadequate. The National Treasury revised the budget of R623 million and subsequently adjusted it to R590 million for four years commencing from 2000/1. This budget was further revised and increased to R643 million to be distributed over four

years. The budget was presented as shown in Table4 below.

Table 4: Reviewed budget for Census 2001

Financial year	Allocation
1999/2000	R45,033m
2000/2001	R95,867m
2001/2002	R349,094m
2002/2003	R103,063m
2003/2004	R50,000m
Total	R643, 057m

Source: Compiled by Researcher

The final budget of R623 million was approved in January 2000. In October 2000, after a further budget review by budget managers there was pressure to increase the budget. At this stage Stats SA went back to National Treasury with a request for an additional R333 million. The National Treasury approved R240 million.

The budget process was a protracted one but eventually the Census 2001 was conducted. It was noted during document analysis that depending on the documents reviewed there were minor variations on the figures stated. Table 5, below gives a high level picture of the cost centres of the 2001 Census.

Table 5: Expenditure for 2001 Census

	Estimated (1999 – 2002)	Revised (1999 – 2002)	Actual (1999 – 2002)
Personnel	150,999,000	78,522,395	93,835,916
Administrative expend	98,608,000	90,731,777	133,225,920
Inventory	25,193,000	58,353,815	58,808,607
Equipment	46,776,000	76,905,356	81,364,523
Buildings	19,607,000	13,459,111	13,271,324
Professional Services	284,817,000	392,556,646	449,114,470
Miscellaneous	-	41,628	3,008,628
Total	626,000,000	710,570,728	832,629,388

Source: Compiled by Researcher

A more detailed expenditure is shown in Table 6 below. According to this budget the final cost of Census 2001 was R987 million.

Table 6: Detailed expenditure budget for 2001 Census

	1999_2000	2000_01	2001_02	2002_03	Total
Personnel Other	2,165,989	13,466,406	78,203,521	52,716,666	146,552,583
Fieldworkers pay		309,881	292,266,357		292,576,238
Personnel Total	2,165,989	13,776,287	370,469,878	52,716,666	439,128,821
Other Administration	1,304,340	4,565,992	51,984,177	4,819,822	62,674,331
Telephone services	73,879	448,674	16,155,135	1,714,869	18,392,557
Catering	20,791	209,062	11,469,589	745,840	12,445,282
Transport	345,390	782,650	45,866,242	4,532,993	51,527,275
Administrative expend	1,744,400	6,006,377	125,475,143	11,813,525	145,039,445
Stores other	22,750	30,326	3,359,767	264,566	3,677,409
Printing	1,284	6,852,242	34,185,430	38,018,470	79,057,425
Publishing	209	25,078	211,884	995	238,166
Stationary	26,933	358,043	4,641,591	759,140	5,785,706
Protective clothing	-	70,788	3,605,120	92,286	3,768,194
Inventory	51,176	7,336,476	46,003,792	39,135,456	92,526,900
Equipment current	18,444	161,741	3,278,685	575,973	4,034,844
Equipment capital	1,584,138	22,162,195	59,576,482	10,478,745	93,801,561
Equipment	1,602,582	22,323,937	62,855,168	11,054,718	97,836,405
Buildings	33,087	48,024	13,190,213	49,994	13,321,318
Professional Services	138,341	20,017,424	136,382,467	34,629,298	191,167,530
Miscellaneous	16,030	25,598	2,967,000	342	8,008,970
Total	5,751,605	69,534,123	757,343,660	149,400,000	987,029,388

Source: Compiled by Researcher

However, even though the budget seemed rather high, the estimates and revisions made to the budget were much more realistic than in 1996. This is attributed to lessons learnt during the 1996 Census and better planning and budgeting processes utilized in preparing for Census 2001.

4.3.2.2 RQ2: Does the financial data available show any trend or pattern to suggest that there are financial controls?

During the 2001 census a decision was made to engage a service provider to be responsible for the appointment as well as payment of fieldworkers. Fieldworkers consisted of listers, enumerators and supervisors. It was initially agreed that the fieldworkers would be paid through the Post Office's Pension Payout system. The service provider was also tasked with the responsibility for the reconciliation of all the funds disbursed. There were major delays in the appointment of fieldworkers leading to late payments. The Post Office also had challenges with insufficient funds at some of the branches resulting in failure to pay fieldworkers on time. This led to a decision being made to make payments for fieldworkers by printing cheques through the Standard Bank. Stats SA relied on the information uploaded on the Census Administration System (CAS) database, which was expected to house details of all fieldworkers who had been appointed. However, it turned out that the CAS database was incomplete and this led to some fieldworkers not receiving their payments on time. Fieldworkers raised their concerns with payment delays and became increasingly agitated to the point of absconding on their duties. This prompted management to make the decision to provide for cash payments at the census regional offices.

Cash management

As in the 1996 census, there were contingency measures put in place for cash payments to fieldworkers who were not paid through Standard Bank cheques. Provincial offices requested cash advances to pay for petrol for hired vehicles and for catering during training of enumerators. In 2001, the 95 regional offices received an estimated R30 million in cash. Despite the earlier experiences in 1996, there were still no procedures in place for the management of records that were crucial in accounting for cash payments. Once again controls and procedures were ignored or overridden under the pressure of making out payments to fieldworkers. There was also insufficient

time for the reconciliation of cash accounts to be performed by the end of the census. The unavailability of supporting documents continued to be a major challenge for the Head Office staff seeking to close the books of accounts after the census. Ultimately, the books of accounts were incomplete and in a state of chaos once again after the 2001 census as they were in the 1996 census.

Available records indicate that financial controls were compromised, especially when it came to managing cash accounts. Although the Head Office provided detailed instructions regarding the management of cash accounts with respect to reporting expenditure and reconciliation of accounts, this remained a challenge. The following weaknesses in the financial controls were noted for the 2001 census:

- Payment clerks failed to ensure that all supporting documents were attached when payments were made. This is because they were temporary, lacked training and the volume of work was high.
- Invoices were not stamped after payment. Again, the temporary staff could not cope with the high volume of work.
- Petty cash also not well managed. Invoices always not provided within the stipulated 24 hours following receipt of funds.
- Internal controls that require the last person working on a batch to ensure all documentation is available were not always followed.

In 2001 Stats SA opened 95 regional census offices in a bid to extend the census coverage to remote and hard to reach areas. A total of 124 000 enumerators were employed during the 2001 population and housing census. Temporary supervisors were also hired to monitor the enumerators, certify work done and control payments. The supervisors carried the responsibility of enforcing financial control measures related to payments of the enumerators. Financial records reveal that the validity, accuracy and completeness of R249 million paid to enumerators could not be verified as the department could not submit sufficient records for example, application documents or contracts. Furthermore, the accuracy of the income tax of up to R8 million and other levies amounting to R901 491 based on the amount paid to enumerators could also not be determined.

Based on the experiences encountered during the 1996 census there is evidence that financial controls in place were not followed. In essence, there were no financial controls in a practical sense as these were either ignored or a decision would be made to override the controls. As stated in the literature review, financial controls ensure that institutional operations are conducted in an effective and efficient manner and thus prevent errors and fraud (Wakiriba, Ngahu and Wagoki, 2014). Therefore, deliberately ignoring financial controls was a gross misconduct. Be that as it may, it was also noted that there were generally inherent challenges in most government departments that led to poor financial controls as the PFMA regulations were not followed (Kuye and Ajam 2012).

4.3.2.4 RQ4: What are the challenges confronting Stats SA in financial controls during census years?

The 2001 had improved time for planning purposes to ensure a smoother implementation of the census. However, the uncertainty around the budget allocation resulted in the operational preparations starting off six months behind schedule. The major challenge regarding the budget that had an impact on financial controls relates to the budgeting process. For the 2001 census the budget estimates were made before the planning was conducted. As a result there were inconsistencies regarding allocation of funds to various components as well as responsibilities within Stats SA. The planning should have been conducted first and thereafter produce cost estimates to ensure that the plan is adequately implemented.

These discrepancies affected the financial management processes as levels of authority regarding the budget items were not aligned. The budget was also not adequate for some of the census requirements that were suggested during the planning phase. As in 1996, the changes in the plans had cost implications which further compromised financial controls in a bid to keep the budget under control.

With regards to financial controls, the following challenges were highlighted:

- Finance staff lacked financial application skills. Staff were provided with only three days of training, which was insufficient.

- Conflicting financial procedural messages were communicated to provincial offices from contractors. This led to staff effecting different financial controls across the provinces.
- Some key personnel operating sub-projects were not involved in the planning and budget allocation. As a result they were not aware of the resource allocations made. This constrained their ability to make critical decisions related to internal financial controls.
- Lines of authority with regard to finance were not adequately communicated.
- Budget system was not linked to the accounting system. As a result it was a major challenge reconciling finances after payments had been made.
- Internal control was centralised at the Head Office leaving provincial offices with incomplete knowledge and inadequate capacity to effect the requisite controls.
- Inadequate knowledge of census procedures and training for provincial internal financial control staff.

The other persistent challenge that continued into the 2001 census was that of poor project management among the management staff. As a result, consultants were brought in to assist in various capacities. This added to the overall cost of the census and made it difficult to enforce some of the financial controls put in place to keep costs under control.

Despite the obvious knowledge that the budget was far below what was required, and that there was clearly a need to request further funding, this proved to be difficult given the stipulations by the National Treasury regarding requisition and management of budget allocations.

As already alluded to in the section above, the payroll system failed with respect to payment of fieldworkers and cash payments had to be done instead. However, the result was that some fieldworkers were paid without any supporting documentation for work done.

In response to the challenges encountered, it was resolved that for future censuses planning should precede budgeting, and involve all key personnel executing the subprojects. It was also suggested that the lines of authority should be clearly defined

and communicated at all levels within the provinces. This was meant to ensure proper coordination and allocation of roles and responsibilities. With respect to budgeting, it was recommended that a uniform budget template should be used to ensure that all sub-projects of the census can independently budget and also easily consolidate budgets as required. In order to improve accountability it was recommended that for the period leading to the census, internal control should be entrusted to the provincial offices to manage. Furthermore, Stats SA should train internal control teams from provinces in all aspects of internal financial control and census procedures.

4.3.3 Census year 2011

The 2011 population census was conducted 10 years after the 2001 population census despite the stipulated requirement that Stats SA should do this every five years. Instead of conducting a population census in 2006, a decision was made to conduct a Community Survey in 2007. This exercise was a large-scale household survey that gathered massive data from a nationally representative sample. The purpose of this exercise was to ensure that Stats SA does not lose track of key data and information that is critical for policy development and service delivery. Given the prohibitive cost of conducting censuses it may have been possible that Stats SA may have lacked the necessary funds in 2006.

4.3.3.1 RQ2: Does the financial data available show any trend or pattern to suggest that there are financial controls?

The framework for financial management and controls remained the same as for the 2001 census year. The same legislation and accounting system and principles applied to the 2011 census.

The available information points towards Stats SA not exercising the required financial controls. The following examples were noted in this respect:

- There were payments to service providers which were made after the date of contract termination had already passed. This indicates a serious breach of financial protocols as all payments to service providers are supposed to be paid within the contract duration.

- There is also sufficient evidence from the data to indicate that daily bank reconciliations were not performed. It is a stipulated requirement that all expenditure be reconciled and yet for various reasons this was not performed.
- Departmental revenue not deposited timeously – There are specific stipulations regarding handling departmental revenue. The data indicates that any revenue accruing to the department was not deposited with the Treasury within the stipulated time. This discrepancy suggests that departmental revenue could be exposed to fraud and potential loss through various other means.

It is clear that although financial systems were in place as required by the PFMA, financial controls were not followed during the 2011 census. The same recurrent challenges of lack of capacity and skills were mentioned.

4.3.3.2 RQ4: What are the challenges confronting Stats SA in financial controls during census years?

The Auditor General's report stated that Stats SA lacked sufficient monitoring controls to ensure adherence to the SCM regulations and requirements regarding financial reporting. This led to irregular expenditure of R576 000 being incurred. Furthermore, the report stated that the accounting officer did not take reasonable steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by sections 38(1)(c)(ii) and 39(1)(b) of the PFMA.

The summary audit findings indicate that despite the role played by the Audit Committee in advising Stats SA regarding financial controls, there are recurring challenges with regards to financial controls. These are listed as follows:

- There was limited oversight responsibility regarding financial reporting and compliance with relevant laws and regulations. The senior management tasked with this responsibility did not exercise it as required.
- There was also an absence of review and monitoring processes leading to errors not being picked up and corrected by management. This also led to lack of compliance to relevant laws and regulations.

- No implementation of daily and monthly processing and reconciliation of transactions.
- No preparation of regular, accurate and complete financial reports that are supported by relevant documents or information.

4.4 Challenges faced by Stats SA in financial controls during census years

The findings above have provided challenges that were faced during each census year in respect of financial controls. This section provides a synthesis of the challenges that have been faced by Stats SA in order to provide a broader picture and dimensions of these challenges. These challenges are provided in a descriptive manner. Quantifying these challenges is out of the scope of the current study.

RQ4: What are the challenges confronting Stats SA in financial controls during census years?

The challenges that confronted Stats SA during census years can be broadly categorized into three areas, namely: Human Resources; Financial Management; and IT systems. The specific challenges are described and discussed under each of these categories.

4.4.1 Human Resources

One of the major challenges on financial controls emanating from the human resources relates to lack of experience among the senior management. The management tasked with managing the census and especially, ensuring implementation of financial controls had no previous experience of managing projects of such magnitude. As a result the senior management were learning as the census activities unfolded. Most of the challenges that they encountered were new and had no reference for remedial action. More specifically, the senior management also lacked the capacity to enforce the internal controls stipulated within the financial management protocols of Stats SA. The role of the Audit Committee became vital in assisting Stats SA to enforce compliance to financial controls. However, even though the Audit Committee raised pertinent issues that required attention Stats SA senior management consistently failed to take corrective action. This was often attributed to

lack of capacity although it was also suggested that there was lack of expertise to address the challenges.

The other challenges emanating from human resources that impacted on financial controls relate to the recruitment and management of fieldworkers. The fieldworkers were responsible for the actual enumeration during the census. The recruitment process failed to observe all the necessary checks before employing fieldworkers. As a result some of the fieldworkers employed had criminal records and/or fake ID documents. This contravened the labour laws and recruitment procedures. Stats SA resources were therefore used to remunerate people who were not eligible for recruitment in the first place. Thus, financial controls were indirectly flouted as a result of failures in the human resources department.

Other challenges included employing people who were below the stipulated age of maturity thereby constituting child labour. In other cases people over the age of 65 were also employed. Both these scenarios were in contravention of the labour laws and indirectly impacted on the financial controls. However, even those fieldworkers that were recruited following proper procedures, it also emerged that some worked more or less days than was required under the contractual agreements. Finally, it also emerged that some fieldworkers were remunerated without any tax deductions as stipulated by law. Thus, Stats SA did not properly handle tax issues regarding the fieldworkers during the census years.

4.4.2 Financial Management

One of the major challenges in financial management was the management of cash in the provincial offices. As indicated earlier there were instances that required Stats SA to transact in cash in the census regional offices across the various provinces. The major challenges that emerged in respect of cash management are as follows:

- No cash reconciliations – It was noted no cash reconciliation was conducted at the end of each day as required. As a result some cash transactions could not be verified and there are chances that Stats SA could have lost money through the flouting of this requirement.

- Systems for cash management were routinely disregarded – The staff deployed in the regions and put in charge of managing cash often put the urgency of work ahead of financial protocols. As a result cash would be disbursed without proper documentation in order to expedite the work. However, the relevant processes were then never conducted in most of the instances.
- Lack of enforcement of cash management systems and processes – As indicated above there was also lack of remedial or corrective action taken by management to enforce compliance to systems. As a result financial controls were not observed and some money was disbursed without accountability.
- Fieldworkers paid without contracts – Given the challenges already stated above, it further emerged that there were instances where fieldworkers were paid without work contracts. In cases where work contracts were in place, there was no sufficient paperwork to support the payments made to fieldworkers.
- Double payments to service providers – There was evidence to the fact that some service providers were paid twice for the same work done. The two invoices tendered for payment were exactly of the same amounts for the once-off work rendered. This challenge while flouting the financial controls in place also suggests some level of fraud and corruption.
- Payments for fuel for vehicles without corresponding mileage – The census enumeration involved movement over great distances in order to reach the population. As a result large amounts of fuel were utilised to ensure that the census was conducted. However, the payments of fuels were usually not accompanied by corresponding mileage raising questions regarding the authenticity of these payments.

4.4.3 IT systems

One of the major challenges that affected the implementation and management of the census was the use of technology. This means IT skills were required to ensure that the geographical information system (GIS) equipment and systems available could be operated. As with other skills sets required, Stats SA did not have adequate in-house skills and had to bring in consultants to support or complement existing skills. Besides the lack of IT skills, the IT equipment itself was very costly and took a large proportion of the budgets for the census. For example, GIS equipment and systems required for

the mapping and digitization of the enumeration sites including demarcation in the 2001 census went up to R131 million (Fanoë, 2011). This also included the processing of the census data.

Regarding financial management, Stats SA had an already functional financial management. However, for the census there was a need to set up a payroll system for remunerating the census teams across all the provinces. Consultancy services were also brought in to both develop and manage the payroll system and for assisting with the management of cash accounts in the census regional offices. The payroll system was integrated with the Census Administration System (CAS) system designed by another consulting firm for the recruitment of both supervisors and enumerators. These two systems were intended to ensure that all census staff would automatically be linked to the payroll system. However, there was limited success in this regard. Further evidence suggests that the financial systems had little controls and were therefore accessible. As a result this exposed the Stats SA to fraud or sabotage (Fanoë, 2011).

4.5 Improvements in financial controls over the three census years

The recurrence of challenges during the three census years overshadows some of the improvements that were made over the years. These improvements were incremental although they were inadequate to influence significant change regarding the financial controls. The following are some of the improvements that were made:

- Human resources recruitment - After the 1996 census Stats SA made improvements in the human resources recruitment based on the lessons learnt. Stats SA was able to assemble a management team with some experience and recruited more fieldworkers for the successive censuses.
- More efficient planning – Over the years the planning processes were initiated on time and expected risk elements noted and remedial action also determined. The census teams had multiple planning sessions in order to ensure smooth implementation.
- Cash management in the field – Following the challenges faced in 1996 regarding cash management during the census contingency measures were

made. Although similar challenges were faced the magnitude was to some extent less as effort was made to implement the required financial controls.

- Flexible payroll system – A flexible payroll system in respect of remuneration of fieldworkers was found to be more effective than the conventional payment system. This development was effective in the recruitment and payment of fieldworkers.

Although these improvements were made there still remained some two major areas requiring improvement.

- After the 2011 census there was still a need to establish and communicate financial policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities. In the absence of collective understanding of what needs to be done in order to adhere to financial controls the challenges are likely to continue into the future.
- There is also a great need to establish an IT governance framework that supports and enables the implementation of a census. The integrity of the IT systems that would be put in place are also key in protecting Stats SA information and data as well as enhancing value for money.

4.6 Chapter Summary

The study findings were based on a review of documents on financial management with a particular focus on financial controls during the 1996, 2001 and 2011 census years. The findings have presented the challenges faced during each census year in respect of the financial controls. The challenges appear to have recurred through all the three census years. This is despite the introduction of the PFMA in 1999 to improve financial management in the public sector. Although the legislation was well articulated with respect to financial controls, there was limited compliance to stipulated regulations. There were improvements that were made but these emerged to be marginal in the broader scope of the challenges encountered. The chapter therefore concludes that there is more that Stats SA still has to do to curtail the challenges observed.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides conclusions of the study based the findings presented in Chapter 4. The chapter also provides the recommendations following the conclusions and areas for possible future research. The limitations of the study are also highlighted. The chapter concludes with a summary of the study findings.

The primary research objective of this study is to determine the effectiveness of financial controls used by Stats SA during the 1996, 2001 and 2011 censuses. In order to enable the researcher to achieve this objective, the following secondary objectives were set:

- To examine the policy framework for financial controls.
- To determine if there was an effective financial budgeting process followed to finance the 1996, 2001 and 2011 censuses.
- To ascertain what systems were in place for managing cash transactions during the 1996, 2001 and 2011 censuses.
- To establish if there were improvements in the recording and reporting of financial transactions and reports.
- To explore other challenges regarding financial controls that were encountered by Stats SA during the 1996, 2001 and 2011 census years?

In order to guide the study the following four research questions were formulated:

- RQ1: What is the policy framework for financial controls during census?
- RQ2: Does the financial data available show any trend or pattern to suggest that there were financial controls?
- RQ3: Have there been any improvements on financial controls deployed over the three census years?
- RQ4: What were the challenges confronting Stats SA in financial controls during census years?

- RQ5: What recommendations can be made to improve financial controls within Stats SA?

5.2 Summary of Research Findings

This section presents a summary of the research findings according to the research questions. These findings were derived from the analysis of financial and census documents spanning the three census years: 1996, 2001 and 2011. The documents analysed include official Stats SA documents and other relevant documents in the public domain; Audit Reports from the office of the Auditor General; and other relevant literature.

5.2.1 Policy framework for financial controls during census years

The findings in 1996 indicate that the financial controls for the census were based on the MTEF. Under this framework, the funds are disbursed over a three-year period with the expectation that funds allocated within a particular year cannot be carried over to the following year. The framework also used a cash-based accounting system with human resources; goods and services; and capital as the main cost centres. Appropriate procurement procedures were also put in place for the acquisition of goods and services for the census.

During the 2001 and 2011 census years, the financial controls were based on the PFMA that had been enacted in 1999 to improve financial management in the public sector. In 2001 a financial management and administration subproject was established to facilitate more efficient budgeting and financial management system for the census. The PFMA standardized accounting practices, standards and norms for effective and efficient financial management. Therefore, for all the accounting years there were clear financial management systems with specific requirements for financial controls

5.2.1.1 Census budgeting and planning

The budgeting and planning processes for all the census years were riddled with challenges. In 1996 the census was grossly under-budgeted for as the budget was based on previous regional censuses without considering that this was a national census. In 2001, the budgeting process was more practical and attempted to provide realistic cost estimates of census. However, National Treasury could not approve the budget on time forcing Stats SA to continuously revise the budget. Eventually the

budget was approved although the perception was that it was too high. In 2011 the budgeting was conducted ahead of the planning process resulting in a misalignment between actual costs and budget allocations. The lead time for planning the censuses was inadequate in each instance and this affected how the censuses were implemented.

5.2.2 Status of financial controls during census years

The findings indicate that although there were specific financial control mechanisms and guidelines in place during the census years, these were not followed. For example, in the 2001 census, the findings indicate that the Post Office's Pay-out system for paying the census enumerators did not work as expected. Not all the enumerators were registered on the system, the payments were late and there was no cash at some of the Post Offices that were supposed to discharge payments. In all the census years, cash payments posed a major challenge as most accounting principles such as provision of supporting documentation and reconciliation of accounts was not done. There are also inconsistencies regarding the payment of service providers as some were paid without proper documentation or receiving payment after the termination of the contract. At the end of the 2001 census the books of accounts were not up to date as the validity and accuracy of accounts could not be verified. Therefore, flouting of financial controls occurred through all the three census years. This is despite clear legislation (MTEF and PFMA) being in place and the National Treasury and the Audit Committees insisting on compliance for proper procedures of financial management.

5.2.3 Challenges faced by Stats SA in financial controls during census years

There were several challenges faced by Stats SA during all the three census years. These challenges spanned across human resources, financial management and IT systems.

5.2.3.1 Human resources management

During the 1996 census Stats SA did not have experienced senior management staff to run a project of this magnitude. The management also failed to enforce the relevant financial controls as stipulated by the MTEF due to a lack of the requisite financial management skills. In the subsequent census, Stats SA made attempts to improve

through provision of support for senior management but the lack of capacity was a recurrent challenge. It also seemed that senior management ignored or overrode recommendations made by the Audit Committee and failed to comply with the provisions of the PFMA. As a result no corrective action was taken on many of the financial controls that were being flouted.

The recruitment and management of enumerators was a major challenge. Those responsible for the recruitment of enumerators often failed to follow the stipulated processes resulting in contravention of labour laws. In some cases individuals who were not eligible were recruited. There was also poor contract management for the enumerators as some ended up working more or less hours than what was required.

5.2.3.2 Financial management

Although the initial plan was to use electronic payment systems it became inevitable to disburse cash payments. Financial management protocols for cash management were laid out in all the provinces but these were routinely disregarded. In addition to delayed payments to enumerators and service providers, cash reconciliations were not done in order to have accurate and verifiable transactions. Cash was also disbursed without the necessary documentation for proof and validity of payments. As a result, some enumerators were paid without contracts; tax issues were not handled properly with most of enumerators; double payments were made to some service providers; some service providers were paid after their contracts had elapsed; and fuel for vehicles involved in the enumeration was purchased or reimbursed without supporting mileage information. Furthermore, in the face of all these challenges, management failed to enforce requisite processes or take remedial action. While this lack of financial oversight was deliberate in some cases, it was also attributed to lack of expertise to ensure compliance to the MTEF and the PFMA.

5.2.3.3 IT systems

As discussed in Section 4.4.3, IT systems indirectly and directly impacted on the financial controls. The efforts to integrate the CAS system designed for recruitment and selection of fieldworkers and the payroll system failed to yield the desired results. The systems had incomplete information and resulted in payments being erroneously made to individuals as well as some payments not being processed timeously. The

follow-up and reconciliation of these errors proved to be problematic. Perhaps the most direct effect the IT system had on financial controls was the fact that there were little controls with regards to adherence to tax laws as fieldworkers were not appropriately taxed. This could be attributed to the fact that the CAS and the payroll system was developed and managed by external consultants with no single internal coordinator. These systems were ultimately linked to the financial system thereby exposing Stats SA to risk of fraud.

5.2.4 Improvements on financial controls deployed over the three census years

Although the challenges discussed in Section 5.2.3 appear to have recurred across the three census years, there is noticeable indication of some efforts to improve the human resources and financial management processes. Based on the challenges experienced in 1996, Stats SA constituted a more experienced senior management team, decentralized some of the responsibilities to provinces and recruited a large team of fieldworkers for the enumeration exercise.

Stats SA also initiated the planning processes early to ensure that the process was thorough and all implementation processes were clear and any risks could be anticipated and addressed. A flexible payroll system was put in place to facilitate payment of fieldworkers to prevent delays in payment. Furthermore, cash management systems were improved to ensure accuracy, validity and adherence to accounting protocols.

Despite these improvements, the challenges persisted. For instance, the senior management team still failed to enforce certain financial management protocols, recruitment and management of fieldworkers remained a challenge and, in the end, financial controls were flouted. However, there is a sense that even though the challenges remained, their magnitude was reduced.

5.3 Conclusions based on research findings

This section presents the conclusions reached based on the summary research findings presented above. The conclusions are made for each of the research questions.

5.3.1 Conclusions on policy framework for financial controls

Based on the study findings the MTEF and PFMA framework were in place and provided principles, norms and standards for financial controls. Nevertheless, there was general non-compliance to these frameworks resulting in poor financial management.

5.3.2 Conclusions on status of financial controls during the census years

Based on the study findings it was noted that financial controls were in place to guide the payment disbursements for fieldworkers but they did not work as effectively and as efficiently as required. Financial controls were also in place for cash management. However, these controls were disregarded as some cash payments were made without the proper documentation and with no cash reconciliations being done after the payments were made. With regards to service providers, financial controls were in place but again these were not adhered to as required. The IT systems for human resources and financial management were designed and managed by consultants with little controls for access thereby exposing Stats SA to fraud and sabotage. Finally, the Audit Committees made recommendations to improve financial performance but senior management failed to enforce adherence to financial controls.

5.3.3 Conclusions on the challenges faced during the census years

There were several challenges that were encountered during the census years. To start off with, senior management lacked the expertise, experience and capacity to manage the census. Therefore, the census management was affected from the beginning. For the implementation of the census fieldworkers were recruited in large numbers. However, the recruitment and management of these fieldworkers was problematic and flouted labour and tax laws. The recruitment did not follow all the required procedures resulting in ineligible individuals being employed. Furthermore, once employed some field workers were paid without proper documentation and thus did not pay any taxes as required by the law. Cash management processes were also inconsistent especially with regards to invoicing and daily reconciliations. With regards to service providers, there was poor management of contracts and payments resulting in double payments and at times payments being made after contracts with service providers had expired.

5.3.4 Conclusions on the improvements made during each of the census years

It is evident that there were efforts to address the challenges faced in the 1996 census year to ensure that in subsequent censuses the enumeration was conducted smoothly. For example, efforts were made to recruit a team of senior managers with experience to run the census from 2001 to 2011. Furthermore, more fieldworkers were recruited after the 1996 census in order to ensure adequate and timely coverage of the census. Lastly, the PFMA Act was promulgated 1999 and was in effect during the 2001 and 2011 census years. The PFMA Act provided a framework that sought to standardize and improve financial controls in and across public institutions.

5.4 Recommendations

This section answers RQ5: What recommendations can be made to improve financial controls within Stats SA?

The following recommendations are made based on the conclusions arrived at in Section 5.3 above. These recommendations are made for Stats SA.

Build capacity of senior managers to manage the census - The Stats SA should ensure that there are enough senior managers to run the census and provide human resources and financial oversight to the provincial teams. There should also be a retention strategy to ensure that there is adequate capacity built within Stats SA for management of censuses.

Increase awareness of financial controls to enhance compliance to PFMA - The disregard of financial controls during all the census years indicates there is limited awareness of the implications of such actions. Stats SA should ensure that there is adequate knowledge regarding the application of financial controls through targeted programs to relevant staff likely to be involved in the census. This awareness should be devolved to provincial and district offices to ensure uniformity in terms of the knowledge shared.

Invest in effective cash management systems - Experience has shown that it is inevitable that cash payments will be made out to fieldworkers at some point during the census. As a result, it is important to ensure that Stats SA has an effective cash

management system that is effective and in compliance with the financial management system. Even if cash management is outsourced, it remains important that Stats SA has the expertise to provide oversight to service providers to whom this function is outsourced.

Establish in-house integrated human resources and financial management system - It has been established in previous censuses that there is always a need to employ fieldworkers including enumerators and supervisors and other temporary field management staff in provincial offices. While in the past it has been necessary to bring in consultancy firms to develop these systems, it is recommended that Stats SA have such a system that can be managed in-house to ensure efficiency of recruitment and remuneration processes during the census.

Increase IT skills within Stats SA - All the previous censuses have shown that the role of IT is critical in developing and managing functional systems. With the advancement of technology across many sectors and industries, it is recommended that Stats SA prioritize the development of IT skills to enable the census processes to be implemented and managed efficiently. The presence of in-house IT skills will also reduce the cost of hiring consultancy firms ultimately lowering the cost of running a census.

5.5 Areas for future research

Based on the findings, conclusions and recommendations made for this research study, further studies are recommended as follows:

- Population census in Africa: A comparative study – The challenges encountered during the three census years have been outlined in sufficient detail in this study. However, it may also be necessary to know how South Africa fares in comparison to other comparable countries on the continent of Africa. Such a study could also provide Stats SA with lessons learnt that can be incorporated in future censuses.
- Capacity building for census managers – One of the major recurring challenges faced by Stats SA is the lack of experienced senior managers. A study to

determine the specific areas that census managers need support in and how this support can be effectively provided.

- A Guide to financial controls for conducting a census – The failure to adhere to financial controls may indicate a lack of awareness to such controls. While the United Nations do have a handbook on how to conduct and manage a census, a more custom designed handbook with specific reference to the South African context may be necessary.

5.6 Concluding remarks

This chapter provided a summary of the research findings, conclusions and recommendations. The primary research objective of this study was to determine whether there were financial controls within Stats SA during the 1996, 2001 and 2011 census years. The study relied on various official internal Stats SA documents and others in the public domain; Audit Reports from the office of the Auditor General; and other relevant literature in order to address the research objectives.

The findings from the study show that although the MTEF and PFMA frameworks were in place and provided principles, norms and standards for financial controls during the census years, these financial controls were disregarded; the recruitment and management of fieldworkers did not often follow the established labour and tax laws; cash management for remunerating fieldworkers and contract management for service providers presented major challenges; Audit Committees made recommendations to improve financial performance but senior management failed to enforce adherence to financial controls; and senior management lacked the expertise, experience and capacity to manage the census. Efforts to address the initial challenges encountered during the 1996 census year had very little impact and therefore the challenges recurred through the subsequent years.

Based on the findings it is recommended that Stats SA should build the capacity of senior managers to manage the census; increase awareness of financial controls to enhance compliance to PFMA; invest in effective cash management systems for payments of fieldworkers during the census; and invest in internal IT capacity to develop and manage critical systems.

The chapter also highlighted the study limitations and suggested potential areas for further research.

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