

# **IMPLICATIONS OF NONCOMPLIANCE WITH PUBLIC FINANCE MANAGEMENT ACT ON THE MAINTENANCE OF FISCAL POLICY IN THE NORTH WEST PROVINCE**

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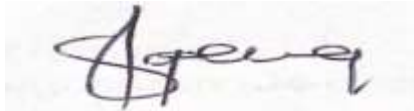
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## DECLARATION

I, **Mmaleso Florah Oageng**, declare that this study titled, **“implications of noncompliance with Public Finance Management Act on the maintenance of fiscal policy in the North West Province”** is my own work carried out under the supervision of Prof Ravinder Rena. This mini-dissertation has not been submitted for any study or qualification in any institution of higher learning. All sources used in the study have been strictly indicated and acknowledged through references.



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**SIGNATURE**

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28/12/2020

**DATE**

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- The good Lord for blessing me with the ability to complete my study and my ancestors who paved and walked on the soil so that I could run.

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## **ABSTRACT**

The public sector in South Africa is currently experiencing high levels of exploitation. The public sector is governed by the Public Finance Management Act (PFMA). In the 2019/2020 fiscal year, the Auditor General South Africa (AGSA) reported that only a third of National Departments received clean audits. The aim of the PFMA is to guide public officials' responsibilities and duties relevant to compliance with financial management. Prior research has focussed on a number of topics related to public finance in government departments. Limited research is available on implications of noncompliance with PFMA in South Africa. The purpose of this study was to explore the implications of noncompliance with public Finance Management Act on the maintenance of fiscal policy in the North West Province.

The study was underpinned by an interpretivist paradigm. A qualitative research approach and an exploratory research design were adopted in this study. Qualitative data was the target populace for the study comprising of all the employees working in the sustainable resource management and financial governance unit in the North West Provincial Treasury. Participants were selected using a convenience sampling technique. Qualitative data was collected from ten participants using semi-structured face-to-face interviews. All COVID-19 pandemic restrictions were followed. Data was analysed using thematic content analysis.

The results of the analysis revealed that noncompliance with the PFMA on the maintenance of fiscal policy poses a challenge to the dividend of governance. The effects of noncompliance with PFMA stretches across the breadth of the department and the society. Non-compliance with PFMA on the maintenance of fiscal policy in North West Province results in poor budgeting. Poor budgeting potentially amounts to poor service delivery within the province. Due to noncompliance with the PFMA requirements by the North West Provincial departments and public entities, billions of Rands are not distributed to the intended incumbents. Such noncompliance with the PFMA requirements is affecting South Africa's development potential negatively. The results

further revealed that the North West Province maintains fiscal policy through regular checking of the department records which helps in providing decision makers with the information on the progress on objectives of the department.

The study recommended adequate monitoring of funds allocated and utilised in communities in order to propel grassroots governance. This will also eliminate paper projects whereby the leaders do more on papers rather than in the communities where dividends of governance is experienced. The practical implications for this study is that it could direct research performed by public finance scholars to explore public sector financial management. Suggestions for future research on the impact of noncompliance to financial management requirements in the public sector were also provided.

**Keywords:** implications, noncompliance, Public Finance Management Act, fiscal policy, North West Province.

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## LIST OF ABBREVIATIONS

AGSA	Auditor General of South Africa
FMPLA	Financial Management of Provincial Legislatures Act, 2009
GDP	Gross Domestic Product
IUFW	Irregular, Unauthorised, Fruitless and Wasteful
NDP	National Development Plan
NT	National Treasury
NW	North West
NWU	North West University
PFM	Public Finance Management
PFMA	Public Finance Management Act No.1 of 1999
PFMR	Public Finance Management Reform
PT	Provincial Treasury
SA	South Africa
SDGs	Sustainable Development Goals

## **CHAPTER 1**

### **INTRODUCTION TO THE STUDY**

#### **1.1 INTRODUCTION**

The South African (SA) government is currently experiencing high levels of corruption and irregularities (Swart & Swanepoel, 2019:1). Public Finance Management Act (PFMA) No. 01 of 1999 (as revised by Act 29 of PFMA) governs the public sector in that it regulates financial management to ensure that all revenues, expenditures, assets and liabilities are managed efficiently and effectively, and provides for the responsibilities of persons entrusted with financial management and matters connected therewith. The quest of public finance management reform is centred on, amongst other objectives, transparency, enhancement of governance, enhancing sensible allocation of monetary capital, financial management accountability as well as disengagement of policies and functions of management (Magani and Gichure, 2018:46). Public authorities worldwide have reverted to the economic and financial crisis of previous years in line with the measures of fiscal policy which primarily embattled objectives on short term. However, the influence of the measures on the long term have not been favourable due to its effects being collateral. Although, the re-establishment of upward trend of the economy is a result of cumulative public expenditures, it has been challenging to manage public debt which has been accumulated in this manner (Maşca *et al.*, 2015). The new government in South Africa, led by the African National Congress (ANC) encountered a tight fiscal position after the country's first democratic elections in 1994. It is, in reality, obvious that the monetary assents against South Africa, upheld by the ANC in a state of banishment, had the ideal impact: the financial situation of the South African government was especially risky (Mbeki *et al.*, 2018).

The Act necessitates that administration divisions ought to build measures to forestall sporadic use. The PFMA is the central legitimate regulation of management of public finance in South Africa. Swart and Swanepoel (2019) state that the National Treasury in South Africa allocates the budget to national, provincial and local authorities by the promulgation of the Division of Revenue Bill every fiscal year. The National Treasury formulates an allocation to all the spheres of public administration; namely local, provincial and national government (Swart and Swanepoel, 2019). Section 1 of the PFMA distinguishes between provincial and national departments.

## **1.2 BACKGROUND OF THE STUDY**

Monetary improvement has reliably debilitated because of monetary obligation of the past years and has a likelihood of expanding sensibly in the impending medium term. In any case, level of development will not be adequate to remarkably diminish poverty, disparity and joblessness. Regardless, impressive cost containment in 2016/17 has constrained more sharpened redirection of funds on open spending. Meanwhile, the rising of strong unilateralism in forefront economies, and mounting weakness throughout the world trade, present veritable risks to the overall perspective (Treasury, 2017).

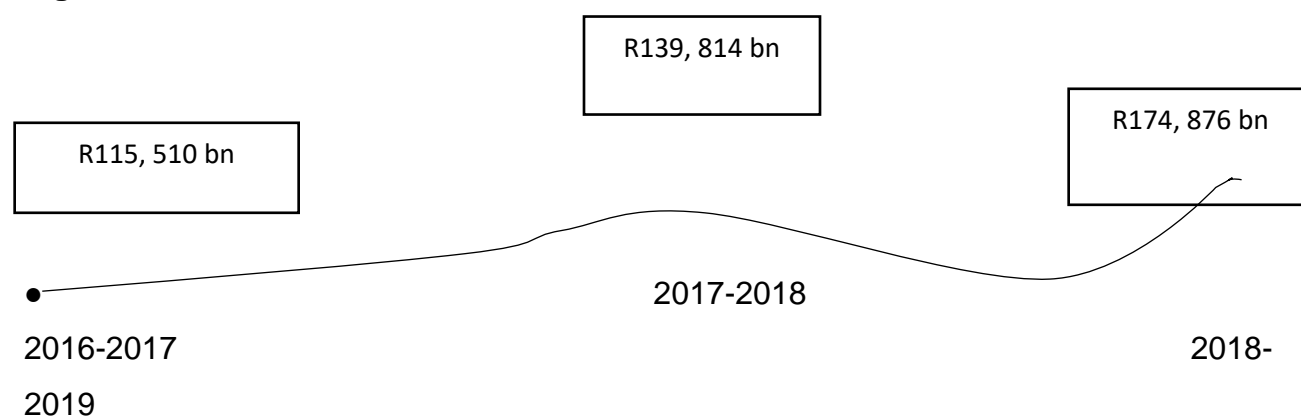
On 1 April 2000, the PFMA was applied in order to affect predominantly Section 217 and 218 of SA's Constitution of 1996. These two legislations were able to set up methodologies that are operative in ensuring, monitoring and providing oversight for various public pay ventures, normal or metropolitans. The PFMA is a tool useful to managers who constantly grapple with the organisation of assets.

Fiscal and monetary policies tend to be undesirable. The reserve bank's extent of financial strategy has obscured the limits with monetary and credit strategies and the consistently developing government obligation may in the end encroach on the bank and its freedom. A reset of money related and financial approaches is required. The

hold bank has started to standardise financial approach along these lines now, a move in monetary arrangement is substantially more squeezing (Levy, 2018).

Section 1 and 51 of the PFMA specify the reason, responsibilities and the overall duties of bookkeeping officials and bookkeeping specialists, PFMA Section 51 (b)(ii) is to forestall “irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity disciplinary action (i) contravenes (ii) commits an act (iii) makes or permits an irregular expenditure or a fruitless and wasteful expenditure”. The solidified report of Auditor General of South Africa (AGSA) raises worry about the administration of South African’s funds as well as consistency with the crucial regulations, these are examples of noncompliance featured by AGSA in the 2017 and 2018 report. The PFMA 2016-2020 report has indicated the following Irregular, Unauthorised and Fruitless and Wasteful statistics:

**Figure 1.1: IUFW PFMA 2016-2020 statistics**



**Source:** PFMA (2018-2019)

From the above figures, the North West (NW) Province experiences UIFW as demonstrated in Table 1.1 below:

**Table 1.1: Contributors of irregular expenditures**

<b>Auditor</b>	<b>Disclosed (R Billion)</b>	<b>Nature</b>	<b>Key projects</b>	<b>Grant affected (R Billion)</b>
North West province	1, 240	81% related to noncompliance with some procurement process requirements	Various infrastructure projects relating to building of hospitals with new community health services	R0,992 (HFR)

Source: PFMA (2018-2019)

### **1.3 PROBLEM STATEMENT**

According to the Auditor General (2019) all auditees with the exception of finance (94%) continued to have findings on their failure to comply with laws and regulations. In the 2019/2020 fiscal year, AGSA reported that only a third of National Department received clean audits. The main areas of noncompliance remained the disregard for key legislation to prevent wasteful and fruitless as well as irregular expenditure (Makweru, 2019). The test of consenting through guidelines of PFMA is recognised in various territories of the offices inside the North West area (Auditor General, 2014). The specific issue is across all three government circles because of offices not spending or surpassing their designated appointment, the spending patterns of divisions are being checked on a month-to-month premise and these strategies are regulated by the PFMA.

Due to multiple governance problems in the North West Province, the Cabinet agreed to invoke section 100(1) of the Constitution in the North West Provincial Government on May 9, 2018. To conduct performance reviews, the Cabinet established an Inter-Ministerial Task Team (IMTT) in the North West province. Supply chain management (SCM) and the control and support of municipal finance management also had serious shortcomings. Owing to traditionally accumulated unauthorised spending, irregular expenditure, and accruals, financial controls in the finance cluster have failed. This was mostly due to a lack of adherence to SCM laws and regulations. Having received a clean audit, the Provincial Treasury was found to have defects in its fiscal oversight position. During the 2017/18 financial year, there was an unauthorised expenditure of R384.8 million. Accruals of R1.1 billion at the start of the 2017/18 financial year, and R15.3 billion in cumulative irregular expenditure as of March 31, 2017 (IMTT, 2018).

Noncompliance with the PFMA requirements is negatively affecting South Africa's development potential (Swart and Swanepoel, 2019:1). Altogether, for the public sector to meet the order of delivery of service to the public, they should have the option to go through the allocated appropriation of funds or buying of goods and services in order to achieve service delivery. The way common offices utilise public financial resources should be in line with the PFMA. Failure to comply with PFMA guidelines by departments results in misallocation of funds not only in specific departments but across all spheres, contributing negatively to the economy and reducing funds significantly in pressing areas.

Prior research has focused on a number of topics related to public finance in public sector departments. Zitha (2016) investigated the procurement process, deviant behaviour and its effects on service delivery. Madue (2007) explored on the PFMA compliance with the International Financial Reporting Standards (IFRSs). Limited research is available on noncompliance with PFMA in South Africa. The problem rising in the research is the implications of noncompliance with PFMA by North West

Provincial administration on the fiscal policy. Departments in the NW Province often fail to breakeven on their apportioned financial plans.

#### **1.4 RESEARCH OBJECTIVES**

To attain the aim of the study the primary objective of the study is to explore the implications of noncompliance with the PFMA in the North West province. In order to achieve the main objective of the study, the following secondary objectives were formulated:

1. To evaluate the maintenance of the fiscal policy by the Provincial Government.
2. To scrutinise the effective performance and execution of the PFMA by the NW government.
3. To provide possible recommendations on measures to be taken on a regular basis to upsurge compliance with the PFMA and avoid noncompliance.

#### **1.5 RESEARCH QUESTIONS**

In order to attain the objectives and aim of the study, the below research questions were articulated:

1. What are the implications of noncompliance with the public finance management act on maintenance of fiscal policy in the North West Province?
2. What are the maintenance of the fiscal policy in the North West Province by the provincial government?
3. To what extent is there an effective performance and execution of the PFMA in the North West Province?

4. What are the possible recommendations on measures taken on a regular basis to upsurge compliance with the PFMA and avoid noncompliance?

## **1.6 PRELIMINARY LITERATURE REVIEW**

Sectors involving monetary resources is expansive and dynamic. Economics as well as finance aspects cannot be isolated in light of the fact that they are interlinked. In the general populace portion, monetary issues are inclusive of investigation of open asset, the procedures by management of the state and its occupation in the cutting-edge function in the economy. Those responsible for reserves in the state ought to have the option to use the fiscus, and have capacity to interpret the enactments which guarantee profitability and feasible spending across the board.

The PFMA is important for a more widespread public sector system in order to have an overall improved condition of monetary administration in the public sector. The goal of monetary administration in government is to help executives in the allotment of restricted assets, to guarantee economy and productivity that will serve the requirements of the network. It follows a staged methodology towards improving the nature of monetary administration through the demonstration of fitting and legitimate monetary administration frameworks, setting up responsibility game plans for budgetary administration and sound allotment control components (Madue, 2007).

Monetary strategy influences improvement in three ways. To start with, it chooses the progression of assets through the veins, courses and vessels of the government monetary framework. An insufficient section remains static, a few sections decay and a few pieces of it develop. Besides, government and the assessment use change the demand for distribution of funds into a dissemination post expenditure and consumption. Thirdly, financial strategy likewise influences macroeconomic results, primarily through the size of the spending deficiency (Simkins, 2016).

The government's obligation to more prominent fairness stays solid. In order to set the aspiring objective of dispensing with neediness and diminishing disparity; the National Development Plan (NDP): Vision for 2030 was implemented. It focuses on cutting the *Gini coefficient* to 0.60 by 2030 by raising business, and the portion of pay of the last 40% from 6 to 10 percent. In 2014, with a general financial shortfall at around 4 percent of Gross Domestic Product (GDP) and obligation trouble near 40% of GDP, monetary space has gotten more restricted. In such a climate, the inquiry becomes whether the public authority is making the most ideal utilisation of monetary arrangement to accomplish its objectives of lessening destitution and imbalance (Inchauste *et al.*, 2015).

The objective of the fiscal policy is to ensure and balance the public commitment to GDP share by shutting down the costs shortfall. Temporary excessively fast to decrease spending scarcity might hinder government transmission, bargain charge income assortment and defer financial recuperation. This may result in vital slippage in contradiction of monetary aims results of which are about the credit rating downgrades, financing capital flight and cost climbs.

The Fiscal Compact, expect rules to be revered in the constitution or possibly legal law; the legitimate premise of the standards does not appear to assume a significant part for consistence. When contrasting guidelines in legal law or constitution which decide coalitional arrangements or political responsibility, the last appear to be agreed to marginally more regularly. Fiscal principles covering the overall government are conformed to twice as frequently as rules covering just the focal government, whilst joining focal or general government guidelines with rules on the nearby or local level does not appear to have any kind of effect. In any event, parting the example between nations with high or low degrees of financial decentralisation, does not change this reality altogether (Reuter, 2019).

## **1.7 DEFINITION OF KEY TERMS**

The following concepts were defined and situated within the context of this study:

**Budget:** “Budget is a statement containing a forecast of revenues and expenditures for a period of time, usually a year. It is a comprehensive plan of action designed to achieve the policy objectives set by the government for the coming year. A budget is a plan and a budget document is a reflection of what the government expects to do in future” (Treasury, 2017).

**Public financial management:** is defined as “the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results” (Lawson, 2015:1).

**Policy:** “Is a course or principles of action adopted or proposed by a government, party, business or individual.”

**Fiscal policy:** Is the use of the state tax and spending assessment to impact the economy. The public state commonly utilises monetary plan to fast track solid and economic development and lessen neediness.

**Accounting Officer:** “In terms of the Public Finance Management Act, 1999 as amended, Accounting Officers are the Heads of the Department and the Chief Executive Officers” (Treasury, 2017).

## **1.8 RESEARCH METHODOLOGY**

Research methodology is defined as a methodology or compositional plan by which the scientist outlines a way to deal with an issue, finding or critical thinking (Jamshed, 2014:87). A research methodology is a bunch of efficient strategies and hypothetical examination of the collection of exploration techniques and philosophical suspicion applied to a field of study (Ugwuowo, 2016:2). This section discussed the research paradigm and design that was implemented for this study.

### **1.8.1 Research paradigm**

“The term paradigm is described as essential collection of beliefs shared by scientists, a set of agreements about how problems are to be understood, how we view the world and thus go about conduction research. Thus, these paradigms contain a basic set of beliefs or assumptions that guide our inquiries for a particular research (Rahi, 2017:1). The study was underpinned by interpretivist paradigm which ultimately aims to offer a perspective of a situation and to analyse the situation under study to provide insight into the way in which a particular group of people make sense of their situation or the phenomena they encounter. The interpretivist paradigm was therefore thought suitable for this mini-dissertation as it capacitated the researcher to develop a sense of understanding of the meanings given by people to phenomena in the social context.

### **1.8.2 Research approach**

The most dominant research methods are mixed methods of research, namely qualitative research and quantitative research approaches (Rahi, 2017:2). Based on the objective of the study, it was then decided to apply qualitative research. The qualitative research approach is utilised to observe or interpret an environment with the intention to develop a theory (Rahi, 2017:2). The approach was deemed suitable for this mini-dissertation.

### **1.8.3 Research design**

Research design is described as the overall strategy that the researcher uses to integrate the various components in a consistent and coherent manner (Kabir 2016:112). Furthermore, Kabir (2016:112) states that research configuration is the game plan, structure and arrangement of assessment considered to find solutions to investigate questions and to control change. An exploratory research design was then adopted and considered for this study as the researcher sought to obtain new insights.

### **1.8.4 Population of the study**

Population in research is described as all the components that meet a set of specific criteria to be included in the study. The populace for this study encompasses all the employees working in the sustainable resource management and financial governance unit in the North West Provincial Treasury.

### **1.8.5 Sampling technique**

A convenience sampling technique was utilised in order to select participants for the collection of data for the purpose of this study. The convenience sampling technique is a nonprobability whereby fundamentals of the target populace that meet certain realistic criteria, such as easy accessibility, wiliness to participate in the study, geological nearness and accessibility at a given time are chosen to take part in the study (Etikan *et al.*, 2016:2). Therefore, convenience sampling technique was thought suitable for this study as the research population was close and easily accessible to the researcher.

### **1.8.6 Data collection**

In order to thoroughly collect data for this study, semi structured face-to-face interviews were conducted. The objective of qualitative research is to explore a research problem from the participants' points of view through observations and interviews (Orb *et al.*,

2000:93). In this regard, the role of the researcher was to listen to the voice of the participants in natural environments and interpret these experiences.

#### **1.8.7 Data analysis**

Data analysis is described as the extraction of relevant and useful information from the raw data for further manipulation and interpretation (Ibrahim, 2015:99). To meet the purpose of this study thematic content analysis, a type of content analysis; was utilised to analyse primary data. Thematic content analysis was considered suitable for this study because it enables the researcher to identified themes and ultimately, the meaning behind the investigation on the implication of noncompliance with the PFMA on fiscal policy in the NW province.

### **1.9 DELIMITATIONS OF THE STUDY**

This study was limited to a particular organisation, namely the North West Provincial Treasury, within the NW Province of South Africa as shown in figure 1.2. Participation for the study was restricted to all the employees working in the sustainable resource management and financial governance unit in the North West Provincial treasury.

The capital city of North West province is Mafikeng which is the centre point of government workplaces. Garona Building houses most of the departments and it situated in Mmabatho; it is known as a complex for government. In this manner, state representatives and ranking Directors would participate in the investigation. The North West government territory comprises of twelve (12) departments including the Provincial Legislature which holds fast to the Financial Management of Provincial Legislatures Act of 2009. Government employees, from senior level and across, particularly from the Sustainable Resource Management and Financial Governance unit of the Provincial Treasury would participate in the study as they are major stakeholders in upholding the PFMA in the NW Province.

**Figure 1.2: Districts and local municipalities in North West Province.**



Source: Municipality and Demarcation Board of South Africa (2009).

## **1.10 ETHICAL CONSIDERATION**

In every research study, the researcher must subscribe to the body of existing information as well as the wellbeing of the society (Weinbaum *et al.*, 2019:5). The researcher took all possible steps to adhere to all the ethical considerations for this study and ethical clearance was attained. The research participants were put at the forefront. All the participants acknowledged that participating in the research would not benefit them financially. Only the participants who signed the informed consent form took part in the study. Honesty and truthfulness throughout the research process was demonstrated by the researcher.

## **1.11 CHAPTERS LAYOUT**

This study comprises of the following five chapters:

### **Chapter 1: Introduction to the study**

The problem statement and background for this study was introduced in this chapter. The background, problem statement, the questions and objectives of the research that guided the study were also discussed. The chapter then provided a brief overview of the literature review as well as the definition of key terms for this study. The research methodology adopted in this study was also highlighted. Delimitations as well as ethical considerations for the study were highlighted. The chapter concluded with the chapter's layout for the study.

### **Chapter 2: Literature review**

This chapter sought to survey scholarly articles, books, government gazettes and other sources of relevant information. The chapter provided a review of literature relating to the historical context of PFMA in South Africa. The chapter further reviewed literature relating to the causes of noncompliance. Next, factors affecting financial governance in public sector were discussed. The chapter further looked at the fiscal policies in South Africa as well as maintenance of fiscal policies.

### **Chapter 3: Research design and methods**

This chapter focused on the research design and methodology that was adopted in this study to answer the research questions. The research paradigm which underpins the study begins the chapter. It is followed by research design; and then the approach used was being discussed in detail. The chapter further defined the participants or population for the study as well as the sampling technique used to select the participants for the study. Thereafter, data analysis techniques and the data collection procedures were

discussed. Then the chapter is concluded by trustworthiness of the study and ethical considerations for the mini-dissertation.

#### **Chapter Four: Results, Discussion and Interpretation of Findings**

Chapter four of the study presented the qualitative research and data that was obtained from the discussion of selected participants. The results will be presented per objective of the study.

#### **Chapter 5: Summary, conclusions and recommendations**

Chapter five presents discoveries, outline, ends and recommendations. Notwithstanding, end showed is an overall one in that it is broader than the segment-based closures. The disclosures are shown considering the picked portions of importance to the examination.

#### **1.12 SUMMARY**

The background and problem statement for this study were explained in detail in this chapter. Also, the research questions and research objectives that directed the research were identified. The chapter provided a brief overview of the literature review as well as the definition of key terms for this study. The research methodology adopted in this study was also highlighted. Delimitations, ethical considerations as well as chapters' layout for the study were provided. The next chapter provides the literature review for this study.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

The previous chapter provided the background and problem statement for the study. The chapter sought to survey scholarly articles, books, government gazettes and other sources of relevant information. This chapter begins with a review of literature relating to the historical context of PFMA in South Africa followed by the causes of noncompliance. Furthermore, factors affecting financial governance in public sector will be discussed. The chapter further looks at the fiscal policies in South Africa as well as maintenance of fiscal policies.

#### **2.2 HISTORICAL CONTEXT OF THE PFMA**

In 1999 the majority rule in the assembly passed the PFMA, a legitimate instrument utilised to manage public finances. The PFMA originated from British frontier rule, which was passed as the Exchequer Act of 1975. The Exchequer Act of 1975 gave a structure inside which monetary administration, planning and consumption happened in the then Apartheid government. At the point when the PFMA was passed in 1999 (PFMA), its main objective was to replace the Exchequer Act as part of the Public Finance democratisation outlook. Since 1975, the PFMA Act has generally speaking given direction to the various circles of government on the monetary administration space. The Exchequer of 1975 had the following weaknesses as indicated by Dlomo (2017):

- Departments were required to plan the financial position for only one financial year rather than three outer years' cycle;
- The performance of the local, provincial and national government was not to be evaluated from an outcome-base;

- If departments did not meet financial reporting requirements, no eloquent disciplinary measures were established;
- And finally, there were no unmistakable, fitting measures to guarantee that there were successful spending control frameworks set up (Exchequer Act, 1975).

From this perspective, it was therefore incumbent on the new deal government to close the gap of the Exchequer Act of 1975. In the 1990's the PFMA was enacted for reforms in state financial administration. This was the period which was categorised by important legislation fixing. A new deal for government was circulated through the PFMA. The act then introduced a budget cycle which consisted of three years (with an allocation for the financial year that is current and two years that are projections) which is currently known as the Medium-Term Expenditure Framework (MTEF).

South Africa like any other country in the world has its own enactment and methodology administered to guarantee productive and viable administration of public consumption. Treasury Regulations and the PFMA set out a portion of the essential guidelines for powerful open monetary administration. It upholds consistence with Section 216 of the Constitution, which requires the acquaintance of public enactment with recommended consumption controls. According to Dlomo (2017), one of the critical tools of regulation for the environment on public finance management is the PFMA, the act establishes the tone for compelling monetary administration and ideal use of public assets by both government offices and substances. In particular, it recommends key standards of straightforwardness, responsibility, value for money and consistency. Furthermore, it advances successful, proficient and monetary utilisation of the public satchel (Dlomo, 2017).

Dlomo (2017:15) posits that though the PFMA was enacted by parliament many years after its introduction, there has been far and wide disappointment with regard to resistance with this monetary administration regulation in state divisions and public elements. AGSA has distributed discoveries of rebelliousness with laws and guidelines

with some administration divisions and substances, some relapsing from unfit assessment to qualified assessment, disclaimer and unfriendly review assessment.

In order to create awareness of the insufficiencies of the PFMA, it is important that researchers scrutinise the causes in the North West province. There is a program called Public Expenditure Financial Accountability which provides a system for surveying and writing about the qualities and shortcomings of public monetary administration utilising quantitative markers to gauge execution.

### **2.2.1 The Public Finance Management Act**

The PFMA is a vital instrument for encouraging the change of monetary administration in the government in South Africa. The act offers impact to different segments of the constitution and grasps an approach to manage financial organisation which is based on yields and obligations rather than the data approach used lately. Monetary administration was restricted to controlling and directing monetary assets previously (ROOS, 2009). Public financial control is carried out by the public financial control authorities in order to detect, eliminate and prevent violations of the budget legislation by entities of financial control. Public Finance Management has a critical part in the economic and social growth of the country, and remains significant to focus on being effective for reforms in this area (Nasiba *et al.*, 2019).

Everything considered, one can see monetary upswing, financial substances (monetary organisations, undertakings) attempt to decrease the administrative and controlling part of government, however when indications of emergencies emerge, governments' estimates include balancing its outcomes and an interventionist incitement of the financial development (Postula and Raczkowski, 2020).

According to Dlomo (2017), the PFMA Act No.1 of 1999 was passed by the South African Parliament as an objective to guarantee effectiveness and ensuring improved finance practices in government. The act further stipulates that government department

should be able to launch procedures of prevention against expenditure that is irregular. Although, currently irregular spending is being reported yearly and is persistent. The PFMA is a fundamental legislation in South Africa.

Dlomo (2017), suggests that the Act assists to control the utilisation of monetary assets in the South African popularity-based management since 1999. This enactment intends to give direction that guarantees powerful spending consumption, away from obligations and responsibility. The Act is utilised by both provincial and national spheres of government, inclusive of government owned entities for sustainable and effective management of public finances.

### **2.2.2 Objectives of the Public Finance Management Act No. 01 of 1999**

The purpose of the PFMA, No.1 of 1999 is to help Authorities/Accounting Officers of PFMA compliant establishments to progress the degrees of consistence by their separate institutions with all relevant consistence commitments (Thutshini, 2016). The objective of public financial management, according to the Auditor General (2019) is to enhance transparency and efficiency in the use of public resources and eliminate wastage of public resources. Equalisation and check improvement is considered one of the approaches of boundary building. Organisations for Economic Cooperation and Development shows the noteworthiness of structure boundaries with respect to improving the PFM and being progressive at institutional levels (Scott, 2017).

The National Treasury guarantees that Provincial Treasuries work within the public prescripts. In terms of the PFMA, queries should be raised and discussed in order to implement the legislation, including the observed cycle of staged execution to guarantee achievement. To withdraw the National State Tender Board Act, an arrangement has been incorporated into the PFMA revision bill. Having done so permits the centre usage to continue (Jayalath, 2011).

The PFMA (1999) requirements demand that the Accounting Officers must manage taxpayer's money. In the same vein, Mitchell and Mohr (2019), suggest that departments and state entities must share the responsibility of cost. In so doing, they will have control and reduce the cost of double administration.

### **2.2.3 The effectiveness of Public Financial Management system in South Africa**

Powerful PFM frameworks are needed to augment the proficient utilisation of assets, make the most of elevated levels of straightforwardness and responsibility in government funds and to guarantee long haul financial achievement.

The essential target of the PFM framework is to maintain budgetary order. Financial control ought to guarantee that the degree service delivery and public consumption is steady with the goals of the spending shortfall. It ought to guarantee minimal maladministration in procurement. Furthermore, the PFM framework ought to guarantee the productivity of the designation of public assets, specifically the consistence of allotted state assets with vital state programs. Thirdly, the PFM framework ought to give operational productivity, in particular, the accomplishment of a value quality proportion in the conveyance of administrations. Lastly, the PFM framework should be straightforward, open, with the required presence and control and responsibility of the people accountable for the utilisation of public monetary assets. To accomplish the objectives of monetary administration in government at the current stage, numerous legislatures are actualising PFM changes.

## **2.3 CAUSES OF NONCOMPLIANCE WITH THE PFMA**

The population census of 2011 placed the North West Province at 3.51 million inhabitants. As earlier indicated, the North West Province like the other provinces has government departments. There are twelve departments and all of those departments adhere to the PFMA Act. These departments include: Office of the Premier; Health; Arts, Culture, Sports and Recreation; Economic Development, Environment,

Conservation and Tourism; Provincial Treasury; Education; Cooperative Governance and Traditional Affairs; Public Works and Roads; Social Development; Agriculture and Rural Development as well as Human Settlements. According to the PFMA report for 2019, the Republic of South Africa has experienced unauthorised, irregular, fruitless and wasteful expenditure (UIFW) between the years 2016-2020.

Important to bear in mind is that Jayalath (2016:11) indicated that within 30 days of delivery of statements, government departments should ensure that the invoice is paid, and this was regulated as mandatory. The PFMA (1999) and National Treasury (2014) characterise irregular expenditure as spending other than unapproved expenditure, which is brought about in negation of or not as per a prerequisite of any material enactment.

The occurrence of irregular, unauthorised, wasteful and fruitless expenditure has been in a steady increase since 2016 in South Africa, affecting various government departments (AGSA, 2019).

According to AGSA (2019), the increase in the noncompliance with budgetary and expenditure guidelines is against the requirements of the PFMA (1999). Irregular, unauthorised, fruitless and wasteful expenditure have been reported in the supply chain management system. The auditor responsibility as stipulated in Section 4 (1) of the PFMA, enforces responsibilities and duties for audit. They must report on financial management and financial statements of the provincial and national government departments to the office of the Auditor-General. It is the duty of AGSA to submit accountability reports annually to the national assembly on duties performed and this is imposed by Section 10 of the PFMA. Furthermore, as stipulated in Section 14 (1), submission of the annual financial statements to AGSA is the responsibility of the auditee.

Accounting Officers are liable for the administration, counteraction of illicit consumption and revealing of administration of their financial plan consistent with different

necessities of the PFMA (1999). One of the duties of the AGSA is to perform an autonomous review on every single element and as a component of their strategies, to affirm consistency with the spending plan and consumption as well as other lawful obligations put on the authorities or accounting officers of the significant element. AGSA likewise is required to write about execution as a feature of their obligations. It is further indicated in the AGSA that lack of compliance with financial reporting and performance management result in poor service delivery.

## **2.4 FACTORS AFFECTING FINANCIAL GOVERNANCE IN THE PUBLIC SECTOR**

The genesis of monetary misbehaviour lies in incapacitated officials needed to manage public funds. Absence of suitable aptitude has been accounted for as an obstacle to powerful organisation of public funds (Saka, 2016; Phago, 2015; Sibanda, 2017; Dzomira, 2015; Ngwakwe, 2012). Political affiliation has interfered with appointment of public officials in higher positions (Mfuru *et al.*, 2018). In other words, it is paramount to have political affiliation when pursuing their personal interests and deserting the needs that concern the community (Thomas, 2016).

According to the Independent (2016), in research interviews, the selection panel ought to contain an autonomous component to build objectivity and public validity. Dzomira (2016) has argued that the absence of monetary administration aptitudes among public authorities altogether obstruct a proficient delivery of service which prompts mismanagement in the public assistance. Furthermore, a study by Edoun (2015:10) indicated that "public enterprises are the safe heaven par excellence through which political leaders redistribute wealth by giving employment to comrades who lack the necessary skills and knowledge to manage". Lack of skills such as accounting amongst politicians has consequences in the intensity of fraud and corruption and thus results in unclean audit findings (Sibanda, 2017; Masiloane and Dintwe, 2014; Naidoo, 2012). It is therefore, inappropriate that state funds are administered by politicians.

According to Swart and Swanepoel (2019:9), one of the research gaps of their investigation was finding the root causes of noncompliance with the PFMA. They further emphasised that the public must be educated in taxation and how the money is spent. A study by Swart and Swanepoel (2019:9) has created awareness to the public and the taxpayers on how national, provincial and state entities do not comply with the 1999 PFMA.

#### **2.4.1 Unfair public procurement and supply chain management**

Supply chain management involves the process of gaining items and administrations at the most moderate expenses. It incorporates, among others, units, for example, acquirement, resources, transport and coordination. Government procurement has been distinguished as being essential to improved assistance conveyance as immense spending plans are distributed to it. Ngwakwe (2012) contends that the absence of receptiveness and straightforwardness in open acquisition has prompted the abuse of assets. Hence, rebelliousness with the pertinent strategies overseeing public inventory network and acquirement measures has set off a lot of sporadic and vain use in the public assistance (Mazibuko and Fourie, 2017; Dzomira, 2017; Naidoo, 2012). Furthermore, malpractices that are unethical in procurement include government employees that are involved in doing business with the state and not declaring their interests (AGSA, 2017; Masiloane and Dintwe, 2014). This is a result of weak internal control systems within government.

#### **2.4.2 Inappropriate delegation of authority**

The abuse of power for personal gain and interests and often times neglecting needs of the poor citizens is often indicated by public official in higher authority (Thomas, 2016). Shifting of management responsibilities from the centre to the lower level, but the centre retaining the overall control of powers remains one of the maladministration traits within government. Notwithstanding, the PFMA provides for proper delegation of authority. . In spite of the fact that there are administrative systems and arrangements that administer

public monetary, guidelines and regulations are still ignored. Along these lines, the accounting authority of the public authority division ought to set up arrangement of appointment of power to improve operational norms and "provide adequate checks and balances" (Sibanda, 2017).

### **2.4.3 Embezzlement of public funds and corruption**

The absence of good monetary administration and nonstop bringing about of undesirable consumption both stay as challenge that hinder service delivery (Dzomira, 2017). This brings about the bungle of public assets and hence, maladministration in various government offices. According to Sibanda (2017:323), often times corruption leads to "public funds being misused, applied to benefit a select individual or entity, or results in potential public funds being diverted from government revenue to private income".

Ngwakwe (2012:315) describes corruption as "cancer that appears to be endemic in African public service". According to Mazibuko and Fourie (2017), government is still encountering difficulties of lacking command over agreement execution and evaluation. This absence of control makes a proviso and opportunities for heightening defilement. Thomas (2016:40) maintains that exploitation is a "consequence of the nexus between bureaucracy, politics and criminals". Moreover, defilement makes monetary deterrents in the public assistance in that open authorities divert public assets for their very own benefits and neglect to deliver administrations to the society (Thomas, 2016). This has put devastated residents in emergency circumstance. In this manner, great administration is a basic factor in fighting defilement in government (Dzomira, 2017; Jashari & Pepaj, 2018).

Dzomira (2015) sets that administration offices ought to guarantee sound administration of dangers and extortion, and the misrepresentation counteraction plan should be consistently refreshed. By and large, misrepresentation identifies with untrustworthy acquisition measures which incorporate among others, treacherous acquirement

rehearses, inadequate agreement organisation and the granting of tenders to family members and companions (Mazibuko and Fourie, 2017; Masiloane and Dintwe, 2014; Naidoo, 2012). Also, extortion practices should be maintained from a strategic distance at all expense and the government ought to create and actualise constraining strategy that manages chances related to deceitful exercises (UNDP, 2016). Mazibuko and Fourie hypothesises that the indication of extortion in government negatively affects the residents and lead to support conveyance being undermined. In any case, the absence of capacity increases the indication of dangers identifying with obtainment cycles and hence, misrepresentation. Moreover, the absence of misrepresentation counteraction techniques and approaches in the public authority divisions upsets the way toward upgrading better delivery of service (Sibanda, 2017; Naidoo, 2012).

#### **2.4.4 Inappropriate planning and weak internal control system**

Planning is the first of management functions, followed by organising, leading and controlling (Mfuru et al., 2018). The heads and the board need to give cautious consideration to arranging and unaccounted public assets (AGSA, 2017; Dzomira, 2017; Sibanda, 2017; Saka, 2016; Naidoo, 2012). Furthermore, public authorities have misused their positions by using public assets for individual advantage (Edoun, 2015). Subsequently, helpless consistence with pertinent guidelines has been clear in the failure to oversee public assets (AGSA, 2017). This has consigned service delivery and left weak residents in critical circumstances.

Inward control measures should be set up to coordinate the capacities on the consistent schedule. The exploration discoveries by Dzomira (2017) uncover that deficient monetary administration in the Republic of South Africa is proceeding to guarantee the causing of unapproved use, unpredictable use and, pointless and inefficient consumption. For instance, it has been noticed that Limpopo Province, among different regions, has contributed altogether to the ascent of sporadic consumption (AGSA, 2017). Dzomira (2017) contends that assessment of administration structures and

arrangements indicate that different public offices actually experience difficulties, contrary to what departments report.

## **2.5 THE FISCAL POLICY IN SOUTH AFRICA**

“The role and objectives of fiscal policy have gained prominence in the current crisis as governments have stepped in to support financial systems, jump-start growth, and mitigate the impact of the crisis on vulnerable groups” (Horton and El-Ganainy, 2013).

### **2.5.1 Distribution impact on the fiscal policy**

The inclination of government officials to run high shortfalls is very much archived. On the off chance that a nation was totally separated from the remainder of the world, one could contend that, regardless of how seriously it influences its own populace, such a deficiency predisposition is a home grown issue and there is no convincing purpose behind different nations or supranational specialists to meddle with reprobate budgetary approaches. Notwithstanding, this isn't the truth. Financial wickedness is a typical worry in the EMU as a result of the advanced degree of economic integration and connected to that, the antagonistic overflows to different nations (Beetsma and Larch, 2019).

## **2.6 MAINTENANCE OF FISCAL POLICY**

The Millennium Development Goals and now the Sustainable Development Goals (SDGs) have set monetary arrangement, including home grown asset assembly, at the focal point of public and global advancement endeavours (United Nations, 2015). The SDGs infer huge and supported public consumptions to proceed with the accomplishment of the Millennium Development Goals in improving human advancement markers, particularly in the regions of admittance to fundamental medical care and essential schooling, with a specific accentuation on completion gender separation (Addison et al., 2018).

Additionally, the SDGs likewise infer enormous scope of public uses to help improve jobs for destitute individuals by means of better foundation access, more investigation into smallholder crops, and so forth not exclusively to end neediness, yet additionally to help close holes in the dissemination of abundance and pay by gender, district, and pay classification. At long last, environmental change will force huge financial weights as the recurrence and power of outrageous climate occasions increment, requiring more open use on debacle help and, now and again, decreasing the expense base through monetary harm ensuing on expanded dry spell and flooding. Atmosphere adaption and relief, just as the accomplishment of other ecological objectives, for example, improved metropolitan air quality and diminished water contamination, are extra significant requests on the public satchel (Addison et al., 2018).

## **2.7 SUMMARY**

A review of relevant literature reveals that one of the main apparatuses of enactment for public finance and legislation in South Africa is the PFMA, it establishes processes for viable monetary administration and ideal use of public assets by both government divisions and substances. In any case, the beginning of monetary negligence in the public sector is related to lack of skills needed to control public accounts. The next chapter focused on the methodology and research design that were adopted to answer the research questions for this study.

## **CHAPTER 3**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 INTRODUCTION**

Relevant literature was reviewed in the previous chapter on the implications of noncompliance with the PFMA possibly committed by executives in the process of implementing the financial strategy in the North West Province. This chapter focuses on the exploration plan and philosophy that was received in this examination to address the examination questions. The section starts with the exploration of a worldview that supports this examination. Next, the exploration approach and examination plan that was embraced was talked about in detail. The section additionally characterised the populace for the investigation just as the testing procedure used to choose the members for the examination. From that point, the information assortment methodology and information examination strategies were talked about. The chapter deals with reliability of the examination just as moral contemplations for the investigation.

#### **3.2 RESEARCH PARADIGM**

Rachi (2017:1) made reference to a paradigm as a necessary assembly of principles and consensus by a researcher, and how the researcher looks at the world. He further explains that a paradigm is considered as a lens through which research is conducted. Mukherji and Albon, (2015) further posits that research paradigm ascribes to a particular method of seeing the world. In essence, a paradigm represents the researcher's belief, perception and further guides the researcher's action about the problem under study. A research paradigm was used because it directs the researcher on the approach to carry out an examination which incorporates information assortment and investigation techniques. There are four different research paradigms that have been widely used in research namely: pragmatism, positivism, advocacy and interpretivism.

This examination was supported by an interpretive worldview. Interpretive worldview puts stock in an inside and out comprehension of the data relating to the phenomenon under investigation; and a superior comprehension of the world we exist in through the lens of qualitative methods (Rachi 2017:1). An interpretive paradigm was used because its elements of qualitative research was considered suiting the characteristic of the phenomenon under investigation more effectively. Moreover, interpretivism was used because its data is mostly verbal instead of statistical.

### **3.3 RESEARCH APPROACH**

Research approach is concerned with methods of how a particular research is been undertaken. According to Rachi (2017:2), there are two main research methods namely; qualitative and quantitative methods. This study will utilise a qualitative research approach in contrast to a quantitative approach. Qualitative research can be referred to the process of exploring and understanding the meaning individuals or groups give to a social or human phenomenon (Creswell 2014:32). Qualitative research depends largely on collecting data through interviews, observations, written materials as well as audio-visual material (Orb *et al.*, 2000). Padila-Diaz (2015:107) highlights that qualitative research seeks to study and generate understanding about the human experience in a natural setting. In this light, a qualitative approach of inquiry will essentially be exploratory and will involve methods of data collection that are non-quantitative in nature. The qualitative approach was used because it provides a more complete understanding of the research problem than the quantitative approach.

Qualitative researchers have affirmed that qualitative research approach can illuminate a research problem that has not yet been operationalised and can as well provide new insights into existing research problems (Fairhurst, 2014:432; Lemon and Hayes, 2020:604). The qualitative research approach was utilised in order to respond to questions pertaining the multifaceted nature of phenomena under study. The strength of using a qualitative approach was due to the fact that it will enable the researcher to unravel the meaning of an occurrence (Merriam and Tisdell, 2016), Qualitative method

involves a variety of techniques to collect data such as; observation, individual interviews, focus groups discussion and review of existing documents (Handcock and Algozzin, 2016:7). Hence, for the purpose of this study, interviews and focus group discussions were used to collect data.

The qualitative research method was considered appropriate for this study because it will enhance and improve understanding of a complex situations. Also, a qualitative method was used because it is rich and holistic and flexible. In this light, with qualitative research approach, the researcher stands a better chance of understanding and explaining the dynamics of the phenomenon under study.

### **3.4 RESEARCH DESIGN**

According to Grey (2014), a research design is a work plan or procedures on how a study is conducted, which includes the methods adapted to collect and analyse data with the goal of answering the research questions. For the purpose of this research, the researcher will utilise an exploratory research design. Exploratory research will be used to explore the research questions in order to generate data for the research problem. This research approach was used because it helps provide a better understanding of the subject under investigation. An exploratory research approach using convenience sampling, in-depth interview and focus group was adopted for this study by the researcher as data collection methods in order to answer the research questions. Structural interviews were used to evaluate participants' view of the phenomenon under study. What makes the approach most suitable is the unexplored nature of the field of study. Moreover, the researcher adopted an exploratory approach in order to seek insights into the subject under study (Nathan & Rajamanoharane, 2016:27).

### **3.5 POPULATION OF THE STUDY**

A Population can be referred to the people or units of analysis that meet the characteristic required for the study. This may either be persons, a group or

organisation just to name a few (Sekaran and Bougie, 2016:112). The target population for this study comprises of all the employees both male and female of age 18-60 working in the Sustainable Resource Management and Financial Governance Unit in the North West Provincial Treasury.

### **3.6 SAMPLING TECHNIQUE**

Sampling refers to the process of selecting a particular group of people representing the entire population to participate in a research study (Etikan Musa and Alkassim 2016:1). It is worth noting that, including an entire population in a research study may not be possible to analyse, hence the need to select a sample of individual who will represent the entire population. Probability sampling and non-probability sampling are two types of sampling methods (Sekaran and Bougie, 2016:112). Rachi (2017:4), further describe probability sampling as an approach in which each unit has an equal chance of probability to be selected in a study. He further states that probability sampling is divided into four categories such as; simple random sampling, systematic random sampling, stratified random sampling, cluster sampling and multi-stage sampling. On the other hand, non-probability sampling is a sampling technique where participants or units in a study are not giving equal privileges to be selected. In order words, it is a sampling technique where the researcher relies on his/her judgement when choosing those to participate in research.

For the purpose of this study, convenience sampling was used to collect data from selected employees in the North West Provincial Treasury. Convenience sampling is believed to be the most common sampling, easy adapt by investigators since the selection of participants is based on the convenience of the researcher. Rahi (2017:3) defines convenience sampling as “a process of data collection from population that is close and easily accessible to researcher”. With convenience sampling, the researcher is able to conduct interviews or get responses easily in a cost effective manner. Thus, convenience sampling was considered suitable for this study because participants were chosen because they are at the right place and at the right time.

### **3.7 DATA COLLECTION PROCEDURE**

Data collection is described as the process of gathering information that enables the researcher to answer research questions and analyse findings (Syed Muhammad, 2018:202). Bryman and Bell (2015:12) affirms that data collection is one of the vital phases of any research study. To attain the aims and objectives of this study, both secondary and primary data will be utilised.

To complement data collected from primary sources, the researchers employs a secondary source of information. Secondary information was obtained by looking at related records, for example, books, peer-survey diaries articles, and from unpublished sources, for example, site, yearly and quarterly reports of the associations viable and other material found in different libraries. According to Mogalakwe (2006), secondary source of data involves exploration of documents pertaining to the study under investigation. Therefore, information was undertaken from existing literature such as published documents, websites, journal articles, books, government publications and so forth. This will enable the research to have robust data for analysis and each of such sources will be duly cited and referenced.

The primary data will be collected through semi-structured interviews with the research participants. Interview is considered as an important data collection technique involving verbal communication between the researcher and the research participants (Fox, 2006:4). An interview is a face-to-face conversation with the respondent. It is a method of gathering information by using a set of pre-planned questions either through face-to-face or telephone. An interview is instrumental in the variable setting process and in answering sub-questions in the study. Based upon the underlying premise through interview; research participants will be able to express their views in their own words on issues relating to finance. In this study, interview was considered appropriate because it gives the researcher a meaningful insight that a generalised public source would not be able to provide. Interview was also used because it provides the researcher with a deeper understanding of the phenomenon under study than would be obtained from

purely quantitative methods, such as questionnaires (Grey, 2014). Interview was considered suitable for this study because through interview the researcher would obtain detailed information that would aid the current study. Therefore, by collecting interview data from the employees at the North-West Department of Finance, the qualitative part of this study is likely to provide better comprehensive data necessary to answer the research problem.

Furthermore, due to COVID-19 regulations, in cases where the researcher could not meet a participant the researcher used a telephonic interview to collect data. It is a technique of gathering information involving communicating with respondents on telephone (King, Marston, and Bower, 2014). The advantage of using a telephonic interview is that it is faster, as compared to other methods such as mailing techniques. It is also an inexpensive option as individual interviewing technique.

There are different interview techniques namely, unstructured, structured, and semi-structured. Hence the choice of the interview will depend on the needs and designs of the research. For the purpose of this study, structural interview was used to collect data and to get different viewpoints. With structured interviews the researcher uses a set of predetermined questions which are short, clearly worded and closed, and therefore, require precise answers in the form of a set of options readout or presented on paper. Structural interview was considered appropriate for this study since there are predetermined questions and they are relatively quick and easy to administer.

### **3.8 DATA ANALYSIS**

Collection of primary data should be analyses through appropriate methods. However, there are different data analysis methods available to qualitative research such as; ethnography, hermeneutic, grounded theory phenomenology, and content analysis (Bengtsson 2016:8). For the purpose of this study, thematic content analysis, a type of content analysis, was utilised to analyse primary data. Thematic content analysis was considered suitable for this study because it enables the researcher to identify themes

and ultimately, the meaning behind the investigation on the implication of noncompliance with the public finance management on the fiscal policy in the North-West Province.

Topical investigation is the way toward recognising examples or subjects inside subjective information. The objective of a topical investigation is to distinguish subjects, for example designs in the information that are significant or fascinating, and utilise these subjects to address the exploration. There are a wide range of approaches to move toward topical examination (Boyatzis1998; Alhojailan, 2012; Govender, 2012:94; Javadi and Zarea, 2016). There are five steps that were used during the thematic analysis for this study.

#### Step1: Become familiar with the data

The first step in any research, either qualitative or quantitative is reading as well as re-reading the transcripts. The researcher was familiar with all the interview questions that she would be asking the interviewees.

#### Step 2: Generate initial codes

The second step would be to organise data in a purposeful and systematic way. It decreases data into a small chunk of meaning, even though there are various ways to coding; method would be determined by the researcher's assessment and research questions.

#### Step 3: Search for themes

These are described as designs that capture something meaningful and interesting about the research questions. It is also distinguished by its importance, however if the researcher has limited data there are possibilities that there may be an overlap between coding stage and the themes.

#### Step 4: Review theme

In this phase everything that was identified in the third step is now reviewed, modified and developed. During this stage all the important data must be gathered together to each appropriate theme.

### **3.9 TRUSTWORTHINESS**

To ensure trustworthiness of the study, a detailed description of the research methodology was provided to enable the research audience to determine the extent to which the data and themes that emerge from the study may be accepted. Furthermore, the role of triangulation was emphasised so as to manage the effect of investigator bias (Gunawan, 2015:11). Trustworthiness has been grouped into four criteria, namely dependability, credibility, confirmability and transferability (Shenton, 2004:64). Research has continued to adapt and refine the criteria to ensure the quality of the data and findings (Lemon and Hayes, 2020:604; Lincoln and Guba, 1985).

#### **3.9.1 Credibility**

Credibility refers to the extent to which the researcher developed and articulate a certain level of confidence in the findings based on the phenomenon under investigation (Lemon and Hayes, 2020:605). In other words, credibility is how accurate the data and finding of the research are. Therefore, credibility is comparable internal validity, that is, how research findings match reality. The credibility of this study was enhanced by reporting of the true value derived from an in-depth exploration of participant experience.

#### **3.9.2 Dependability**

Dependability is concerned with whether the findings of the study are distinctive to a specific time and place, and the consistency of explanations are present across the data

(Lemon and Hayes, 2020:605). In other to address the dependability, the research findings were reported in detail such that a future researcher may repeat the work, if not necessarily to gain the same results. The research design and methodology was explained in detail such that the reader can assess the extent to which proper research practices have been followed.

### **3.9.3 Transferability**

Transferability is about the extent to which the findings from the study could apply to other contexts and setting (Lemon and Hayes, 2020:605). To enhance the transferability of the findings for this study, the researcher discussed all aspects of this study in detail so as to convey to the reader the limits and scope of the study. The following items were explained within the delimitation of the study, the quantity of associations partaking in the investigation and where they are based; any limitations in the sort of individuals who contributed information; the quantity of members engaged with the hands on work; the information assortment strategies that were utilised; the number and length of the information assortment meetings; and the time-frame over which the information was gathered.

### **3.9.4 Confirmability**

Confirmability is concerned with whether the interpretations and findings of the study are from the participant's lived experiences and do not include the researchers biases (Lemon and Hayes, 2020:605). In other words, confirmability is based on the researcher effectiveness of not allowing his/her personal values to intrude the study. To enhance the confirmability for this study, verbatim responses of the participants were reported in the study.

### **3.10 ETHICAL CONSIDERATIONS**

Ethical issues are present in every research, as the research process involves the interaction between the researcher and the data collection and the generalisation of the results (Orb *et al.*, 2000:93). Fouka and Mantzourou (2011:3) state that “research ethics involve requirements on daily work, the protection of dignity of subjects and the publication of the information in the research”. The researcher took all possible steps to adhere to all the ethical considerations for this study. An ethical clearance was obtained from the NWU faculty of EMS-REC. Orb *et al.*, (2000:93) state that “the desire to participate in a research study depends upon a participant’s willingness to share his or her experience. The most vital ethical issues that the researcher should adhere to include respect for anonymity and confidentiality, respect for privacy and beneficence (guard from maltreatment), and informed consent (Fouka and Mantzourou, 2011:3).

#### **3.10.1 Respect for privacy**

Security is the opportunity that an individual needs to decide the time, degree and general conditions under which private data will be offered with or retained from others (Fouka and Mantzourou, 2011:6). Before approaching the research participants, a permission letter to conduct research was granted to the researcher by the North West Provincial Treasury. The potential ethical conflict and risk for this study were very low as the activities that the research participants for this study were involved in were not different from what they do on daily bases. The researcher took all reasonable steps to protect the research site as well as the participants for the study.

#### **3.10.2 Respect for anonymity and confidentiality**

Confidentiality in research is referred to as “*all* information that is kept hidden from everyone except the primary research team” (Saunders, et al., 2015:617). While being nameless is one type of privacy – that of keeping members' characters a mystery; the analyst found a way to keep hidden what was said by the examination members. The

participants will never be traceable from the data presented in the study. The researcher took all reasonable steps to keep up secrecy that goes past conventional steadfastness.

### **3.10.3 Beneficence**

The ethical principle is defined as "be of benefit, do not harm" (Fouka and Mantzorou, 2011:6). The researcher took all reasonable steps not to put the participants on discomfort and harm or any psychological or emotional harm.

### **3.10.4 Informed consent**

Informed consent is described as the voluntary and conscious permission to perform a procedure, based on previously clarified information (Saunders et al., 2015:616). Fouka and Mantzorou (2011:3) defined informed consent as a person knowingly, voluntarily and intelligently, and in a clear and manifest way, giving his/her consent. The research participants were put at the forefront. All the research participants agreed to participate in the study without any pressure. Only participants who signed the informed consent participated in the study. Before signing the informed consent, the researcher provided the participants with information on the objectives of the study as well as possible risks and benefits of the research. The researcher demonstrated honesty and truthfulness throughout the research process.

## **3.11 SUMMARY**

The research methodology and design implemented to answer the research questions for this study were explained in detail. The examination was supported by an interpretivist research worldview. A subjective examination approach and an exploratory exploration configuration was received. The population for the study was defined and a convenience sampling technique was used to select the participants for the study. The primary data was collected through the use of semi-structured interviews and was analysed using thematic content techniques. Issues of trustworthiness as well as ethical

considerations for the study were highlighted. The next chapter analyses and presents the qualitative data that was obtained from interviews with selected participants.

## **CHAPTER 4**

### **DATA ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.1 INTRODUCTION**

The previous chapter focused on the research design and methodology. The previous chapter provided a comprehensive information regarding the adopted approach and design which facilitated the data collection including the trustworthiness, ethical consideration. This chapter focuses on the data analysis and presentation of findings.

#### **4.2 INTERPRETATION OF DATA**

The collected data were transcribed verbatim from a tape recorder which enabled the researcher to have clear information of the data for analysis. The transcribed data were analysed, with themes and categories generated for presentation. This is in line with the report of Rossman and Rallis (2012:262), which states that qualitative researchers gather non-numerical or word data from their participants which reflects the authentic ideas of the participants regarding study topic of discussion.

##### **Data coding and categorisation**

The collected and transcribed data were coded in order to generate themes and categories for discussion. For clarity, the participants were represented with "Participant A, B, C, D, E, F, G, H, I and J.

**Table 4.1: Themes and categories identified in the study**

<b>Themes</b>	<b>Categories</b>
Poor service delivery in the province	<ul style="list-style-type: none"><li>• Insufficient resources</li><li>• Poor budgeting</li><li>• Audit queries</li><li>• Community under development</li></ul>
Maintenance of the fiscal policy	<ul style="list-style-type: none"><li>• Internal auditing</li><li>• Revenue enhancement strategies</li><li>• Support on budget policy matters</li><li>• Adequate departmental engagements</li></ul>
Effective execution and performance of the PFMA	<ul style="list-style-type: none"><li>• Compliance with the PFMA</li><li>• Noncompliance with the PFMA</li></ul>
Appropriate leadership structure	<ul style="list-style-type: none"><li>• Staff engagement</li><li>• Transparent reporting structures</li></ul>

Source: Researcher's own analysis

### **4.3 PRESENTATION OF FINDINGS**

The generated themes and categories were presented, discussed and supported with participant's direct quotes including literature in order to facilitate comprehensive

understanding of the study. The findings of this study were presented under each of the objectives in order to demonstrate how the objectives were actualised.

**Objective 1: To explore the implications of noncompliance with Public Finance Management Act (PFMA) on the maintenance of fiscal policy in the North West Province.**

**Theme 1: Poor service delivery in the province**

The above objective sought to explore the topic or research problem. To that effect, a research question followed by probing questions were asked in order to enable the participants to voice out their understanding of the study. Deducing from the participant's response, it exposes the province to poor service delivery in the province. The associated categories are as follows which were further explained in the study; insufficient resources, poor budgeting and audit queries.

**Insufficient resources:** The maintenance of fiscal policy is crucial in the stabilisation of the country's economy. Thus, the noncompliance with PFMA is detrimental to the economy.

**Participant A** stated:

*"The implications may have very serious consequences, depending on the severity, these consequences negatively affect the functionality of the government in terms of impacting on the available resources in running the country. You know that when there is a depleted or insufficient resource, the economy will be affected, and the population will also be affected."*

**Participant D added:**

*There are insufficient resources, this is not only in or province, but I hope you read the news, you see what is happening in world when there is noncompliance, it results in insufficient resources because leaders end up making some mistakes that predispose the country to lacks.*

In support of the participant's responses, studies maintain that the absence of good monetary administration and persistent causing of undesirable consumption remain challenges that block administration conveyance (Dzomira, 2017). This brings about the blunder of public assets and along these lines, maladministration in various government offices. According to Sibanda (2017:323), "public funds being misused, applied to benefit a select individual or entity, or resulting in potential public funds being diverted from government revenue to private income" is being led by maladministration.

Ngwakwe (2012:315) states that defilement is a "malignant growth that gives off an impression of being endemic in African public help". As indicated by Mazibuko and Fourie (2017), public sector continues to encounter difficulties of lacking power over execution of financial plans and evaluation. This absence of control makes an escape clause and creates opportunities for raising defilement. Thomas (2016:40) contends that defilement is a "result of the nexus between administration, governmental issues and crooks". Besides, defilement makes monetary snags in the public assistance in that open authorities divert public assets for their own benefits and neglect to deliver administrations to the networks (Thomas, 2016). This has put devastated residents in emergency circumstances. Hence, great administration is a basic factor in battling debasement in the public area (Jashari and Pepaj, 2018; Dzomira, 2017).

**Poor budgeting:** Participants answered the question based on their understanding, whereas the budgeting negatively impacts on the service delivery within the province. For instance, the quotes presented below were deduced from some of the participant's responses;

**Participant A** stated:

*“One of the issues surrounding poor budgeting is that account managers ends up putting up budgets that are below what it should be and that leads to poor service delivery. So, for me, poor budgeting is a serious issue in our province.*

Similarly, **Participant F** added:

*From what I have come to realise from my work experience in this unit is that noncompliance results in poor budgeting. Not that the managers are not trying but sometimes, these things happen despite we being professional in our field. When there is poor budgeting, you find that the delivery of services to the society is jeopardised.*

In support of the above participant's views, Dzomira (2015) suggested that administration offices ought to guarantee sound administration of dangers and extortion, and furthermore the misrepresentation counteraction plan should be consistently refreshed. By and large, misrepresentation identifies with deceptive obtainment measures which incorporate among others, uncalled for procurement practices, lacking agreement organisation and the granting of tenders to family members and companions (Mazibuko and Fourie, 2017; Masiloane and Dintwe, 2014; Naidoo, 2012). Likewise, extortion practices should be maintained a strategic distance at all expense and the public area ought to create and execute constraining approach that manages hazards related with deceitful exercises (UNDP, 2016). Mazibuko and Fourie (2017) propose that the appearance of misrepresentation in the public area adversely effects the residents and lead to support conveyance being undermined. Be that as it may, the absence of skills increases the sign of dangers identifying with obtainment cycles and hence, misrepresentation. Moreover, the absence of misrepresentation counteraction techniques and arrangements in the public authority offices upsets the way toward improving help conveyance (Sibanda, 2017; Naidoo, 2012).

**Participant H** stated:

*Hm.... I think we must talk about the issues of poor budgeting because it is among the reasons there is poor service delivery in the society but many people are not aware. We know about this issue of poor budgeting but managers most times try to downplay; but it is real, and the impacts are everywhere in the society.*

**Participant I** stated:

*“Noncompliance affects the fiscal policy, like in a state where some provincial budget may be sent late, incorrect budget proposal to the National Treasury, National Treasury may incorrectly provide budget for those departments; which are used for the provision of services to the society.”*

**Participant J** further maintain:

*“Future allocations are mostly guided by the current performance therefore noncompliance with PFMA leads to under collection of revenue and thus budget cut in future years. And when such happens, the budgets put in place might be tempered with in order to make up the lapses.”*

**Audit queries:** From the participant’s response, it was deduced that audit queries are among the problems. For instance,

**Participant A** stated:

*“Noncompliance is giving room for unfavourable audit opinion. Thus, resulting in various audit queries on the quest to understand where things have gone wrong. So, in our unit here in the province, unfavourable audit opinion happens. That’s why I must say that there is need for compliance with the PFMA.”*

According to Shabalala (2013:20), Section 85 (1) (a) and (e) of the PFMA highlighted the avenues for reporting financial misappropriation in the public sector. The PFMA as an empowering enactment, pointed to modernise budgetary administration within the public segment, and decrease extortion, debasement and squander. Indeed, in spite of the fact that Accounting Officers (AO) are given control to oversee, they are however to be held responsible for the assets under their management. The Act requires bookkeeping officers to anticipate and distinguish unapproved, unpredictable, vain and inefficient consumption. In cases where this has happened, these must be detailed to Treasury. The Act emphasises the obligation of the Accounting Officer where there are cases of money related offenses. Fitting sanctions must be brought against authorities committing budgetary wrongdoing. In expansion to these, the Act stipulates that failure to act on budgetary management and fraud result in misappropriation.

**Participant D** added:

*“Noncompliance with PFMA results in lots of audit queries at the end of the financial year and there is no service delivery for the communities.”*

**Community under development:** Some of the participants are of the view that the lack of service delivery is among the implications of noncompliance. The below asserts were deduced from the participant’s responses.

**Participant E** maintained:

*“It gives rise to the inability of the government to realise its adjustment on the spending level and cannot complement the Gross Domestic Products (GDP) which affects the delivery of services in the communities.”*

**Participant F** added:

*“This results in poor service delivery due to misappropriation of funds by departments which slows the economic growth as there is no injection of money towards activities that would generate revenue for the province and this result in leaving communities in abject poverty.”*

**Participant G** succinctly maintained:

*“The government ends up with less resources to carry out proper service delivery which is the main driver of the public sector.”*

**Participant J** stated:

*“No economic growth and many people will continue to be poor as a result of noncompliance as this gives rise to unemployment.”*

John (2016:89) confirmed that South Africa among developing countries has multiple needs thus careful management of the public finance is important in order to facilitate in delivery of goods and services to the people. For the fact the PFMA has been set up for quite a long while, research results of different investigations of the PFMA will be helpful to connect the dots and empower strategy. It may be contended that strategy usage, or organisation, or audit should be among requirements of every nation or area. Strategy making and assessment need not be attempted simply for the reasons of consistence. It should help with understanding real factors dependent on audit findings. Consequently, inventiveness, imagination and development should take place. One is worried about the instruments utilised by government to impact the economy of society and with the differential effect that the determination of instruments can have on the accomplishment of projects. The other concern is the enormous change in policy management/the board during the previous years and the likely effect of those regulatory changes on open strategies.

## **Objective 2: To explore the maintenance of the fiscal policy in the North West Province by the provincial government**

### **Themes 2: Maintenance of the fiscal policy**

In order to actualise the objective, a research question followed by probing questions were asked. The analysis of the participant's responses to the questions were analysed and the theme "Maintenance of the fiscal policy" deducted for the discussion in the study. The deduced theme represents the views of the participants and emerging categories were further presented below;

**Internal auditing:** The participants gave different views regarding the second objective. The responses from the participants provided a clear understanding of the study. The following were deduced from the participant's response;

**Participant B** succinctly declared:

*"Internal audit has been checking the departments regularly to ensure sound fiscal policy in the province. This internal auditing provides decision makers with information on the progress of things in the department and that has been helping."*

**Participant C** in affirmation with **Participant B** added:

*"Internal auditing is regularly carried out in the department by the auditor and that has been proving successful."*

The Act places colossal obligation to the internal audit unit and the audit committee in guaranteeing and working with the Accounting Officers to guarantee that authoritative destinations are met. Queries of the audit committee and the internal audit implies that no one checks if monetary misappropriation takes place. In order to ascertain misappropriation by the internal auditor, on the off chance that inside frameworks are

compelling, the internal audit can effectively recognise failure of the framework and inform the review committee (Shabalala, 2013:23).

**Participant D** further added:

*“The provincial government has been doing regular checks on internal controls and this led to provincial treasury setting a clean audit on a number of consecutive years.”*

In support of the participant response, Dzomira (2020:86) maintains that internal auditors function as part of an agency in a public sector. Thus, the internal auditor unit ought to have its freedom and objectivity in how it executes its obligations, and this must be accomplished in the event that it is isolated from standard utilitarian assignments. The Internal audit work has been a vital and key piece of the control component in both general society and private areas, and for its viability, it should have certain qualities and be situated with significant errands (Arif *et al.*, 2013:1453). In South Africa, the Public Finance Management Act (PFMA) tries to make a culture of execution by having managers oversee and simultaneously, consider them responsible for sending of assets in the delivery of services (Dzomira, 2020:87; Erasmus, 2008:401).

The Institute of Internal Auditors noticed that public, territorial and local government internal audit exercises ought to include government authorities, board members, CEOs and the executives for citizens, purchasers of taxpayer supported organisations and the overall population. In different purviews, for example, Malaysia, internal audit in both the general population and private area sectors went through a steady natural development since procurement of traction in the administration cycle during the 1970s (Ahmad *et al.*, 2009:1549). Notwithstanding, the viability of the interior review is an element of the review committee, which is a focal piece of a sectorial public responsibility and administration. Audit groups have a part in estimating the presentation of the internal audit work, naming heads of internal audit and supporting and advancing the audit work inside the department (Davies, 2009:42). The audit group helps the public area

association board by giving oversight of administration, risk management and interior control practices (Institute of Internal Auditors, 2014).

**Revenue enhancement strategies:** Deducing from the participant's response, revenue enhancement strategies were observed to be crucial. The following quotes were deduced from the participants.

**Participant A** indicated:

*“Here in our department, the managers proposed revenue enhancement strategies to mitigate the current collection of revenue.”*

**Participant E** affirmed:

*“What I can think of is the existence of turn around strategies such as revenue enhancement strategies for all department in the province. Such strategy is effective in the maintenance of fiscal policy by the provincial government. The government are trying their best in seeing that all the provincial governments are actively involved in adopting revenue enhancement strategies.”*

In South Africa, the provincial governments are responsible for facilitation, monitoring and putting in place programmes that could enhance the livelihood of their people (Jacobs, 2019:10). Furthermore, provincial governments are liable for municipal oversight and uphold and may mediate in the issues of a specific municipality in the event that it fails to stick to its protected command or cannot or does not satisfy a leader commitment as far as enactment is concerned (Van der Waldt, 2015:20). Chapter 7 of the Constitution of the Republic of South Africa, specifies the status of regions, destinations of municipal government, formative obligations of municipalities, municipalities in co-operative government, establishment of municipalities, force and elements of municipalities, organisation and appointment of civil boards, enrolment of city gatherings, terms of metropolitan chambers, inward strategies, advantage,

distribution of city by laws, coordinated nearby government and different issues. In any case, the constitution explicitly visualises that as regions build up the essential limit, the organisation of numerous capacities that are right now the obligation of public and provincial government will be allocated to municipalities.

National and provincial government command is to offer help to the nearby government in fortifying financial management, all together for the municipalities to be financially and economically strong. The duty of local government is to produce its own wellspring of income/revenue and to offer types of assistance to communities that are lawful commitments forced by the local government legal framework (Jacobs, 2019:11).

**Support on budget policy matters:** Some of the participants made various revelations on maintenance by the provincial government. For example, the direct quotes below were deduced from the participant's response.

**Participant D** maintained that:

*“The provincial government endeavour in the maintenance of the fiscal policy in the North West province through adequate supports on budgets policy matters. Issues regarding policy matters are important in ensuring that provinces are run in order; because of that, the support on budget policy matters is facilitating the maintenance of fiscal policy in the province.”*

**Participant F** further stated:

*“Over the years there has been an encouraging support on issues about budget policies and I believe that is really helping in the preservation of the fiscal policy in the North West Province by the provincial government.”*

**Participant G** declared:

*“There are officials delegated to work with particular departments in the province to ensure monitoring and oversight, the reports or activities of these individuals are crucial in budgeting and that helps in the upkeep of the fiscal policy by the provincial government.”*

Literature maintains that fiscal policy includes the utilisation of government spending, tax collection and acquiring to impact the example of monetary exercises and furthermore the level and development of total interest, yield and work (Ugwuanyi and Ugwunta, 2017:115). Fiscal policy involves government's administration of the economy through the control of its pay and spending capacity to accomplish certain ideal macroeconomic destinations (objectives) among which is monetary development (Medee and Nembee, 2011). The implementation of fiscal policy could be through government budget. Thus, adequate support on issues around budgeting could facilitate adequate decision making and improve governance. Fiscal policy is generally to accomplish macroeconomic arrangement; it is to accommodate the progressions which government adjusts in tax assessment and consumption, programs or to direct the full work cost and complete interest to be utilised through instruments, for example, government uses, tax collection. (Hindriks and Myles, 2006). From the prior, plainly if fiscal policy is utilised with caution and synchronised with different measures, it will probably smoothen out business cycles and lead to economic development and solidness. Fiscal policy is the methods by which an administration changes its degrees of expenditure to screen and impact a country's economy. Financial arrangement fills in as a significant device to impact the total interest (The Strategist, 2013).

**To explore the maintenance of the fiscal policy in the North West Province by the provincial government**

**Adequate departmental engagements:** It was deduced from the participants' response that adequate departmental engagements are helpful. The following excerpts were extracted from the response of the participants.

**Participant B** is of the view that:

*"The departments are committed to the maintenance of the fiscal policy through engagement in activities such as monitoring spending on regular basis and allocate funds to facilitate infrastructure projects. With that, the department is able to make the necessary adjustments in their spending level and monitoring of tax rate in order to keep the nation economy afloat."*

**Participant D** further maintained:

*"The department has engagements that help them in facilitating the preservation of the fiscal policy by the provincial government such as by submission of in-year Monitoring Model on a monthly basis. Such engagement enables the department to understand how the budgets and expenditures are influencing governance in the province."*

**Participant I** also stated that:

*"I could possibly say that the departments are adequately engaged in the maintenance of the fiscal policy in the North West Province, yes, the department puts in permanent and reporting structures that facilitate fiscal discipline and accountability in the province."*

**Participant J** added:

*“Hmm, I have to say that the province ensures the maintenance of the fiscal policy through engagement in the regulation of financial management in the provincial treasury in order to ensure that expenditure, revenue, asset and liability of the government are adequately managed.”*

The reports of Tsourvakas and Yfantidou (2018:125) confirmed that an adequately engaged employee is well acquainted with the happenings in the work environment and facilitate harmony among employees for a better job performance and the benefit of the department. The researcher is of the view that adequate engagement of the employees within the department could foster their familiarisation of the work ethic in the department and help to shape their decision making. Robinsonet *et al.*, (2007) maintain that department engagement could be facilitated through career development, efficient communication, employee appraisal, job satisfaction, conducive work environment, good management and teamwork as well as work-life balance opportunities.

**To examine the effective execution and performance of the PFMA in the North West Province.**

### **Theme 3: Effective execution and performance of the PFMA**

The study objective sought to examine qualitatively, the effective execution and performance of the PFMA in the North West Province in order to facilitate broader understanding of the study. Effective execution or performance of the PFMA emerged as the theme for discussion. Furthermore, the emerged themes were presented and supported with participants' direct quote for in-depth understanding of the study.

**Compliance with the PFMA:** From some of the participants' response, it was deduced that the department is trying in complying with the PFMA. The compliance of the department with the PFMA is crucial, considering the roles of PFMA in enabling

Accounting Officers in managing funds and hold them accountable for the resource they use. For instance, the following direct quotes were deduced from the participants.

**Participant A** stated:

*“Departments are trying their level best to comply with the PFMA, though in the past few months, there had been few departments that did not comply with the PFMA in totality.”*

**Participant B** asserted:

*“To me, I can say that the departments are trying in effective execution and performance of the PFMA because there has been sounding successes from the side of the Accounting Officers. The treasury units are performing better than before. I could remember how things were in the past years but recently, the treasury units are making huge success so I can confirm their effective execution and performance of the PFMA in the province.”*

Similarly, **Participant C** maintained:

*“All I can say is that there is compliance with the PFMA.”*

**Participant D** further asserted:

*“The Auditor-General audits financial statement of each department including entities and submit an audit report to the Accounting Officers within two months and that helps the department in ensuring accountability, the Accounting Officers are being held responsible in a situation where there is noncompliance.”*

In line with participants' response, Viljoen and Van Rooyen (1996:38) expanded on the roles of Accounting Officers. According to Van Rooyen and Viljoen (1996:38) an accounting official has extra obligations and duties as set out in Chapter A of the

Treasury Instructions, which are as follows: The bookkeeping official acknowledges duty regarding monetary bookkeeping matters of which he/she doesn't really require expert information, however, ought to have general information. The individual ought to guarantee that the significant demonstrations, guidelines and directions are followed. For the controlling of the state cash therefore a specific records branch in the overall organisation should be there. The departmental accountant should answer straightforwardly to the Accounting Officer, exhort him/her on monetary issues and embrace monetary organisation. It is the responsibility of the accounting official to guarantee that the monetary ramifications are contemplated at all phases of arranging and execution of strategy as accessibility of assets assumes a significant job.

All headings in acts, monetary guidelines and Treasury Instructions are intended to guarantee monetary consistency. On the off chance that issues are identified in explicit examples in conforming to the abovementioned, the Accounting Officer ought to carry it to the consideration of the Treasury ex-bet, and not ex post facto. The bookkeeping official is liable to Parliament for the presentation of his/her obligations and duties. If need be, the bookkeeping official might be needed to show up before a council testing the income and consumption of the division and to answer inquiries. The bookkeeping official and the clergyman, departmental bookkeepers, program supervisors and the Public Accountants Committee have specific jobs and obligations. Notwithstanding, shortcomings actually prevail (Viljoen and Van Rooyen, 1996:41).

**Noncompliance with the PFMA:** From some of the participants' responses, it was deduced that there is noncompliance with the PFMA in the department, which they considered a worrisome situation. The following direct quotes were deduced from the participant's response.

**Participant E** is of the view:

*"Hmm.....I feel that there is noncompliance with the PFMA in the department, I don't know for others but that is how I feel and that is because the managers has no clear*

*accountability record, this people do as they like, they mismanage things and no one is talking. No one holds them accountable as supposed, they know how to get away with whatever they do.”*

**Participant F** maintained:

*“Compliance with the PFMA is a challenge in this department, the managers are trying but am not fully satisfied with the level of compliance. When I say that they are trying, I mean, there are some level of accountability but to me, some of the managers are complaisant, which is not healthy for our province, that why I said that it is a challenge and am not fully satisfied.”*

**Participant G** added:

*“I can say that PFMA is enforced by the financial management directors of the department but there are still gaps in the execution process which need to be addressed.”*

**Participant H** pointed out:

*“Legislature is enforced however, there are limitation as a result of interference by the senior managerial officers. These officers always try to manipulate their subordinates to compromise their standard in the discharge of their duties which is not healthy for the department and the North West Province.”*

The participants’ responses are in affirmation with literature which further contained that the increase in the noncompliance with budgetary and expenditure guidelines is against the requirements of the PFMA (1999) (AGSA, 2019). Irregular, unauthorised, fruitless and wasteful expenditure have been reported in the supply chain management system.

**Objective 4: To provide possible recommendations on measures which are taken on regular basis to upraise compliance with the PFMA and avoid noncompliance.**

#### **Theme 4: Appropriate leadership structure**

The above research objective enabled the participants to provide recommendations on measures, which to be taken on regular basis to upraise compliance with the PFMA and avoid noncompliance. Thus, the researcher structured a research and probing question in line with the objective. These questions were asked and the theme “Leadership improvement” emerged for discussion. Leadership is fundamental in a successful management of any office, unit or organisation such as in Sustainable Resource Management and Financial Governance Unit. Thus, Paliszkiewicz et al., (2015) maintain that leadership is important within an organisation or units therefore, effective leadership enhances the maximum corporation of subordinates and increases trust that foster organisational performances. The following categories emerged for the study “staff engagement and transparent reporting structures”.

**Staff engagement:** The effective discharge of duties in the Sustainable Resource Management and Financial Governance Unit in the North West Province necessitates for adequate engagement of staff in the decision-making process. Staff engagement could be best facilitated by appropriate leadership structures within the department. Direct quotes presented below were deduced from the participants’ response.

**Participant A** is of the view that:

*“Well, I can recommend good leadership that will adequately carry out the subordinates in the department for effective discharge of their duties for the good of the people. From what I have seen in this department over these years of working here, I can say that staff members are not adequately engaged so that is why I recommend good leadership.”*

South Africa earnestly needs a leadership framework with obligation to its establishing values as well as fit for monitoring institutionally, as organisations are mind boggling in nature. Far in excess of the conservation of organisations, the nation needs to perceive, as Bryce accomplished in excess of a hundred years' prior, that debasement is more than the taking of cash. Much more attentiveness would turn around the endless loop between the defilement of public qualities and public plundering and the regular robbery that stands up to public foundations (Mangcu, 2011:1165). Eventually, defilement in the political culture is probably not going to be fathomed outside the institutional structure and authority. The focal components of such an insurgency should be a participatory political culture supported by solid network-based establishments with the arrangement of information to draw in with government as equivalent accomplices, but then ready to consider it responsible, inside a more extensive political culture of neighbourhood government as local vote-based system.

**Transparent reporting structures:** Deducing from the participants' response, transparent reporting structure will help to enhance compliance with PFMA, thus recommended. Transparent reporting should be motivated by the leaders within the units. The following excerpts were deduced from the participants' responses.

**Participant B** stated:

*"There should be improvement in the leadership approaches that will be motivating for regular checks by the internal control units of the departments and this unit should be checked by the internal control units at the provincial level before auditor general can perform an overall performance audit. This will foster transparent reporting in the department so I think an improved leadership approach will help in monitoring the action flows in the department."*

**Participant C** further added:

*If the leaders are doing their work very well, there will be transparency and no or less noncompliance so I suggest that the leaders should be effective at reminding the departments on the regular need of complying with the PFMA. By reminding the department on the need for complying with the PFMA, I think they will sit up and do the right thing which will enhance transparency.”*

Similarly, **Participant E** responded:

*“When the leaders are doing their works, the subordinates will try to do the right thing, again, the leaders doing the right thing will make them adopt measures that will minimise errors and that could be achieved through adopting transparency reporting structures which the subordinates can easily adopt. So, to me, I will suggest that the departments should endeavour to put in place transparent structures that will enhance reporting in the department. You will see that such structures will improve leadership in the department.”*

**Participant H** further stated:

*“Leadership is crucial in our department and that needs to improve, because I can say that many things are not transparent here such as in this area of compliance with PFMA on maintenance of the fiscal policy. There is lack of transparency and that can be championed by the leaders. So, I recommend clear structures for reporting that will enhance compliance.”*

Succinctly **Participant I** recommended:

*“Departments need to be regularly reminded to comply with the PFMA.”*

**Participant J** further added:

*“I think adequate reporting to the necessary authority is important therefore monitoring of budget and expenditure on monthly basis, and approval of shift should be encouraged.”*

In support of the participants' response, John (2016:47) posits that the Exchequer Act, 1975, set explicit duties on Accounting Officials. Their errands were additionally characterised in the Financial Regulations; As far as Financial Regulation (1), an Accounting Officer is mindful to recognise and decide those basic administrations which he/she needs to give to address the issues of the state; decide inside the restrictions of the assets which has been or could be made accessible, the need which should be given to the arrangement of a specific assistance; decide and plan the most prudent methods by which a help can be adequately given; the accommodation and inspiration to the Treasury in such structure as the Treasury may decide for the allotment of cash for this reason; the most worthwhile use of cash distributed to him/her in the affirmed gauge; the normal assessment and, where conceivable improvement of the viability and the productivity accomplished in gathering the prerequisites and offering the types of assistance for which state funds have been made accessible; all consumption from state cash under his/her control and for guaranteeing that fitting position exists for all instalments made by him/her and on his/her sake.

Moreover, an accounting official is needed to give the Auditor-General a voucher or a request made as far as Segment 42, (9) (c) of the Exchequer Act of 1975, for each instalment made by him/her from state funds; the exactness of the bookkeeping records, accounts and other monetary reports under his/her control and for organising and keeping up sufficient frameworks of interior checks of and power over state cash, other state property and protections; answering to all inquiries which the Auditor-General in the presentation of his/her obligations may direct to him/her; expeditiously, advising his/her departmental bookkeeper when changes in departmental arrangement and organisation, as well as plan or administration or changes to a current venture, plan

or administration which will affect use or income, are being thought of; and the early accommodation to the Treasury of orders for credits from funds in the Paymaster-General's Account in regard of casted a ballot funds, which he/she needs to settle consumption (Viljoen & Van Rooyen, 1996:39).

#### **4.4 SUMMARY**

In this chapter, the study presented data analysis and presentation of findings. Themes and categories were generated through the data analysis which were discussed in line with participants' direct quotes and literature for in-depth understanding of the study. The next chapter presents the summary of findings and recommendations.

## CHAPTER 5

### SUMMARY OF FINDINGS AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

The previous chapter presented the results adopted in gathering data. From the data analysis, various themes and categories used for the study emerged and were discussed. The themes that emerged include poor service delivery in the province, maintenance of the fiscal policy, effective execution and performance of the PFMA and appropriate leadership structure. Furthermore, the discussion was elaborated by the addition of direct quotes and literatures for breadth and in-depth understanding of the study. The current chapter presents the summary of findings and recommendations.

#### 5.2 CONCLUSION OF CHAPTERS

The study at this point presents a summary of each chapter.

**Chapter one** presented an introduction to the study. The introduction gave brief information regarding the topic and the background to the study which further provided broad information regarding the study. The chapter further presented the problem statement which elaborated on the problem the study intends to address, the research objectives and questions. The chapter also presented a preliminary literature review as well as definition of key terms. The chapter presented a conscience research methodology in order to keep the reader informed including the delimitation of the study. Ethical consideration was further presented including the chapter layout and summary.

**Chapter two** presented the literature review. The literature review expanded on other studies. The literature review chapter was structured into headings and sub-headings that facilitated the understanding of the chapter. The chapter began with an introduction which gave brief information regarding the preceding chapter. The literature review

chapter further presented the historic context of the Public Finance Management Act, the effectiveness of public financial management system in South Africa, objectives of the Public Finance Management Act no. 01 of 1999, causes of noncompliance with the PFMA, factors affecting financial governance in the public sector and lack of financial management capacity. The chapter further presented out of line public acquirement, improper assignment of power, misappropriation of public assets and corruption, inappropriate planning and weak internal control system, the fiscal policy in South Africa and distribution impact on the fiscal policy. Furthermore, the chapter presented maintenance of fiscal policy and the summary.

**Chapter three** presented the research design and methodology. The chapter presented an introduction to the chapter and research paradigm. The research paradigm demonstrated the researcher's philosophical assumption which underpinned the study. The chapter further presented the research approach and the research design. The research design represented the research blueprint which further demonstrated the population of the study, sampling technique, and data collection procedure and data analysis. Furthermore, the chapter presented the trustworthiness, the ethical considerations and summary.

**Chapter four** presented the data analysis and presentation of findings. The chapter began with the introduction which gave a brief information regarding the preceding chapter. The chapter went further to present the interpretation of data and the research objective. The research objectives were presented in order keep the reader updated. Furthermore, the data coding and categorisation was presented including the presentation of findings. The study findings were presented and discussed in line with each of the study objectives and the emerged themes, categories, participants' direct quotes and literature for breadth and in-depth understanding of the study. The chapter concluded with the summary of chapter.

**Chapter five** presents the discussion of the findings, summary of the study and recommendation for further studies. For clarity, the discussion of findings was made in

line with the study objectives followed by the general summary of the study and recommendations.

### **5.3 ACHIEVEMENT OF RESEARCH OBJECTIVES**

The main aim of this study was to explore the following objectives:

#### **5.3.1. To explore the implications of noncompliance with public Finance Management Act (PFMA) on the maintenance of fiscal policy in North West Province.**

The participants answered questions derived from the objective to the best of their knowledge which fostered a clear understanding of the objective. From the participants' response, it is clear that noncompliance poses a challenge to the dividend of governance. The effects of noncompliance with public Finance Management Act (PFMA) stretches across the breadth of the department and the society. Noncompliance results in insufficient resources needed for ensuring good governance. One of the participants explained that the implication may be serious depending on the severity, and they affect the functionality of the government in terms of impacting on the available resources in running the country. These findings are in line with a study by Swart and Swanepoel (2019) whose findings revealed that noncompliance with the PFMA requirements by the North West Provincial departments and public entities will result in billions of Rands not being distributed to the intended incumbents.

The study further revealed poor budgeting. The poor budgeting potentially amounts to poor service delivery within the province. Some of the participants confirmed that noncompliance with the public Finance Management Act (PFMA) makes account managers budget bellow the actual estimate which could lead to inadequate service delivery. Furthermore, participants maintained that though the managers are trying they however end up with poor budgeting. The study further revealed that noncompliance with the PFMA results in various audit queries; seeking to understand how resources or

funds were spent. Noncompliance with the PFMA also results in poor development of communities as deduced from the participants' responses. Some of the participants confirmed that noncompliance with the PFMA amounts to the inability of the government to comprehend its adjustment on the spending level and unable to complement the GDP which negatively affects the service delivery. The research to this effect, concur that the noncompliance with the PFMA renders grave consequences to the economic growth and development of the province.

### **5.3.2 To explore the maintenance of the fiscal policy in the North West province by the provincial government.**

Deducing from the participants' response, it was revealed that the province maintains fiscal policy through various means. Some of the participants posit that the province maintains fiscal policy through regular checking of the department records which helps in providing decision makers with the information on the progress of objectives in the department. The responses from the participants further revealed that internal auditing is regularly carried out in the department and that has been proving successful in the maintenance of fiscal policy in the province. The finding further revealed that fiscal policy is being maintained through adoption of revenue enhancement strategies. Some of the participants confirmed that the fiscal policy is being maintained through revenue enhancement strategies and the government is seriously interested in seeing the strategies duly adopted because of its positive effects the service delivery.

The findings from this objective further revealed that the maintenance of fiscal policy is done through supporting budget policy matters. Participants confirmed that the provincial government tries maintaining fiscal policy through enough support on the budget policy matters. Participants further confirmed that encouraging support on the issues surrounding budget policies over the years has proven successful in the province.

### **5.3.3. To examine the effective execution and performance of the PFMA in the North West Province.**

The above research objective sort to examine the effective execution and performance of the PFMA in the North West Province. Participants were able to answer the research question derived from the objective coupled with the probing questions which enabled for broad understanding of the objective. The participants confirmed the effective execution and performance of the PFMA in the North West Province. Some of the participants stated that the department is trying to adhere to PFMA. The effective execution and performance of the PFMA in the North West Province has been yielding success as indicated by some of the participants. However, despite the success reported by some of the participants, the study also revealed a contrary report from some group of participants. For instance, some of the participants maintain that there is noncompliance with the PFMA in the departments. The finding further revealed that compliance with the PFMA is a challenge to the department despite the efforts of the managers in ensuring the success of the department. Though the PFMA is enforced by the financial management directors, there are still gaps which are hindering the success of the department.

### **5.3.4. To provide possible recommendations on measures which are taken on regular basis to upraise compliance with the PFMA and avoid noncompliance.**

The research objective enabled the provision of recommendations on measures to be taken on regular basis to upraise compliance with the PFMA and avoid noncompliance. Thus, participants were asked research questions derived from the objective and further probing questions which facilitated recommendations from the participants. The participants recommended engagement of staff members in the department through good leadership which will facilitate the effective discharge of their duties for the success of the department. The report from this objective further revealed the need for improvement in the leadership approach within the department that could foster motivation for regular check by the internal control units of the department and the

checking of the internal control units by the auditor general at the provincial level and their performance of overall audit. Furthermore, the recommendations by the participants revealed the need for leaders to be active in regularly reminding the department of the need to comply with the PFMA. This will facilitate transparency within the department.

The participants' recommendation further demonstrated the crucial need for leaders to lead by example in order to facilitate transparency. Subordinates follow the blueprint of their leaders hence effective leadership will foster compliance with the PFMA and avoid noncompliance. Effective leadership approach could facilitate the leader's adoption of transparent reporting structure capable of benefiting the subordinates. The participants further recommended that adequate reporting to the necessary authorities is crucial hence the monitoring of budgets and expenditure on a monthly basis.

#### **5.4 RECOMMENDATIONS**

Accountability is highly recommended among all financial managers in each Provincial Department and serious punishments for those embezzling the public funds in order to foster transparency in governance. This will also facilitate the appropriate utilisation of the public funds for the people.

Consequence management should be implemented in the province, managers in charge of departmental funds should also be held accountable for any funds that are spent irregularly.

The Provincial Treasury as the custodian of funds in the province should have a clear monitoring system in place to provide oversight.

The dividends of good governance should be seen in the provinces hence it is recommended that the managers at the various decision-making offices in the department should priorities enhancing the people's standard of living.

It is also recommended that the Accounting Officers at the provincial level should ensure that their subordinates at various levels of government are discharging their duties appropriately. This will foster transparency in reporting how funds were spent.

The study highly recommends adequate monitoring of funds allocation and utilisation in the communities in order to foster grassroots governance. This will also eliminate written policies which are seldom implemented whereby the leaders document policies rather than implement such in the communities where dividends of governance is expected.

## **5.5 SUGGESTION FOR FUTURE RESEARCH**

Noncompliance with public Finance Management Act (PFMA) on the maintenance of fiscal policy in North West Province is a serious challenge to dividends of good governance as seen in this study.

Hence, research is recommended in order to explore the perceptions of various management in financial units of each provincial department on the dividends of good governance. The understanding of their perceptions in this regard will help to ascertain if they really understand what good governance is about. Because, their perception on good governance influences their thinking and decisions.

Studies should focus on exploring the perceptions of communities on dividends of governance in order to ascertain their response regarding how projects are executed in their areas. This will help to eliminate unimplemented projects by the leaders who collect allocations without effectively discharging their duties in the communities.

Future research should investigate the root cause of noncompliance with the PFMA and the public should be educated on the expenditure of taxpayer's money to enable them to hold Accounting Officers liable. The AGSA Consolidated PFMA reports should also be investigated and analysed as secondary financial management data.

## **5.6 SUMMARY**

The study was properly introduced with an expanded background to the study. The problem statement was clearly stated which demonstrated the research problem and the need to explore it. A research objective was drafted with four different sub-objectives. In order to actualize the study objective, various questions were drafted. Literature were reviewed for in-depth understanding of the study. Data analysis was carefully conducted and discussed for in-depth understanding of the study. This current chapter appropriately presented the summary of findings and recommendations. The recommendations covered recommendations for governance and recommendations for research. This study contributes to making the public and taxpayers aware of the noncompliance of the national, provincial and public entities to the PFMA (1999) requirements. Further, the study creates awareness for the Ministers and Accounting Officers to enhance their capacity in financial management. The study highlights the deficiencies and challenges in proper public finance management which is essential to improve South Africa's economic development.

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## APPENDIX A: INFORMATION SHEET AND CONSENT TO PARTICIPATE IN RESEARCH

Dear participants

My name is Florah Oageng. I am studying towards a Master in Business Administration (MBA) at the North-West University (NWU). As part of my studies, I am required to conduct a research study. The topic for my research study is: ***Implications of noncompliance with public finance management act (PFMA) on the maintenance of fiscal policy in North West Province.***

You are being invited to consider participating in a research study that involves Implications of noncompliance with the Public Finance Management Act (PFMA). The primary objective of the study is to measure and analyses the implications of noncompliance of the Public Finance Management Act (PFMA) and to evaluate the maintenance of the fiscal policy in the North West province by the provincial government. **Please note that you can only participate in the research study if you have read and understood the information contained in this document and agree to participate by signing at the bottom of the document.**

People who can participate in the study will be between the ages of 18 and 60. They will be employed (either part-time or full-time) with the Provincial Treasury. Additionally, they will be dealing with noncompliance issues of the North West province. If you do not meet the criteria stated above, you will not be eligible to participate in the research study.

Interviews will be the only means of collecting data about the study. You will be required to fill some biographical information for statistical purposes. This data will be kept confidential and will not be shared with any third parties. The interviews will be audio-recorded, provided that you, the participant, agree to the audio recording of the interview. If not, your specific interview will not be audio-recorded. Instead, notes will be

taken. The interview will take place at a venue agreed by you and the researcher. The interview will take approximately 90 minutes in duration. Once the data is collected (through interview recording and/or notes), data will be transcribed. The researcher will use the services of a qualified transcriber to transcribe the interviews. The transcriber will sign a confidentiality clause (i.e., he or she will not be allowed to talk to anyone about any aspect of the data). As soon as data has been transcribed it will be deleted from the recorders. The transcripts will be stored on a password-protected computer. All co-coders will sign confidentiality clauses.

Data will be analysed so that themes can be reported as findings of the research study. The data from this study will be reported in the following ways: a) data will be written up as a research paper for examination purposes and b) data will be published as articles. Please be reminded that in all of this reporting, you will not be personally identified. This means that the reporting will not include your name or details that will help others know that you participated (e.g., your name, address or the name of your employer). This is a once-off study. The data collected during this study will not be reused. Please be assured that the information collected about you will be protected. The findings of the study will be reported in a way that does not make it possible for the reader to know your identity. When direct quotes are used in the report, an alias will be used instead of your real name in order to protect your identity. The report will present themes coming out of the data collected (collective) instead of your individual contribution.

This research is not funded. You will not be paid for your participation. It is anticipated that your participation in this research study will afford an insight on compliance issues and its consequences. Please note that sharing your story may be personal and perhaps uncomfortable. It is hoped that you will benefit from participating in this research study by using this study as a platform for you to share your story and make the larger society aware of black tax. You are encouraged to share only what you are comfortable sharing.

Please also remember that your participation is voluntary. You are free to decline to participate. You can withdraw at any point during the process, although you agree to participate now. You will not be penalised for withdrawing nor questioned about your reasons for withdrawing.

This study has been ethically reviewed and approved by the Economic and Management Sciences Ethics Committee (EMS-REC) at NWU (approval number\_\_\_\_\_). In the event of any problems or concerns/questions you may contact the researcher at ([oagfofo@gmail.com](mailto:oagfofo@gmail.com) or 072 552 9180) or Research supervisor: Prof Ravinder Rena, contact details as follows: [Ravinder.rena@nwu.ac.za](mailto:Ravinder.rena@nwu.ac.za), Cell no: 0847828059

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## INFORMED CONSENT FORM

By signing below, I ..... agree to take part in a research study entitled: Implications of noncompliance with public finance management act (PFMA) on the maintenance of fiscal policy in North West Province.

I declare that:

- I have read and understood this information and consent form and it is written in a language with which I am fluent and comfortable.
- I have had a chance to ask questions to both the person obtaining consent, as well as the researcher (if this is a different person), and all my questions have been adequately answered.
- I understand that taking part in this study is voluntary and I have not been pressurised to take part.
- I understand that what I contribute (what I say) could be reproduced publicly and/or quoted, but without reference to my personal identity.
- I may choose to leave the study at any time and will not be penalised or prejudiced in any way.
- I may be asked to leave the study before it has finished, if the researcher feels it is in my best interests, or if I do not follow the study plan, as agreed to.
- You may contact me again ☐ Yes ☐ No
- I would like a summary of the findings of this research ☐ Yes ☐ No
- The best way to reach me is:

Name & Surname: \_\_\_\_\_

Signed at (*place*) ..... on (*date*) ..... 20....

**Signature of participant    Signature of witness**

## **APPENDIX B: INTERVIEW QUESTIONS**

### **IMPLICATIONS OF NONCOMPLIANCE WITH PUBLIC FINANCE MANAGEMENT ACT (PFMA) ON THE MAINTENANCE OF FISCAL POLICY IN NORTH WEST PROVINCE**

1. What are the implications of noncompliance with the PFMA by departments?
2. In your own opinion, to what length does noncompliance affect the fiscal policy?
3. To what extent is there effective execution of the PFMA in the North West Province?
4. What measures are in place to upsurge compliance with the PFMA and avoid noncompliance in your department?
5. Do you think provincial departments have a clear understanding of the PFMA?
6. What has been the role of the internal auditors and the Audit Committee of the Provincial Treasury in ensuring that internal control systems prevent irregular expenditure?
7. What measures have been taken for maintenance of the fiscal policy in the North West province by the provincial government?
8. How does the Provincial Treasury ensure monitoring and oversight of the departments?
9. Does the Provincial Treasury have consequence management for a department that fails to comply with the PFMA? If yes, please elaborate.
10. Do you think the department faces challenges in complying with the PFMA? If yes, briefly explain.

## APPENDIX C: REQUEST FOR PERMISSION TO CONDUCT RESEARCH

Mr N.I Kunene  
Head of Department  
North West Provincial Treasury  
2<sup>nd</sup> Floor East Wing, Garona Buildings  
Mmabatho

28 August 2019

**SUBJECT: REQUEST FOR PERMISSION TO CONDUCT RESEARCH PROJECT IN THE NORTH WEST  
PROVINCIAL TREASURY**

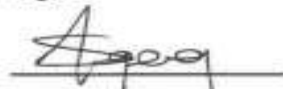
My name is Mmaleso Florah Oageng, and I am student at the North West University in Mafikeng (20908849). In fulfilment of the requirement of Masters of Business Administration (MBA) program, I am required as part of the studies to conduct research under the supervision of Prof. Ravinder Rena. My research topic is about "Implications of non-compliance with Public Finance Management Act (PFMA) on the maintenance of the Fiscal Policy in the North West Province"

I will gladly appreciate the opportunity to interview the respondents from the Provincial Treasury, my unit of analysis will include Sustainable Resource Management and Financial governance programmes.

Kindly be advised that the information that is provided by any participant as part of the research will be treated as private and confidential, and will appear in the dissertation as part of the study's findings and recommendations.

Your response will be highly appreciated.

Regards



Miss M.F Oageng

072 552 9180

## APPENDIX D: PERMISSION TO CONDUCT RESEARCH



### provincial treasury

Department:  
Provincial Treasury  
North West Provincial Government  
Republic of South Africa

Second Floor, Garona Building, Mmabatho  
Private Bag X2060  
MMABATHO 2735  
[www.treasury.nwpg.gov.za](http://www.treasury.nwpg.gov.za)

Enquiries: Nerine Nelson  
Tel: 018 388 5678  
Fax:  
Email: [nnelson@nwpg.gov.za](mailto:nnelson@nwpg.gov.za)

### OFFICE OF THE HOD

Ms. M.F. Oageng  
20104 Mosiane View  
Gopane Street  
Mafikeng  
2745

Per email: [oagfoto@gmail.com](mailto:oagfoto@gmail.com)

#### REQUEST FOR PERMISSION TO CONDUCT RESEARCH PROJECT IN THE NORTH WEST PROVINCIAL TREASURY "IMPLICATIONS OF NON COMPLIANCE WITH THE PUBLIC FINANCE MANAGEMENT ACT (PFMA) ON THE MAINTENANCE OF THE FISCAL POLICY IN THE NORTH WEST"

Your request to conduct your research at Provincial Treasury regarding the above subject bears reference.

The Department wishes to confirm that your request has been acceded to. In completion of your study, you are kindly required to provide the department with a bound copy of the research or findings and recommendations.

For further enquiries you may liaise with the Office of the Accountant General on 018 388 3039 and the Office of the Chief Director: Budget and Public Finance on 018 388 4351.

Regards,

  
Mr. NI Kunene  
Head of Department  
Date: 04/07/2017



Together we move North West Province forward.

## APPENDIX E: CERTIFICATE FOR ETHICAL CLEARANCE



Private Bag X6001, Potchefstroom  
South Africa 2520

Tel: 018 299-1111/2222  
Web: <http://www.nwu.ac.za>

Economic and Management Sciences Research Ethics  
Committee (EMS-REC)

Tel: 018 299-1427  
Email: [Bennie.Linde@nwu.ac.za](mailto:Bennie.Linde@nwu.ac.za)

Prof R Rena

*Per e-mail*

Dear Prof Rena

### **EMS-REC FEEDBACK: 15112019**

**Student: Oageng, MF (20908849) (NWU-00815-19-A4)**

**Applicant: Prof R Rena – MBA**

Your ethics application on, *Implications of non-compliance with public finance management act (PFMA) on the maintenance of fiscal policy in North West Province*, that served on the EMS-REC Ad Hoc Business School meeting of 15 November 2019, refers.

### **Outcome:**

Approved as a minimal risk study. A number NWU-00815-19-A4 is given for three years of ethics clearance. It is recommended that the questionnaire gets language edited.

Kind regards,

A handwritten signature in dark ink, appearing to read 'B. Linde', is positioned above the printed name of the signatory.

Prof Bennie Linde

Chairperson: Economic and Management Sciences Research Ethics Committee (EMS-REC)  
Potchefstroom Campus

## APPENDIX F CERTIFICATE OF LANGUAGE EDITING

Glen Park View  
539 Delphi Street  
Waterkloof Glen  
Gauteng  
1001  
December 2020

TO WHOM IT MAY CONCERN

### CERTIFICATE OF EDITING

I, Kamogelo Nelly Gaesite, confirm and certify that I have read and edited the entire research paper titled **Implications of Noncompliance with Public Finance Management Act on the Maintenance of Fiscal Policy in the North West Province** by Ms Mmaleso Florah Oageng, **Student number: 20908849**, presented to the **Faculty of Economic Management and Sciences**, at the **North West University - Mafikeng Campus** in partial fulfilment of the requirements for degree of **Master of Business Administration**. Ms **Oageng** was supervised by Prof. Ravinder Rena of North West University.

I hold a Certificate in Editing: Principles and Practice, among others, and am trained to edit work of such nature for language and according to academic specifications.

The views and research procedures detailed and expressed in this dissertation remain those of the scholar.

Yours sincerely,



Ms Kamogelo Gaesite  
0839925102

## APPENDIX G: SIMILARITY INDEX

ORIGINALITY REPORT			
11%	7%	0%	6%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
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