Assessing the impact of irregular expenditure on service delivery in the North West Provincial Treasury department

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Abstract

Good governance warrants that politico-economic and social goals are directed at a large consensus and that allocation of resources takes into consideration the disadvantage parts of society. The aim of this study was to explore the impact that irregular expenditure has on service delivery in the North West Provincial Treasury Department in South Africa. The study was informed by both the principal-agent theory and the stewardship theory.

A qualitative research approach was employed utilising semi-structured interviews to collect primary data from research participants. Thematic analysis was carried out with the aid of the NVivo qualitative data analysis programme. The findings of the study revealed that the sources of risk that affect service delivery in the North West Provincial Treasury Department comprises of lack of capacity, lack of pre-emptive measures, law enforcement challenges, and poor organisational culture. In addition, the factors that affect service delivery in the North West Provincial Treasury Department include budget constraints, corruption, lack of political will, and poor leadership.

Also, the two major impacts of irregular expenditure on service delivery in subordinate departments in the North West include poor service delivery, and strain on budget. Further, the measures that are in place to control irregular expenditure in the North West Provincial Treasury Department include consequence management, monitoring and evaluation, staff training, and strategic sourcing. And lastly, recommendations that can be made to control irregular expenditure in the North West Provincial Treasury Department include regularly monitor budgets and expenditures to enable early detection of any deviations; monitor compliance rates; follow proper supply chain practices; use early warning systems; ensure transparent and regular reporting on irregular expenditures; strengthen internal control and recover assets from affected employees; institute consequence management; maintain the pillars of public expenditure – fairness, equity, transparency, cost effectiveness and efficiency; subject bids to probity assessment; and engage communities.

Keywords: Expenditure; Service Delivery; PFMA; Public Sector Procurement; North West Provincial Treasury

JEL classification codes: H83; H72; D73; D78; H11.

Declaration

I, Ofentse Keebine, declare that this document titled Exploring the impact of irregular expenditure on service delivery in the North West provincial treasury department is original work of mine, and all references utilized or mentioned have been properly cited and recognized. All of the materials included in this mini-dissertation that came from outside sources have been properly cited.

Researcher

Signed: O.KEEBINE Date: 29/08/2025

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When I prayed to the Heavenly Father for strength, He answered, and I am grateful for all the work I was able to do. When I wanted to give up, wisdom and the will to complete my study during good and bad times. He is indeed the Alpha and Omega.

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Last but not least, to my Family, thank you for the love and support including those of my friends and associates, you were there for me when I felt like giving up. May God continue to bless you all.

I thank you.

List of Acronyms

AO	Accounting Officer
AGSA	Auditor General of South Africa
CoGTA	Department of Cooperative Governance and Traditional Affairs
ICT	Information Communication and Technology
MFMA	Municipal Finance Management Act
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
SCM	Supply chain management
SNGs	Subnational governments
UNDP	United Nations Development Programme

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

This study sought to explore the impact that irregular expenditure has on service delivery in the North West Provincial Treasury Department in South Africa. The practice of giving commodities, resources, and help to people or communities to satisfy their needs and enhance their general well-being is referred to as service delivery (Wyk, 2011). Also, when discussing government spending in South Africa, the term service delivery refers exclusively to the delivery of public services by government agencies (Wyk, 2011). In contrast, irregular government spending in South Africa has raised concerns as it impedes the delivery of effective services (Thusi & Selepe, 2023). The following sections contains the background of the study, problem statement, significance of the study, research objectives, research questions, definition of frequently used terms, the study outline, and conclusion.

1.2 Background of the study

Glasser and Wright (2020) explained that some South African departments tend to experience financial distress because of irregular expenditure of government departments exposed in the adverse opinion from the Auditor General. In other words, one or more of the PFMA or Supply Chain Management (SCM) Acts, as well as other laws, were not followed. Irregular expenditure refers to expenditures that do not comply with the prescribed regulations or legal requirements. It typically involves instances where proper procurement processes were not followed or where there was a failure to obtain the necessary approvals or documentation. Conversely, fruitless expenditure refers to expenditures that were made in vain or without any benefit being derived. It often occurs when payments are made for goods or services that were not provided, or when unnecessary expenses are incurred due to poor decision-making or neglect (Agsareports.co.za, 2020-2021).

For the benefit of the people living in the province, the Provincial Treasury's function in service delivery is essential to guaranteeing the effective and efficient use of public funds (Sambo, 2022). The government through its departments ought to invest resources to maintain contracts, guarantee public and national security, discourage crime, and deliver valued public goods to safeguard that markets perform well and stimulate economic growth (Emeru, 2023). Provincial Treasury plays a vital role in service delivery by overseeing financial management, budgeting, and resource allocation within their respective provinces. They oversee keeping an eye on and managing government spending while guaranteeing adherence to financial policies and guidelines.

Provincial Treasury collaborates closely with government agencies and departments to create budgets that balance budgetary sustainability and responsibility with the priorities and requirements of the province (Treasury.gov.za, n.d.).To accomplish this mandate, the government needs to earn revenue through taxes and other sources; and the government needs to deploy resources in a lawful manner (Rahman, 2019). Hence, the PFMA 29 of 1999, section 38, takes care of all the financial implications that occur within the government to provide guidance and safety to all assets and monetary related issues to be managed in a proper and effective way (National Treasury, 2010a). The PFMA 29 of 1999 section 38 further states that the Accounting Officer (AO) is the official entrusted with the management of all resources of a department. Under the PFMA section 38, the AO must have a system of internal audit under the control and direction of an audit committee that ensures compliance in accordance with the regulations and instructions prescribed in terms of sections 76 and 77; and that safeguards appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective in terms of proper management of the SCM process and compliance (National Treasury, 2010a).

Service delivery is the foundation of any project because it has a direct bearing on the quality and potency of services provided to the community. Inconsistent spending within a project can negatively impact the provision of services. This sort of expenditure alters the regular flow of resources, which can cause delays in project completion or even result in the total inability to provide the services that were promised (Agsareports.co.za, 2020-2021). The misuse of public funds in South Africa's government organisations presents a serious obstacle to effective and efficient utilisation of resources (Glasser & Wright, 2020). The term "irregular expenditure" refers to spending that differs from customary and expected procurement procedures, potentially leading to financial mismanagement, corruption, and resource waste (AGSA, n.d.).

Performance evaluation is a must to ensure that there is accountability of tax payers' money, and performance audits assess if service delivery is being undertaken effectively in a very professional, cost-effective manner (Glasser & Wright, 2020). According to (De Lange, 2013) the SCM regulations are very difficult to execute, unless there are adequate internal controls to check compliance with these regulations. However, respect to every procurement transaction, it will be almost impossible to eliminate irregular expenditure irrespective of the monetary value involved. Inaccurate spending within a project can negatively impact the provision of services. This kind of spending frequently results in overspending and poor financial management, which can cause delays or even the total inability to provide services as planned. The project's overall performance is hampered by the misallocation of resources that could be used to improve service delivery in favour of irregular expenses (Agsareports.co.za, 2020-2021).

Table 1.1 below shows a five-year cycle of audit outcomes of departments identified in the study that are based in the same precinct as the Provincial Treasury in the Garona Building, Mmabatho, in the North West Province of South Africa (AGSA, n.d.). Contained in Table 1.1 are the auditees' audit opinions showing the irregularity incurred by some of the North West Provincial departments over the past five years.

Table 1.1: Auditees' audit opinions over the past five years

Number	Auditee	Auditee type	Portfolio	Audit outcomes 2019-20	2018-19	2017-18	2016-17	2015-16
				Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
155	Education	DP	NW	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
173	Office of the Premier	DP	NW	Unqualified with findings	Qualified	Qualified	Qualified	Qualified
177	Provincial Legislature	DP	W	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
366	Human Settlements	DP	NW	Disclaimer	Qualified	Qualified	Qualified	Qualified

Legend (audit outcomes)	Unqualified with no findings	Unqualified with findings	Qualified with findings	Adverse with findings	Disclaimed with findings	Audit not finalised at legislated date	New auditee
DP = department							

Source: AGSA (n.d.)

The above five-year cycle further indicates why it is important for a department to minimise irregular transactions as it will eventually affect the performance of the said departments and further instil a negative mentality to the public (AGSA, n.d.). Better governance should be in relation towards excellent administration as well as the insertion of communal society and the private sector during the administration of public affairs. It can also enable people from the community to have free access, ensure that their points are raised, have people representing them and be able to associate with others freely (Glasser & Wright, 2020). The public, as a result, develop into rights-holders, and as such claim their rights using responsible, effective and efficient institutions. Lack of good governance, which is caused by irregular expenditure in terms of failure to perform duties effectively, produces inconsistency, unfairness, deficiency and disorder within the public (Glasser & Wright, 2020).

1.3 Problem statement

The main problem under study is the impact that irregular expenditure has on service delivery in the North West Province of South Africa. The PFMA 1 of 1999 mandates that departmental heads take all appropriate action to stop unauthorized, irregular, pointless, and wasteful spending. However, unauthorised, irregular, fruitless and wasteful expenditures have continued over the years resulting in the North West Province of South Africa being placed under administration by the government in May 2018 (Times Live, 2018). This was because of instability from community level to a labour level, over alleged corruption and mismanagement which the community was protesting misuse of funds by the provincial departments and lack of service delivery in the process.

According to Businesslive (2022), national government withdrew from the province on the 31st of March 2022. The findings of the auditor-general confirmed that the provincial government is on a positive trajectory and the task team believes sufficient progress has been made to warrant a phased withdrawal. Seven departments received unqualified audits, including the office of the premier, which retained its unqualified status for the second year. Irregular, poorly managed and potentially corrupt contracts in the provincial government had been terminated and referred to law enforcement agencies. Nine provincial officials, including two heads of departments, had been dismissed after disciplinary processes. These cases related to financial misconduct and maladministration. Therefore, it is urgently necessary to address the issue of irregular expenditure by South African government organisations.

1.4 Significance of the study

The study meets an important need in the public sector and academia by suggesting information on the impact of irregular expenditure on service delivery and measures to reduce irregular expenditure. Service delivery is the basis of any development because it has a direct impact on the effectiveness and quality of services offered to the community. Inconsistent spending within a programme can negatively impact the provision of services. This type of expenditure alters the regular flow of resources, which can cause delays in project achievement or even result in the total failure to deliver services.

1.5 Research objectives

1.5.1 Primary research objective

The main research objective of the study was to explore the impact that irregular expenditure has on service delivery in the North West Province of South Africa.

1.5.2 Secondary research objectives

The secondary research objectives of the study were as follows:

- To establish the sources of risk that affect service delivery in the North West Provincial Treasury Department.
- To establish factors that affect service delivery in the North West Provincial Treasury Department.
- To establish the impact of irregular expenditure on service delivery in subordinate departments of the North West.
- To establish measures to control irregular expenditure in the North West Provincial Treasury Department.
- To find recommendations that can be made to control irregular expenditure in the North West Provincial Treasury Department.

1.6 Research questions

1.6.1 Primary research question

The main research question of the study was *what is the impact of irregular expenditure on service delivery in the North West Provincial Treasury department?*

1.6.2 Secondary research questions

The secondary research questions of the study were as follows:

- What are the sources of risk that affect service delivery in the of North West Provincial Treasury Department?
- What are the factors that affect service delivery in the North West Provincial Treasury Department?
- What is the impact of irregular expenditure on service delivery in subordinate departments in the North West?
- What measures are in place to control irregular expenditure in the North West Provincial Treasury Department?
- What recommendations can be made to control irregular expenditure in the North West Provincial Treasury department?

1.7 Definitions of frequently used terms

This section covers the explanation of terms that were frequently used in this study:

- **Audit report** is what auditors find and give their opinion with regards to whether an organisation's financial statements comply with the relevant accounting standards (AGSA, 2023).
- **Service delivery** is a term used frequently in South Africa to characterise how basic resources such as land, housing, electricity, water, and sanitary infrastructure are distributed among the population (Cfr.org, n.d.).
- **Internal control** is a process, prompted by an organisation's supervisory body, management and other staff, intended to offer reasonable assurance that information is trustworthy, correct and timely, and of compliance with appropriate laws, regulations, contracts, policies and procedures (OECD, 2023).
- **Supply chain management** is the management of the flow of goods, information, and finances associated to a product or service, from the procurement of raw materials to the delivery of the product at its final destination (Keifer, 2010).
- **Public Finance Management Act (PFMA)** is the enabling legislation for the handling of monetary related matters that enable the management of state funds (National Treasury, 2010a).
- **Internal audit** is a unit that provides independent assurance that an organisation's risk management, governance and internal control processes are operating effectively (Chartered Institute of Internal Auditors, 2023).

- **Irregular expenditure** is any type of expenses that are not in line with the laws and regulations that may result in disciplinary action for the party involved (AGSA, 2023).
- **Fruitless and wasteful expenditure** refers to expenditure that was made in vain and could have been avoided had reasonable care been taken (AGSA, 2023).
- **Unqualified audit report** is the Auditor General's statement when classifying whether the government's financial stance or situation is in accordance with the laws and regulations, and whether transactions were done accordingly, and the financial statements are free from material misstatements, have no material findings on reporting on performance objectives or non-compliance with legislation (AGSA, 2023).
- **Qualified audit report** is the total opposite of an unqualified audit report, in a sense that any information that was provided to the Auditor General was not enough and the department did not make transactions that were in line with the laws and regulations. More specifically, the financial statements contain material misstatements in specific amounts, or there is insufficient evidence for auditors to conclude that specific amounts included in the financial statements are not materially misstated (AGSA, 2023).
- **Disclaimer of audit opinion** is when the auditor general was not given enough information to conduct the audit, which can either mean that information was not handed in and there was not enough evidence to conduct an audit. More formally, it is when the auditee provided insufficient evidence in the form of documentation on which to base an audit opinion (AGSA, 2023).
- **Government** is the political system by which a country or community is administered and regulated (Britannica.com, 2023).

1.8 The study outline

Chapter 1 reports the introduction, background of the study, problem statement, significance of the study, and the research objectives and questions. The chapter also contains the definitions of frequently used terms and the study outline.

Chapter 2 reports the literature review on the impact of irregular expenditure and service delivery.

Chapter 3 reports the research methodology and procedures that were followed in this study. The chapter also clarified the motivations for undertaking a qualitative study and described the population and sampling size including the research limitations.

Chapter 4 reports the data analysis results following the interviews with the research participant and reports the discussion of the results of the study with respect to the research questions.

Chapter 5 reports the conclusions and recommendations of the study. Also, the research is evaluated and suggestions for future research directions are furnished.

1.9 Conclusion

Chapter 1 has ushered in the study that unauthorized, wasteful, or fruitless spending that deviates from laws and regulations which monitors how funds are spent by the government or municipalities is referred to as irregular spending.
A government agency must make every effort to reduce unforeseen expenses since they damage the organization's reputation for the work and efforts it will be evaluated on and give the public the impression that it is not fulfilling its missions, service delivery and sticking to its work schedule.

The chapter reported the background of the study, problem statement, significance of the study, research objectives, research questions, definition of frequently used terms, and the study outline. Chapter 2 reports the literature review on the impact of irregular expenditure and service delivery.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Chapter 2 is the literature review on the impact of irregular expenditure and service delivery. The study was aimed at evaluating the impact of irregular expenditure on departmental performance in the Northwest Province of South Africa. The study's theoretical review, which explains the stewardship and principal-agent theories, is presented in the following sections. Abnormal spending and elements influencing service delivery come next. The review also discusses how irregular spending affects service delivery, how to control irregular spending, and its conclusion.

2.2 Theoretical review

The theoretical basis of this research are described in detail in this section. Both the stewardship theory and the principal-agent theory, which are crucial to this research, are included in the ensuing subsections.

2.2.1 Principal-agent theory

The principal-agent theory (Ceric, 2013) ensures that in every business or economic transaction, the connection between the principal (owner) and the agent (contractor) is covered**.** According to Ceric (2013) the principal-agent theory is rooted on "information asymmetry, in which one of the two parties is better informed than the other, and in which they do not share the same interests, and as a result of this, in these kinds of interactions, opportunistic behaviour is expected"(Ceric, 2013). Additionally, the author claimed that the idea of asymmetric information is crucial to contemporary economic theory and, as such, has a significant impact on both economics and management (Ceric, 2013). Widmalm (2016) stated that the principal-agent theory is often chosen as a very useful tool for probing and monitoring corrupt practices in business and public management.

In the 1970s, Joseph Stiglitz, Michael Spence, and George Akerlof made significant contributions to the development of the information asymmetry theory that forms the foundation of the principal-agent theory. To adapt the principal-agent theory to public administration, the study refers to "the Constitution of South Africa, 1996, that has set out the various responsibilities of government and assigns activities to various spheres of government or to particular types of entities. Legislation sets out the mandate, authority, roles and obligations of particular organizations in carrying out the tasks specified in the Constitution. Utilising other public or private sector organisations to carry out specific tasks may occasionally be more practical and efficient. Because of this, some entities (the principals) have specific acts or transactions carried out by another entity (the agent) or on behalf of other entities (the principals). However, the final accountability for the different actions or transactions still rests with the entities identified in legislation (the principals)" (National Treasury, 2021).

As illustrated on the right-hand side of Figure 2.1, "a principal-agent arrangement is where one entity (the agent) represents the interests of another entity (the principal) when that entity (the principal) transacts with third parties. Representing the interests of another entity could include undertaking specific transactions, or it could include having interactions with third parties on an entity's behalf such as negotiating a contract" (National Treasury, 2021).

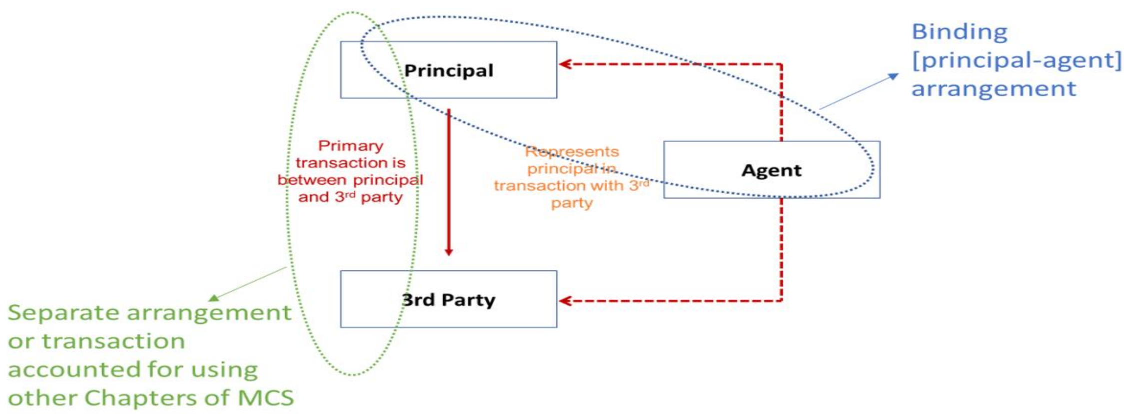

Figure 2.1: Accounting by principals and agents
Source: National Treasury (2021)

However, as shown in Figure 2.1, when there are no transactions with third parties, "the arrangement is not a principal-agent arrangement, and the entity then acts in a capacity as a principal rather than as an agent" (National Treasury, 2021). Therefore, "without a third party involved, one party is simply delivering goods or services" (National Treasury, 2021).

2.2.2 Stewardship theory

The stewardship theory has influenced the work of the majority of organizations whose goal is to safeguard, conserve, and maintain economic, social, and natural resources for the benefit of communities and stakeholders. (Contrafatto 2014).According to this view, management should act as stewards of performance. It enables management to take independent action free from the influence of the public and politicians. By creating policies and procedures to govern performance, it gives managers the chance to carry out the intended level of performance. Torfing and Bentzen (2020) added that stewardship theory model offers excellent substitute for agency theory as a trust-based model, especially in the public sector where high levels of motivation are necessary for staff members to meet the always rising expectations of the public.

2.3 Irregular expenditure

According to the Public Finance Management Act of 1999, irregular expenditure is considered as an expenditure that does not include an unauthorised expenditure, but that which is incurred in breach of or not in agreement with a requirement of any applicable law including:

(i) “the Public Finance Management Act No. 1 of 1999;”

(ii) “the State Tender Board Act, 1968 (No. 86 of 1968), or any regulations made in terms of that Act;” or

(iii) “any provincial legislation that provides for procurement procedures in that provincial government” (National Treasury, 2014).

This description of irregular expenditure is pertinent to all national government departments, and in addition to other government sectors. Figure 2.2 illustrates the identification and recognition of irregular expenditure in the Republic of South Africa.

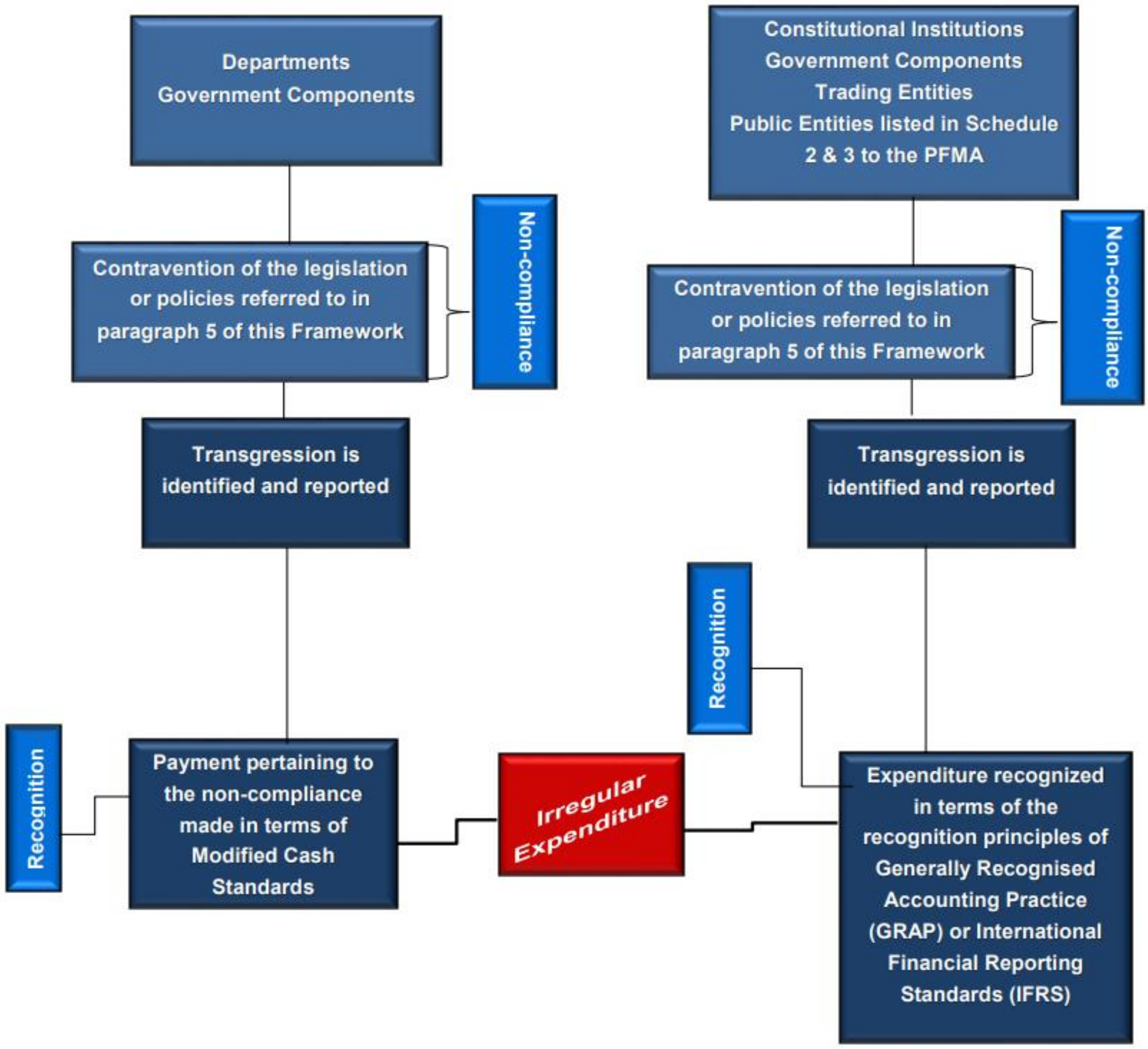

Figure 2.2: Identification and recognition of irregular expenditure

Source: National Treasury (2019)

Figure 2.2 above shows that “for a transaction to constitute an irregular expenditure it must meet the following conditions”:

a) “it must be incurred in contravention of the legislation or policies; and”

b) “it must be “incurred” upon recognition of a financial transaction as:”

(i) “an expenditure in accordance with the accounting framework applicable to departments and government components operating on a Modified Cash basis of accounting;”

(ii) “a liability in accordance with the accounting framework applicable to trading entities, government components, constitutional institutions and public entities operating on an accrual basis of accounting” National Treasury (2019).”

Therefore, according to the National Treasury (2019), a financial transaction must be connected to the non-compliance in order for a department or government component to incur irregular expenditures. This indicates that a department or government component will only record irregular expenditures when a payment related to the non-compliance is actually made, even when a transaction, situation, or occurrence may generate irregular expenditures. Only government agencies that now use the National Treasury's Modified Cash Standard and the modified cash basis of accounting are subject to these restrictions. Additionally, if at all possible, irregular expenditures are identified before a payment is made. Until payment is received, the violation will be considered a non-compliance matter; after that, irregular expenditure will be documented. Therefore, non-compliance that is fixed before a payment is issued won't lead to any unauthorized spending. This needs to be a component of the framework that was put in place to stop such spending (SA, 2015).

Figure 2.3 shows the process flow for irregular expenditure. According to Figure 2.3, assessment of irregular expenditure begins with the determination of irregular expenditure or the investigation of irregular expenditure. Under the determination of irregular expenditure, there are the loss control or another relevant function and the human resources function if there is a loss. These functions lead to recovery and disciplinary processes respectively. However, when there are no losses or fraudulent or criminal acts reported, the relevant authority triggers a condonation process that may be referred to the accounting officer or accounting authority for removal in the notes to the annual financial statements. On the other scenario outlined in Figure 2.3, the investigation of irregular expenditure is referred to the law enforcement agencies and this may result in a fraudulent corrupt or criminal act.

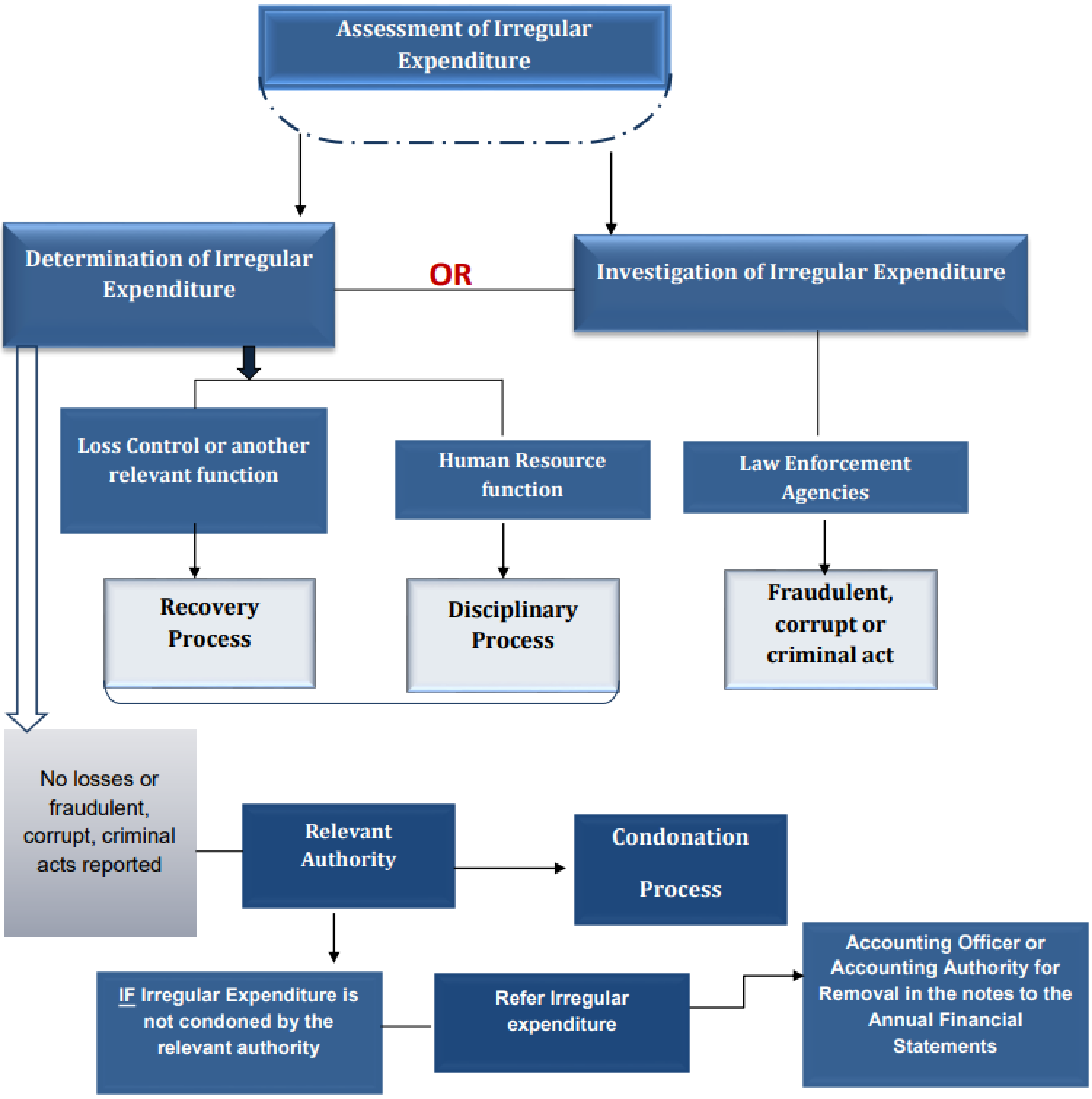

Figure 2.3: Process flow for irregular expenditure

Source: National Treasury (2019)

2.4 Service delivery in South Africa

South Africa has three tiers of government namely “the national, provincial and local governments” (Shongwe & Meyer, 2023; Kaywood, 2021). The local government sphere has a total of 257 municipalities that are responsible for the provision of basic services such as electricity, water, sanitation, and more (Shongwe & Meyer, 2023). In addition, the various municipalities ought to deliver services in a free and unbiassed manner (Shongwe & Meyer, 2023; Kaywood, 2021) and must be answerable to the voting public (Shongwe & Meyer, 2023; Kaywood, 2021). Further, community participation in the affairs of municipalities is very important because this may facilitate the realisation of positive results as regards social and economic development since community members can be important in the formulation of development plans (Shongwe & Meyer, 2023; Kaywood, 2021). The municipality is the appropriate establishment of the tiers of government that directly interrelates with the people because it is directly involved in the local population's day-to-day activities (Shongwe & Meyer, 2023; Kaywood, 2021).

The Constitution of the Republic of South Africa (1996) clearly states that "public administration must be governed by the democratic values and principles enshrined in the Constitution of the Republic of South Africa, which include the following principles extracted from Section 195(1) of the Constitution: (a) A high standard of professional ethics must be promoted and maintained; (b) efficient, economical and effective use of resources must be promoted; (c) public administration must be development-oriented; (d) services must be provided impartially, fairly, equitably and without bias; (e) people's needs must be responded to, and the public must be encouraged to participate in policy-making and (f) public administration must be accountable" (RSA 1996). However, most municipalities in South Africa are inefficient and seen to be unsuccessful in improving the value of service delivery (RSA 2009).

There are several factors such as poor implementation of local government legislative agenda, and poor leadership that affect service delivery in South Africa (Qobo, Soko, Ngwenya, 2022). In addition, there are sources of risk such as electricity related risks, and water and sanitation risks that affect service delivery in South Africa (National Treasury, n.d.). The mission of the provincial treasury departments in South Africa is "to improve governance through enhancing accountability and oversight; creating public value; enabling delivery of quality services through partnerships; and capacity building in public sector finance" (National Treasury, 2020). The "core functions, powers and responsibilities of the Provincial Treasury as captured in section 18 of the Public Finance Management Act (PFMA) and section 5 of the Municipal Finance Management Act (MFMA) are (1) To manage the provincial and municipal fiscal resources effectively; (2) to facilitate the effective and efficient management of assets and financial systems; and (3) to promote accountability in financial activities and compliance with financial norms and standards" (National Treasury, 2020). Therefore, service delivery problems in the municipalities will also affect the mission of the Provincial Treasury whose mandate is "to improve governance through enhancing accountability and oversight; creating public value; enabling delivery of quality services through partnerships; and capacity building in public sector finance” (National Treasury, 2020)

2.5 Sources of risk that affect service delivery at provincial treasuries

Strong, determined leadership is a key component of excellent governance in the public sector and devoted approach to the management of risk (Bracci, Tallaki, Gobbo, & Papi, 2021). “Section 62(1)(c) of the Municipal Finance Management Act (MFMA) stipulates that the Accounting Officer must ensure that the municipality has an effective, efficient and transparent system of financial and risk management that is supported by a system of internal control.” In addition, the Public Sector Risk Management Framework guides the implementation of this risk “management policy within a municipality” (National Treasury, 2010a). Even though there is also opportunity in bearing risk such as in the returns of asset trading, the term risk is often associated with the likelihood of something bad occurring (Murray & Enang, 2022).

In the context of service delivery, risk refers to causes of poor or failed service delivery (Tangsgaard, 2022). The risks associated with service delivery in the municipalities will also affect the mission of the Provincial Treasury whose mandate is “to improve governance through enhancing accountability and oversight; creating public value; enabling delivery of quality services through partnerships; and capacity building in public sector finance” (National Treasury, 2020). However, this section looks at the fiscal risks that affect service delivery at provincial treasury departments.

2.5.1 Fiscal risks

As explained by the World Bank (2024), fiscal risks are departures from fiscal results anticipated at the time of budget preparation. This departure may perhaps generate considerable shock on government finances and weaken the power of governments to use fiscal policy to stabilise economic activities and encourage long-term growth (World Bank, 2024). Fiscal risks are not only present in national governments but are also common in the running of local governments or subnational governments (SNGs) according to OCED terminology (De Mello & Ter-Minassian, 2024).

As elucidated by De Mello and Ter-Minassian (2024), local governments face a variety of fiscal risks due to unexpected macroeconomic changes and structural modifications in the economy, such as going digital and environmental awareness. However, both national and local governments ought to accept accountability for these risks and reinforce their capability to manage them (De Mello & Ter-Minassian, 2024). Much of scholarly interest in fiscal risks has been targeted at national governments especially regarding some advent global financial crisis in 2008, and there has been a paucity of research on how local governments are impacted by, ready for, and react to, the sort of fiscal risks fronting them (De Mello & Ter-Minassian, 2024; IMF, 2020; Moretti, 2021; Valencia et al., 2022). The working paper by De Mello and Ter-Minassian (2024) looked into the elements that affect the frequency of various fiscal hazards among local governments and the steps that both the national and local governments can take to lessen their impact.

2.5.1.1 Sources of fiscal risks

Sources of financial risks affecting service delivery include macroeconomic risks, climate change and natural disaster risks, public health risks, contingent liabilities, weaknesses in budget institutions and processes, and digitalisation-related challenges.

2.5.1.1.1 Macroeconomic risks

As regards macroeconomic risks, Alvarez et al. (2023) illuminated that local government's revenues are often susceptible regarding the variety of threats resulting after unexpected macroeconomic incidents. Such susceptibility was amplified from the past few years by the heightened macroeconomic instability and improbability resulting from geopolitical conflicts and associated geo-economic disintegration and supply chain turbulences (Alvarez et al., 2023). Accordingly, these heightened risks impact negatively on local government finances, expenses and balance sheets. Further, local government finances are affected by inflation and fluctuations in real GDP expansion and its configuration (De Mello & Ter-Minassian, 2024). In addition, De Mello and Ter-Minassian (2023) clarified that allocated revenues are predisposed to more fluctuations than revenues generated at the local government area because they exhibit the greater recurrent sensitivity of the funds that are the national governments typically share with local governments.

2.5.1.1.2 Climate change and natural disaster risks

About climate change and natural disaster risks, the OECD stated that climate change is adding to a substantial increase in the incidence and seriousness of weather-related natural calamities, such as droughts, inundations, tornadoes and wildfires (OECD, 2023). The OECD (2023) confirmed that financial losses from natural catastrophes were estimated at close to USD 270 billion in 2022 only, and that the number of estimated casualties stands at 30 thousand lives. Climate change is a global problem with South Africa experiencing a number of very heavy floodings in its coastal regions in recent years (Bouchard, et al., 2023). These weather-related natural calamities pose a risk to the local governments because of the strain they impose on the budget.

2.5.1.1.3 Public health risks

With regard to public health risks, Kim and Dougherty (2020) elucidated that expenditure on health and long-standing care has been growing with GDP in nearly all countries the past ten years, indicating the maturing of populations, a comparatively high elasticity of demand for public health services that may result in pressure on health budgets in the national and local governments. This phenomenon is a growing trend that will continue for decades in both developed and developing countries (Kim & Dougherty, 2020). De Bolle and Obstfeld (2024) explained that diseases can be spread from one part of the world to other parts as a result of tourism, and this can pose risks to the finances of local governments in those tourism hotspots.

2.5.1.1.4 Contingent liabilities

In terms of contingent liabilities, local governments' finances are exposed to risks from the buildup of a variety of "explicit and implicit contingent liabilities" (Dougherty & Mora, 2024). First, the main causes of "explicit contingent liabilities are guarantees and pending claims from litigation" (De Mello & Ter-Minassian, 2024). Even though guarantees are an important source of fiscal risks at the national governments, local governments offer "explicit guarantees" often to borrowing by their ventures, utilities, and public private partnership engagements (De Mello & Ter-Minassian, 2024). Litigation sometimes results in fiscal risk because of its direct costs to the budget following court orders (Dougherty & Mora, 2024). Second, the main causes of "implicit contingent liabilities" are the need to bail out failing local government ventures, and governments and to act in case of natural calamities (Dougherty & Mora, 2024). Also, even without "explicit guarantees", local governments may sometimes have to restructure public private partnership engagements or offer out of budget funding to the partner, to evade a more costly premature dissolution of the deal (Herrera-Dappe et al., 2023).

2.5.1.1.5 Weaknesses in budget institutions and processes

On weaknesses in budget institutions and processes, Irwin and Moretti (2020) explained that the ability of municipal governments to recognise susceptibilities and manage fiscal risks is often undercut by drawbacks in local government budget establishments and procedures. Fiscal risks for local governments can also arise due to insufficient national projections of the important macroeconomic indicators used by local governments for their fiscal prognoses (De Mello & Ter-Minassian, 2024). In terms of revenue collection, local government drawbacks include insufficient capability to predict and collect local revenues, and to plan for tax spending, especially when the power to award tax benefits is diffused (Irwin & Moretti, 2020). In addition, local government budgets are mostly negatively impacted by unforeseen shortages in transfers the provincial or regional and national governments (Irwin & Moretti, 2020). In terms of expenditure, drawbacks in predicting capability and budget management can also result in considerable fiscal risks (Irwin & Moretti, 2020). Overall, these risks are aggravated by ineffective financial management practices of local governments, mostly but not entirely in less developed countries (De Mello & Ter-Minassian, 2024).

2.5.1.1.6 Digitalisation-related challenges

Also, regarding digitalisation-related challenges De Mello and Ter-Minassian (2016) explained that the continuing digital transition encompasses abundant potential advantages for the finances of regional governments. However, the continuing digital transition also creates substantial challenges for local governments, including reinforcement of the necessary skills, deal with insufficiencies in physical infrastructure and people’s confidentiality worries, and confronting cyber security risks (Pizzinelli et al., 2023). Also, local governments capabilities to cope with such challenges varies broadly both among and within nations (Pizzinelli et al., 2023). Besides, the diffusion of generative AI can prompt disruptions in economic activities resulting in harmful impacts on local governments finances (De Mello & Ter-Minassian, 2024). Research on the impact of AI on employment and earnings in diverse nations shows that the impact of AI depends on the extent to which roles are being replaced by or accompanied by AI (Felten, Raj, & Seamans, 2021; Lane, Williams, & Broecke, 2023).

2.6 Factors that affect service delivery in government departments

South African cities, districts, municipalities, and provincial departments endure service delivery problems that obstruct the government's capability to execute its mandate, regardless of the existence of guidelines and many policy interventions (Qobo, Soko, Ngwenya, 2022). There are several factors that negatively affect service delivery in South Africa as presented in the following subsections.

2.6.1 Poor implementation of local government legislative agenda

Poor implementation of local government legislative agenda can negatively affect service delivery. In a devolved state, the powers of the lower tiers of government ought to be clearly spelt out, and the national government should relinquish some power and accept the regional government’s standing in the delivery of services through this process (Reddy, 2016). The CoGTA report (2009) divulges that poor compliance with regional governmental and regulatory structures in South Africa is a familiar tendency and this caused service delivery shortages. Hence, there is insufficient acceptance of sound governance customs and poor comprehension of the local government legislative agenda.

2.6.2 Poor leadership

Poor leadership at the level of municipalities can negatively affect service delivery. Leadership is a person or party agent, that helps in generating a consistent culture that consist of value structures and behaviour that are vital for the success of the organisation (Ringson & Matshabaphala, 2023; Thusi & Selepe, 2023). Leadership also advances a medium to establish policies of change that are effectively realised as required by modernisation and transformation (Ringson & Matshabaphala, 2023; Thusi & Selepe, 2023). However, it is obvious that in South Africa the leadership of the municipalities is normally appointed by political parties, and the results are that leaders tend to politicise the functions and have limited understanding of management theories that influence the execution of services (Mbandlwa, Dorasamy, & Fagbadebo, 2020; Thusi & Selepe, 2023). These cause disputes between the political and administrative boundary; and insufficient competences of councillors to deal with local government mandates with respect to service delivery; and partial separation of powers between the municipalities, provincial departments, and political parties (Mbandlwa, Dorasamy, & Fagbadebo, 2020; Thusi & Selepe, 2023).

2.6.3 Poor financial management systems

The usual tendency in most South African municipalities is poor financial management systems that tend to negatively affect service delivery because this often affects the mandate of the provincial departments. There is often lack of control and accountability systems that results in misappropriation of public resources and finances (Baloyi & Beyers, 2019; Mishi, Mbaleki, & Mushonga, 2022). For instance, municipalities are undermined and do not have a full understanding of revenue collection and debt recovery. In addition, poor leadership can also lead to poor financial management systems (Baloyi & Beyers, 2019; Mishi, Mbaleki, & Mushonga, 2022). Therefore, leadership is important to oversee financial resources in a sustainable manner, and to enhance service delivery and the general performance of the government agency at all levels.

2.6.4 Incompetent human resources

Incompetent human resources at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. Municipalities must have well-trained and capable personnel who can deliver services successfully and economically to safeguard honesty, fairness, openness, and alertness to the demands of the community (Thusi & Selepe, 2023). Skills enhancement and capacity development play an important role within municipalities and government departments for staff and administration to become innovative during service delivery operations (Thusi & Selepe, 2023).

2.6.5 Poor governance

Poor governance at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. The key idea of good governance is to accomplish diverse goals such as improving the welfare of its people, safeguarding general accountability for deeds, as well as monitoring and assessing the activities of the government (Thusi & Selepe, 2023). Good governance warrants that politico-economic, and social goals are directed on a large consensus and that allocation of resources takes into consideration the disadvantage parts of society (Thusi & Selepe, 2023). Leadership has a vital role to play in municipal and provincial service delivery because good leadership is focused on good governance (Masiya, Davids, & Mangai, 2021).

2.6.6 Uncooperative institutional environment

Uncooperative institutional environment at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. Public officials at different stages are often challenged by an uncooperative institutional environment together with a bureaucratic administrative structure that prevents the sufficient absorption and usage of new skills, guidelines, laws, and practices (Baloyi & Beyers, 2019). Institutional environments are instrumental because of the incentives that they generate, and these have a strong impact on the level to which bureaucrats' performance can be improved and sustained (Baloyi & Beyers, 2019).

2.6.7 Negative power struggles and political interference

Negative power struggles and political interference at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. The inner municipal setting is mostly a place of negative power brawls between politicians and administrators (Baloyi & Beyers, 2019). Disputes can be challenging to deal with, and they often affect the spirits and action of officials in an adverse manner (Baloyi & Beyers, 2019). Municipal and provincial administrators frequently feel unshielded from this conflict and political precedence often supersede formally sanctioned implementation schemes and managerial needs (Baloyi & Beyers, 2019).

2.6.8 Lack of trust due to political appointments

Lack of trust due to political appointments at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. This results from the dominant political deployment procedure in which appointments are made by senior party officials rather than councillors (Thusi & Selepe, 2023). The outcome is that the council is often uncomfortable with the comportment, pronouncements, and advice of the municipal managers because they are not fully convinced of their skills and intentions (Thusi & Selepe, 2023).

2.6.9 Poor oversight mechanisms

Poor oversight mechanisms at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. Oversight duties are specified in the law such as the Municipal Structures Act of 1998 and the Municipal Finance Management Act of 2003. Based on these legislative provisions, internal oversight is done by the public accounts committees while external oversight is done by audit committees (Moji, Nhede, & Masiya, 2022). Serious deterioration in some communities is worsened by poor oversight (Moji, Nhede, & Masiya, 2022).

2.7 The impact of irregular expenditure on service delivery

As explained by Thusi and Selepe (2023) inadequate financial management practises has been a lasting problem for municipalities, which ultimately impeded the delivery of services that are anxiously wanted by the public. This situation has featured consecutively in the audit reports by the Auditor-General of South Africa for several years (AGSA, 2023). Thusi and Selepe (2023) clarified that the ideas of financial misconduct and service delivery are contradictory because financial misconduct in the public service hampers the delivery of services to the public. In addition, they elucidated that the two ideas of financial misconduct and service delivery have different orientations (Thusi & Selepe, 2023). Nevertheless, public officials go on to commit financial misconduct that results in irregular, unproductive, and wasteful expenditures (Baloyi & Beyers, 2019; AGSA, 2023; Thusi & Selepe, 2023).

Service delivery is the outcome that is used to evaluate municipalities' efficiency rankings (Thusi & Selepe, 2023). There is a positive correlation between municipalities’ efficiency and the delivery of services (Mishi, Mbaleki, & Mushonga, 2022). This means that as the municipalities’ efficiency gets better so too does the delivery of services by the municipalities (Mishi, Mbaleki, & Mushonga, 2022). Therefore, when efficiency declines, service delivery declines, and irregular and wasteful spending increase, which suggests that instead of using the limited resources accessible to provide basic services to the public, these resources are used for unnecessary activities (Mishi, Mbaleki, & Mushonga, 2022). The public funds lost because of the irregular and wasteful expenditure are the funds that might have been allocated to assist the government to accomplish its mandate in terms of service delivery to the public (Mishi, Mbaleki, & Mushonga, 2022).

2.8 Measures to control irregular expenditure

This section of the review looks at ways to control irregular expenditure. Irregular expenditure can be control by improving the standards of public administration in the entire country (Thusi & Selepe, 2023; Baloyi & Beyers, 2019; AGSA, 2023).

2.8.1 Transparent supply chain management systems

Supply chain management challenges have persisted as one of the most important enablers of dismal audit outcomes (Thusi & Selepe, 2023; Baloyi & Beyers, 2019). Supply chain management is integral to service delivery, and it is critical to acknowledge that it is a very important requirement.

The surge in irregular expenditure in the public service in South Africa is caused by the governance challenges arising from meagre supply chain activities (Thusi & Selepe, 2023; Baloyi & Beyers, 2019). An efficient procurement system in the public service is exemplified by characteristics such as “responsiveness, openness and accountability” (Thusi & Selepe, 2023; Baloyi & Beyers, 2019), which at present are not operational. According to the UNDP (2016), continuous watchfulness concerning procurement practices in the public service should include reinforcing ethics, planning, transparency, risks evaluation and management, supervision, and reporting of fraud and corrupt practices.

2.8.2 Transparency and accountability in public administration

Transparency and accountability in public administration can be accomplish through the reduction excessive bureaucracy in government operations (Adil, Mediaty, & Imran, 2022; Baloyi & Beyers, 2019). Frankness and clarity constitute a significant portion of the civil service's operations and enhance its level of effectiveness, accessibility, and usefulness to many stakeholders in the public sector. (Adil, Mediaty, & Imran,2022; Baloyi & Beyers, 2019). Frankness and clarity amount to transparency which is unrestricted entrance by the community to appropriate and dependable data on pronouncements and accomplishment in the public service (Adil, Mediaty, & Imran, 2022; Baloyi & Beyers, 2019).

Transparency in the civil service is upheld through employing updated systems of communication through which the public can be informed about the provisions, and how those provisions are delivered by the civil service (Erkkila, 2020; Baloyi & Beyers, 2019).

Transparency is at the core of truthfulness and dependability in the civil service, and it enhances community trust and support (Erkkila, 2020; Baloyi & Beyers, 2019). To buttress this assertion, the realisation of mandatory morals in public procurement operations is vital for the improvement of transparency and responsibility in the civil service (Erkkila, 2020; Baloyi & Beyers, 2019).

Nonetheless, to foster ethical conduct in the civil service and deal with the concerns and claims of accountability, the UNDP (2016) recommends the establishment of a controlled toll-free line for reporting unlawful behaviour, legal reinforcement of compliance, development of grievance procedures through the public protector, and formalisation of a mandatory code of conduct for every employee.

2.8.3 Effective internal control and audit systems

Internal audit systems are vital to the accomplishment of long-terms goals of the civil service institutions because they play an important part in safeguarding that they acknowledge any infringement with appropriate laws and regulations (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi & Beyers, 2019). Stringent internal control systems allow the civil service to safeguard trustworthiness, and this motivates civil servants to report any developing misdeeds stemming from fraudulent actions (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi & Beyers, 2019).

Internal appraisals facilitate external audit and help mark down the areas of management that require pressing consideration and should be taken sincerely in the civil service as it provides an initial audit close to the external audit (Baloyi & Beyers, 2019). As a way of reinforcing internal control, leadership in the civil service ought to develop and successfully execute the anti-corruption policy to minimise the spread of corruption and fraud (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi & Beyers, 2019).

2.8.4 Effective information communication and technology

"Information Communication and Technology" (ICT) is the art, science, and procedures of transferring information numerally (Shibambu, 2024; Baloyi & Beyers, 2019). Information technology procedures should be improved and adapted to particular areas of service delivery, as well as financial management and its assignment of mandate (Camngca, Amoah, & Ayesu-Koranteng, 2024; Baloyi & Beyers, 2019). Also, it is important for the civil service to render its directives proficiently by continuously reinforcing its systems and processes. Baloyi and Beyers (2019) affirm that the resourceful use of ICT obliges the delivery of widespread training and the education of all staff, as well as finance personnel, in the civil service to safeguard successful public administration.

2.8.5 Implement corrective measures against perpetrators

Fiscal misconduct proceedings should be brought against civil servants who cause irregular, fruitless and unauthorised expenditure (Nabane, Klingelhofer, & Geyer, 2023). Likewise, civil servants should be charged for committing fraud and other wrong doings (UNDP, 2016). There are skills shortage in the civil service especially with regard to financial management skills, and so, the government should embark on inclusive training and development programmes to prepare civil servants (Nabane, Klingelhofer, & Geyer, 2023). In addition, public understanding relating to corrupt behaviours can help minimise its incidence.

2.9 Conclusion

Chapter 2 has presented the literature review on assessing the impact of irregular expenditure on service delivery. The significance of strengthening expenditure management and control in the South African public finance arena is evident from a variety of sources and instances in the literature mentioned above. Many academics emphasize how crucial it is to follow current laws and regulations in order to guarantee effective and efficient spending behaviour.

The literature shows that South Africa's legislative framework and public finance have a solid and solid base, serving as an infrastructure for the efficient and successful management of public funds. The formation of the National Treasury to further prescribe procedures for fiscal management and expenditure control is clearly laid out in the

Constitution. The literature reveals various instruments, which have been adopted as expenditure controls in South African public finance post 1994. These include MTEF, PFMA, Treasury Regulations, Accountability, and Oversight as an external expenditure control mechanism.

The next Chapter presents the research methodologies which the researcher will use to address the problem under investigation. Instruments such as questionnaire, data collection techniques and so forth will be discussed.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The researcher's methodologies and processes used for this investigation are detailed in Chapter 3. This study focused on exploring the impact that irregular expenditure has on service delivery, using the North West Provincial Treasury Department in South Africa as a study location. The research philosophy, study location, research design, target population, sampling, data collecting, pilot study, data analysis, study limits, validity and reliability, bias removal, and ethical issues are all included in the following sections.

3.2 Research philosophy

According to (Zukauskas, Vveinhardt, & Andriukaitiene, 2018), research philosophies offer a structure for carrying out investigations and assist researchers in identifying their methodology, presumptions, and views regarding reality and knowledge. There are four research philosophies including positivism, realism, interpretivism, and pragmatism (Saunders, Lewis, & Thornhill, 2016). As explained by Neuman (2011), interpretivists believe that there are two basically different versions of science – the natural sciences based on abstract explanations, and the human sciences, that is rooted on human experiences. In addition, the positivist research philosophy supports the use of empirical data to investigate theories while valuing objectivity. These philosophies impact the selection of research methods and determine the general course of the study.

Figure 3.1 is the research onion illustrating the distinct mutually dependent phases of the research process, from selecting a research philosophy at the periphery to specifying the data collection methods deep into the model (Saunders Lewis & Thornhill, 2016). In sum, there are five distinct mutually dependent levels of this model that was adopted for this study. Figure 3.1 illustrate four research philosophies, namely positivism, realism, interpretivism, and pragmatism (Saunders Lewis & Thornhill, 2016).

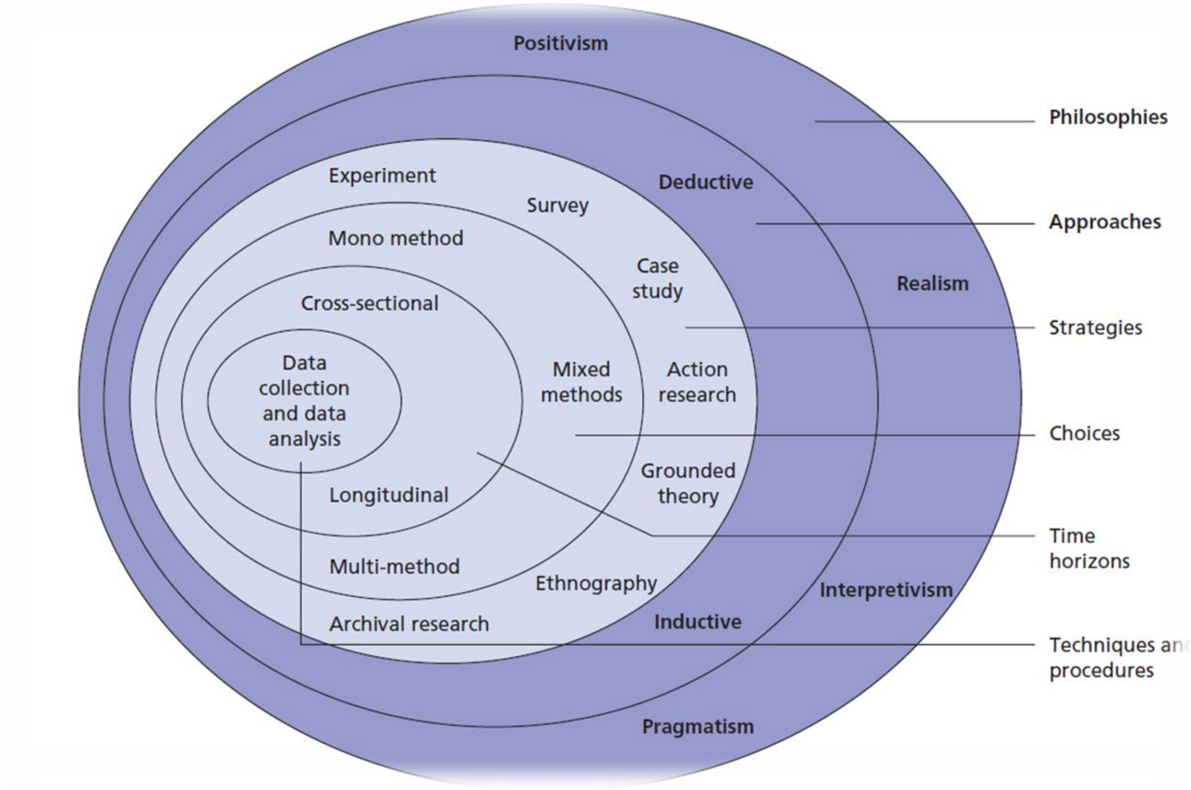

Figure 3.1: The research onion
Source: Saunders, Lewis, and Thornhill (2016)

3.2.1 Research method

The many strategies a researcher uses to carry out research tasks are known as research methods (Denzin & Lincoln, 2011). As explained by Saunders, Lewis, and Thornhill (2016), Researchers have the option of using a mixed research strategy, a quantitative research strategy, or a qualitative research strategy. Research strategies are methods that are determined by the goals and questions of the study, the resources that are accessible, and the researcher's personal philosophical beliefs. (Saunders, Lewis, & Thornhill, 2016). The quantitative research strategies comprise of experiments and surveys (Saunders, Lewis, & Thornhill, 2016) whereas the qualitative research methods include ethnography, action research, case studies, focus groups, and interviews. (Ejimabo, 2015; Yilmaz, 2013).

According to Edwards and Holland (2013), one common tactic in qualitative research is the interview and most interviews are either semi-structured or unstructured interviews. On the contrary, the survey strategy is widely utilised in quantitative research (Saunders, Lewis, & Thornhill, 2016). As explained by Denzin and Lincoln (2011), the qualitative research method requires the gathering of non-numeric data with the aim of gaining a deeper understanding of human behaviour and the reasons that control such behaviour. Furthermore, Angen (2000) explained that the interpretive nature of the qualitative research approach makes extensive use of naturalistic techniques including observation, interviewing, and text analysis. In addition, the methods require sufficient interaction between the researchers and participants in order to collaboratively construct a meaningful reality, and the meanings generally emerge from the research process.

To investigate the effect that irregular spending has on the department's service delivery, the researcher employed qualitative research methods in this study. In order to investigate the perspectives, motivators, and contextual factors influencing irregular spending, this approach involved conducting interviews as well as gathering and analysing qualitative data. Through the use of the qualitative research method, the researcher could acquire a thorough understanding of irregular spending affecting financial performance, projects completion and service delivery on government agencies in Mmabatho, in the North West Province of South Africa.

3.3 Location of study

Saunders, Lewis, and Thornhill (2016) explained that a research location is a place where useful data can be gathered, and they further explained that appropriateness of research location is important taking into consideration the convenience of both the researcher and the research subjects. In this study, the participants were government officials at the Garona Building in Mmabatho, in the Northwest Province of South Africa. The Department of Provincial Treasury is also based in the Garona Building in Mmabatho, in the Northwest Province of South Africa. The Garona Building houses the Provincial Treasury Department, the office of The Premier, the Department of Education, the Department of Human Settlement and the Provincial Legislature. The building houses about 250 employees from all the above-mentioned departments with at least 100 of the employees working within the financial management chief directorate. Only employees from the North West Provincial Treasury Department were invited to participate in this study.

3.4 Research design

According to Adams, Khan, and Raeside (2014), the research design is the plan for achieving the goals of the study, responding to the research questions, and making sure

that the information gathered is suitable for solving a particular issue. According to Adams, Khan, and Raeside (2014), research design is the framework that makes it possible for a researcher to carry out their work in a suitable, fruitful, and effective way.
The descriptive research design helps a researcher to gather data without tampering with the surroundings (Saunders, Lewis & Thornhill, 2016). Using the North West Provincial Treasury Department in Mmabatho, in the Northwest Province of South Africa, as a study site, the researcher employed a descriptive research design to investigate the effect that irregular expenditure has on service delivery in the department. Furthermore, the researcher employed qualitative research methodologies to investigate the effects of irregular expenditure on the department's service delivery.

3.5 Target population

A complete set of elements with a shared set of features makes up a study population. (Zikmund, 2010). A population includes all members of interest to a researcher and consists of the entire set of observations under study (Zikmund, 2011). This viewpoint is endorsed by Weiers (2011) who claimed that a population is the totality of all individuals or interesting objects.

The target population of this study comprised of all the staff members at the Garona Building in Mmabatho, in the Northwest Province of South Africa. This population is estimated at about 100 staff members who are working within the financial management chief directorate, and about 60 employees in the relevant directorate of the North West Provincial Treasury Department. The researcher used a sample of 12 participants of this accessible population and then invited each member of this sample to an interview with the aim of collecting data for this study.

3.6 Sampling

Weiers (2011) defines sampling as the systematic extraction of members of a population in order to gather useful data about the entire population. Weiers (2011) explains further that a subset or smaller number of the components present in the larger population is called a sample. Random sampling and non-random sampling are the two categories of sampling techniques (Saunders, Lewis & Thornhill, 2016). While non-random sampling does not have a probability associated with the selection of each member, random sampling does have a probability associated with the selection of individual sample members (Saunders, Lewis & Thornhill, 2016).

In order to acquire interview data, the researcher used non-probability sampling as participants were selected from a sampling frame in the form of an office staff directory, that specifically targeted finance officials. The researcher sent emails to the potential research participants through the office of the Head of Department to the officials within the finance unit, which ranges from management to the lower level of operations. The study only engaged those that were willing to join the study and also those that replied to the email. In addition, the study comprised of 12 officials who were selected by means of convenience sampling which is a non-probability sampling technique (Saunders, Lewis & Thornhill, 2016). The letters of application and invitation to conduct the study are shown at the Appendix.

3.6.1 Sample size

Contrary to quantitative research that seeks to quantify the amount of ideas, qualitative research intends to discover a variety of beliefs and range of opinions so as to acquire valuable evidence (Saunders, Lewis & Thornhill, 2016; MacDonald, 2012; & Crossman, 2017). Consequently, the amount of participants that is needed depends on how many are necessary to actually respond to the research questions (Patel, 2015). On this account, the researcher applied the concept of saturation to establish how many participants were necessary. As explained by Glaser and Strauss (1967), the notion of saturation ought to be used to reach a useful sample size in any qualitative research. Saturation happens when no further understanding is obtained from additional conversations. Experimental study has recommended that descriptive saturation happens following 12 conversations of an identical group quizzed on a particular topic (Latham, 2014). To attain descriptive saturation, the researcher focused on staff members at the Provincial Treasury Department in Mmabatho, in the Northwest Province of South Africa, interviewing 12 finance officials.

3.7 Data collection

First, the researcher asked the departmental head for a letter of authorization to carry out the study. This permission letter granted access to the department, and then the researcher approached the relevant employees and also alerted them of the intention and permission to engage with them regarding the study.

The permission to conduct research letter signed by the head of the department of the North West Provincial Treasury Department was sent to the communication unit by the secretary of the head of department. This is done due to the fact that the communication unit has access to all the department's employees email addresses. So, the communication unit was asked to send emails to employees of the finance unit, informing them of the researcher's intentions to conduct this research and to expect their engagement in the near future. The researcher's contact details were also attached on the email for ease of reference.

Then, an email was sent to the participants detailing all the relevant information that consists of consent form, date and time of the interview to be conducted and a time frame for the potential research participant to alert the researcher of their availability. The researcher gave the potential research participants a month at most to decide on whether to join the study or not with follow ups being done by emails and in person at least twice a week. The interviews were semi-structured, and when conducting the interviews, the questions were asked in the same way and in the same order each time with sessions lasting from 15 minutes to 20 minutes maximum. This facilitated consistent data collection from all the participants. The participants were also notified of being recorded during the interview sessions.

Data was collected by means of face-to-face interviews. The intent of a face-to-face interview is to delve into a person's beliefs, encounters, and opinions on a particular issue (Saunders, Lewis & Thornhill, 2016; MacDonald, 2012; & Crossman, 2017). Interviews are thought to offer a better insight into experiences compared to quantitative information gathering through structured questionnaires. Face-to-face communication permits the interviewer to explore responses resulting in more intricate and helpful answers compared to a structured questionnaire where the respondent can take a neutral stance (Saunders, Lewis & Thornhill, 2016; MacDonald, 2012; & Crossman, 2017). The gathering of data through the interviews was carried out in careful and respectable manner, and the interviews were conducted by the researcher. This helped the researcher to gain a deeper knowledge of participants' experiences, attitudes, and viewpoints by conducting in-person interviews with them. These insights were then applied to provide rich and complex qualitative data that addressed research issues and added to the body of knowledge of this subject.

3.7.1 Confidentiality

The Protection of Personal Information Act 4 of 2013 (POPIA) is the legislation that aims to give effect to the constitutional right to privacy by safeguarding personal information when it is processed by public and private bodies. POPIA is designed to regulate the lawful processing of personal information, balancing the right to privacy against important competing interests; to take account of the free flow of information within South Africa and across international borders. The POPIA Act applies to every public and private body, including juristic persons, and any responsible party who processes personal information (Popia.co.za, n.d.). Any data collected that is linked to specific participants of this project has been kept private and shared only with those participants' consent or in compliance with legal requirements. Consequently, signing the voluntary informed consent form as soon as possible before the study started preserved confidentiality.

3.8 Data analysis

Analysing qualitative data involves identifying themes, problems, trends, and connections. (Saunders, Lewis & Thornhill, 2016; MacDonald, 2012; & Crossman, 2017). Also, effective data management method can create reliable data and information. From the moment data is collected, the researcher saved the information and review the recordings to ensure that the data gathering process is progressing as planned. The data collected was stored in a computer, a recording device and also on an external hard drive that was kept safely for further management. In this study, thematic data analysis was used to explore and report themes in the information gathered (Federay & Muir-Cochrone, 2006). This required employing a qualitative data analysis application like NVivo (2024) and verbatim transcription of the recorded information into interview transcripts. The researcher must interpret these data and provide a thorough study report, as stated by Braun and Clarke (2006). The following actions were taken into consideration:

- The researcher transcribed the interviews into Word documents at verbatim.

- After reading through all of the transcripts in general, the researcher started to identify important themes related to the ideas. Next, all of the interview transcripts were uploaded on to NVivo by the researcher (2024).
- The researcher then identify themes that emerged freely from the interviews by using thematic data analysis.
- After that, the researcher coded the interview data into identifiable themes using NVivo (2024). The NVivo program uses nodes, which are bins, to combine related information so that emergent themes and ideas can be explored.
- Emergent topics from this procedure added to the analysis's understanding.

3.9 Trustworthiness

As clarified by Golafshani (2003), a researcher utilising a qualitative method ought to convince the public that the outcomes are truthful by obtaining various ways of proving the truth instead of demonstrating the validity and reliability of outcomes. In qualitative research, the idea of uncovering the truth through reliability and validity is substituted with the idea of trustworthiness which suggests the researcher’s capability to uphold the study and establish trust in the outcomes. The intent of qualitative research is to obtain an improved awareness of an occurrence that would otherwise be unclear. This obviously communicates the quality of the study where the intent of reliability is to “explain,” while quality refers to creating an “understanding” (Stenbacka, 2001). In this study, the researcher analysed the research problem from different viewpoints to accomplish consistency during the course of the study.

3.10 Limitations of the study

“Research limitations refer to statements about the generalisability or conclusiveness of the findings because of imperfection of the study” (Marshall & Rossman, 2016). “Therefore, the researcher cannot issue supercilious claims about generalising the outcome of the study” (Marshall & Rossman, 2016). The scope of this study was limited to the opinions of 12 staff members at the North West Department of Provincial Treasury in Mmabatho, in the Northwest Province of South Africa. Because of differences in national and organisational cultures, the inferences drawn from this sample may not apply exactly to every organisation and every country.

3.11 Elimination of bias

"Any tendency that prevents an action from being considered objectively is considered bias" (Pannucci & Wilkins, 2010). Bias can arise at any stage of the research process, including study design, data collection, data analysis, and publication, claim Pannucci and Wilkins (2010). In addition, Saunders, Lewis, and Thornhill (2016) explained the various forms of bias in research including age, gender, ethnicity, and disability.

In this study, elimination of these forms of bias was ensured by utilising non-discriminatory language (Saunders, Lewis, & Thornhill, 2016). In addition, the researcher bias (Saunders, Lewis, & Thornhill, 2016) was minimised as much as possible by adhering to research ethics. Further, research participant bias (Saunders, Lewis & Thornhill, 2016) was minimised significantly by asking the research participants to attend the interviews at their own convenience. Lastly, the department being studied is a different department that the researcher is employed in, thus eliminating any favours or biases in carrying out the study.

3.12 Ethical considerations

According to Walton (2015), research ethics is specifically reliant on the ethical issues that manifest when people are involved as participants of the research. There are three objectives to research ethics, namely, to protect human participants, to serve the interests of individuals and society as a whole, and to examine the ethical soundness of the research, such as protection of confidentiality and the process to obtain consent from participants (Walton, 2015).

Permission to conduct this study was granted by the head of department of the North West Provincial Treasury. The researcher, in all circumstances, considered the ethical implications and the psychological consequences of the research on all the participants. Therefore, it was important that the researcher put himself in the position of the participant and scan for foreseeable threats to the participant’s psychological well-being, values and dignity. In addition, the researcher did not withhold any information and did not mislead the participants in any way. The researcher also informed all the participants of the objectives of the study and that they could withdraw from the study possible if or when the participants wished to do so.

3.13 Conclusion

Chapter 3 has reported methods and procedures that were followed by the researcher during this study, which also highlighted the many research approaches that were applied to conduct research operations. In this case, the researcher employed qualitative research methods. To realise the objectives of the study, the researcher implemented the research procedures as reported in this unit. The research philosophy, study location, research design, target population, sampling, data collecting, pilot study, data analysis, study limits, validity and reliability, bias removal, and ethical issues were all included in the research methodology. Chapter 4 reports the data analysis results of this study.

CHAPTER FOUR: PRESENTATION OF RESULTS

4.1 Introduction

Chapter 4 presents the results of this study. This study sought to explore the impact that irregular expenditure has on service delivery in the North West Provincial Treasury Department in South Africa. To make the qualitative information gathered from the interviews easier to interpret, the results are displayed using figures and tables. In order to satisfy the research objectives established at the beginning of the study, the most significant themes that emerged from the data analysis were carefully selected and compared with the concepts of the dominant literature review and precise quotes from the research participants. The following were the study's research goals:

- To establish the sources of risk that affect service delivery in the North West Provincial Treasury Department.
- To establish factors that affect service delivery in the North West Provincial Treasury Department.
- To establish the impact of irregular expenditure on service delivery in subordinate departments of the North West.
- To establish measures to control irregular expenditure in the North West Provincial Treasury Department.
- To find recommendations that can be made to control irregular expenditure in the North West Provincial Treasury Department.

The successive sections cover the demographic information of the research participants, presentation of the results, and discussion and interpretation of the results.

4.2 Demographic information

The demographic data of the research participants is shown in Table 4.1. Demographic data makes it easier to comprehend the characteristics of research participants (Saunders et al., 2016). As presented in Table 4.1, there were nine research participants in the study. Six of the research participants were female while three were male. Also, five of the research participants are in the age group of 34 to 40 years while three are between 40 to 50 years old. In addition, only one of the research participants is over 50 years old.

Further, the research participants' role in the North West Provincial Treasury Department include Deputy Director of Supply Chain Management (SCM), Personal Assistant, Deputy Director of Internal Audit, Supply Chain Clerk Supervisor, Supply Chain Administrative Clerk, Assistant Director; Manager, Financial Reporting; Deputy Director, Management Accounting; and Senior Norms and Standards Practitioner.

Table 4.1: Demographic information of the research participants

Participant	**Gender**	**Age**	**Position**	**Qualification**	**Experience**
Participant 1	Female	43 years	Deputy Director of Supply Chain Management (SCM)	Post Graduate Diploma in Operations Management	17 Years
Participant 2	Female	44 years	Personal Assistant	Bachelor of Public Management	20 Years
Participant 3	Female	36 years	Deputy Director of Internal Audit	Post Graduate Diploma in Applied Accounting Science	12 Years
Participant 4	Female	34 years	Supply Chain Clerk Supervisor	Postgraduate Diploma in Public Management	11 years
Participant 5	Male	34 years	Supply Chain Administrative Clerk	Bachelor's Degree in Logistics Management	2 years
Participant 6	Female	48 years	Assistant Director	Bachelor of Commerce Honours	21 years
Participant 7	Male	52 years	Manager, Financial Reporting	Chartered Accountant	29 Years
Participant 8	Female	37 years	Deputy Director, Management Accounting	Bachelor's Degree	11 years
Participant 9	Male	35 years	Senior Norms and Standards Practitioner	Honours in Financial Accounting	5 years

As regards highest qualification earned, the research participants' qualifications include Post Graduate Diploma in Operations Management, Bachelor of Public Management, Post Graduate Diploma in Applied Accounting Science, Postgraduate Diploma in Public Management, Bachelor's Degree in Logistics Management, Bachelor of Commerce Honours, Chartered Accountant, Bachelor's Degree, and Honours in Financial Accounting.

Concerning years of work experience, two of the research participants have worked for two to five years in the North West Provincial Treasury Department while three have worked for eleven to seventeen years. In addition, three of the research participants have worked for twenty to twenty-nine years in the North West Provincial Treasury Department.

4.3 Presentation of results

This segment presents the thematic data analysis results and also explains the coding processes exercised in the analysis.

4.3.1 Thematic data analysis

As explicated by Federay and Muir-Cochrone (2006), Finding themes or important ideas in qualitative data, such interview transcripts, is accomplished through the use of thematic analysis. As a result, thematic analysis entails finding relationships in interview transcripts, and the most significant themes serve as the classes for qualitative analysis. The concepts from the literature research, the interview questions, and the themes that emerged from the interview transcripts are all matched in Table 4.2.

Table 4.2: Interview questions, literature review concepts, and noteworthy themes

Interview question	Literature review concept	Noteworthy theme
1) What are the sources of risk that affect service delivery in the North West Provincial Treasury Department? Please explain:	Service delivery in South Africa. Sources of risk that affect service delivery at provincial treasuries.	Lack of Capacity Lack of Preemptive Measures Law Enforcement Challenges Poor Organisational Culture
2) What are the factors that affect service delivery in the North West Provincial Treasury Department?	Service delivery in South Africa. Factors that affect service delivery in government departments.	Budget Constraints Corruption Lack of Political Will Poor Leadership
3) What is the impact of irregular expenditure on service delivery in subordinate departments of the North West? Please explain in detail:	The impact of irregular expenditure on service delivery.	Poor Service Delivery Strain on Budget
4) How has irregular expenditure affected internal performance of the department?	The impact of irregular expenditure on service delivery.	Poor Service Delivery Strain on Budget
5) How has irregular expenditure affected the performance of Government/service delivery in the Province?	The impact of irregular expenditure on service delivery.	Poor Service Delivery Strain on Budget
6) What control measures can be established in order to control irregular expenditure in the North West Provincial Treasury Department?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing

7) Are line managers taking any specific, concrete steps to detect and prevent Irregular Expenditure in their respective units/sections, as required by section 38 (1) (c) of the Act?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing
8) Are there targets to measure the effectiveness of expenditure control systems to prevent irregular expenditure?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing
9) Does the organisational culture recognise and reward expenditure controls, efficiency, cost effectiveness and compliance?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing
10) What has been the consequences for those Departmental officials who have not been able to comply (transgressors) with section 38 (1) (c) of the PFMA for the past five years?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing
11) Does supervisors/middle managers monitor expenditure and provide monthly expenditure reports with red flags or early warnings of irregular expenditure?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing
12) What are the ways of strengthening the trust with people as they expect a certain level of service delivery from the government?	Measures to control irregular expenditure.	Consequence Management Monitoring and Evaluation Staff Training Strategic Sourcing
13) What recommendations can be made to the department to maintain a good audit report?	Measures to control irregular expenditure.	Recommendations to the Department

In Table 4.2, there are thirteen interview questions and four literature review concepts that make up Chapter 2 of this study. The literature review concepts are the sections of Chapter 2, and these sections contain subsections that cover the noteworthy themes that arose from the interview transcripts.

4.3.2 The coding process

This study used a sample of nine research participants that comprised of staff members in the North West Provincial Treasury Department in South Africa. The interview transcripts were uploaded onto NVivo which is a qualitative data analysis software programme (NVivo, 2025), and then each interview transcript was read several times, and all the notable patterns were coded into themes called nodes in the NVivo programme. The nine research participants were labelled as Participant 1 to Participant 9 to maintain their privacy as consented at the outset of the study. The coding process resulted in themes that addressed the research objectives. Figure 4.1 and Table 4.3 present the coding framework and the code book respectively.

Nodes

Name	Sources	References	Created On
Recommendations to the Department	7	16	15/06/25 19:09
Measures to Control Irregular Expenditure	8	34	15/06/25 19:08
Consequence Management	5	9	15/06/25 20:34
Strategic Sourcing	6	7	15/06/25 20:34
Staff Training	5	23	15/06/25 21:14
Monitoring and Evaluation	7	20	15/06/25 21:16
Impact of Irregular Expenditure	9	44	15/06/25 19:05
Poor Service Delivery	9	44	15/06/25 20:13
Strain on Budget	9	29	15/06/25 20:14
Sources of Risks	9	40	15/06/25 18:59
Lack of Capacity	8	15	15/06/25 19:14
Lack of Preemptive Measures	8	18	15/06/25 20:39
Poor Organisational Culture	8	18	15/06/25 20:42
Law Enforcement Challenges	7	18	15/06/25 20:56
Factors that Affect Service Delivery	7	21	15/06/25 19:02
Corruption	4	7	15/06/25 19:16
Poor Leadership	5	8	15/06/25 19:18
Lack of Political Will	8	17	15/06/25 19:19
Budget Constraints	7	20	15/06/25 21:08

Figure 4.1: The coding framework
Source: NVivo (2025)

In Figure 4.1 and Table 4.3, there are nineteen nodes or themes into which interview data was coded. Further, in Figure 4.1 and Table 4.3, the sources indicate the number of interviewees who contributed to a theme and the references indicate the total number of remarks relating to a theme made by the different interviewees. Also, the description in the code book in Table 4.3 refers to the meaning of the themes.

Table 4.3: The code book showing the important themes

Name	Description	Sources	References
Factors that Affect Service Delivery	Factors that affect service delivery in the North West Provincial Treasury Department	7	21
Budget Constraints	A factor that affects service delivery in the North West Provincial Treasury Department	7	20
Corruption	A factor that affects service delivery in the North West Provincial Treasury Department	4	7
Lack of Political Will	A factor that affects service delivery in the North West Provincial Treasury Department	8	17
Poor Leadership	A factor that affects service delivery in the North West Provincial Treasury Department	5	8
Impact of Irregular Expenditure	The impact of irregular expenditure on service delivery in subordinate departments of the North West	9	44
Poor Service Delivery	An impact of irregular expenditure on service delivery in subordinate departments of the North West	9	44
Strain on Budget	An impact of irregular expenditure on service delivery in subordinate departments of the North West	9	29

Name	Description	Sources	References
Measures to Control Irregular Expenditure	Measures to control irregular expenditure in the North West Provincial Treasury Department	8	34
Consequence Management	A measure to control irregular expenditure in the North West Provincial Treasury Department	5	9
Monitoring and Evaluation	A measure to control irregular expenditure in the North West Provincial Treasury Department	7	20
Staff Training	A measure to control irregular expenditure in the North West Provincial Treasury Department	5	23
Strategic Sourcing	A measure to control irregular expenditure in the North West Provincial Treasury Department	6	7
Recommendations to the Department	Recommendations control irregular expenditure in the North West Provincial Treasury Department	7	16
Sources of Risks	Sources of risks that affect service delivery in the North West Provincial Treasury Department	9	40
Lack of Capacity	A source of risk that affects service delivery in the North West Provincial Treasury Department	8	15
Lack of Preemptive	A source of risk that affects service delivery in the North West Provincial	8	18

Name	Description	Sources	References
Measures	Treasury Department		
Law Enforcement Challenges	A source of risk that affects service delivery in the North West Provincial Treasury Department	7	18
Poor Organisational Culture	A source of risk that affects service delivery in the North West Provincial Treasury Department	8	18

Source: NVivo (2025)

Table 4.4 is a presentation of the research participants' view on the impact that irregular expenditure has on service delivery in the North West Provincial Treasury in South Africa. Comments from research participants and recent literature are used in Table 4.4 to support the themes from Figure 4.1 and Table 4.3. Each noteworthy theme is supported by two verbatim quotations from the interviews and also by existing literature from Chapter 2.

Table 4.4: Research participants' view on the impact that irregular expenditure has on service delivery in the North West Provincial Treasury

Noteworthy theme	Supportive quote	Supportive literature
Lack of Capacity	*"…most of them lack live experience"* (Participant 1) *"Lack of capacity…"* (Participant 2)	The mission of the provincial treasury departments in South Africa is "to improve governance through enhancing accountability and oversight; creating public value; enabling delivery of quality services through partnerships; and capacity building in public sector finance" (National Treasury, 2020).
Lack of Preemptive Measures	*"No, departments are not taking effective steps to ensure that the… guidelines are effectively applied."* (Participant 3) *"…proper Supply Chain protocols not being followed …"* (Participant 5)	As a way of reinforcing internal control, leadership in the civil service ought to develop and successfully execute the anti-corruption policy to minimise the spread of corruption and fraud (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi &
Law Enforcement Challenges	*"I only know of one case of dismissal, out of many reported cases."* (Participant 1) *"Few officials involved in EPWP saga have been suspended for fraud, corruption and defrauding the department."* (Participant 4)	Fiscal misconduct proceedings should be brought against civil servants who cause irregular, fruitless and unauthorised expenditure (Nabane, Klingelhofer, & Geyer, 2023).

Noteworthy theme	Supportive quote	Supportive literature
Poor Organisational Culture	*"No, the organisational culture does not recognise and reward expenditure controls, efficiency, cost effectiveness and compliance. "* (Participant 1) *"No, I have never heard of any official or unit within the department being rewarded for excellent, effective cost and expenditure control being compliant."* (Participant 4)	Institutional environments are instrumental because of the incentives that they generate, and these have a strong impact on the level to which bureaucrats' performance can be improved and sustained (Baloyi & Beyers, 2019)
Budget Constraints	*"Budget constraints..."* (Participant 2) *"Budgetary limitations…"* (Participant 9)	Local government budgets are mostly negatively impacted by unforeseen shortages in transfers to the provincial or regional and national governments (Irwin & Moretti, 2020).
Corruption	*"Corruption, poor leadership..."* (Participant 1) *"Corruption, mismanagement of state resources..."* (Participant 3)	The key idea of good governance is to accomplish diverse goals such as improving the welfare of its people, safeguarding general accountability for deeds, as well as monitoring and assessing the activities of the government (Thusi & Selepe, 2023).
Lack of Political Will	*"…cadre deployment is a challenge"* (Participant 3) *"Political interference..."* (Participant 9)	Lack of trust due to political appointments at the level of municipalities can negatively affect service delivery and this results from the dominant political deployment procedure in which appointments are made by senior party officials rather than councillors (Thusi & Selepe, 2023).
Poor Leadership	*"…poor leadership…"* (Participant 1) *"…Ineffective leadership…"* (Participant 9)	Poor leadership at the level of municipalities can negatively affect service delivery. Leadership is a person or party agent, that helps in generating a consistent culture that consist of value structures and behaviour that are vital for the success of the organisation (Ringson & Matshabaphala, 2023; Thusi & Selepe, 2023).
Poor Service Delivery	*"Major projects are failing due to lack of funds…"* (Participant 2) *"…this will have a detrimental effect on service delivery."* (Participant 5)	As explained by Thusi and Selepe (2023) inadequate financial management practises has been a lasting problem for municipalities, which ultimately impeded the delivery of services that are anxiously wanted by the public.
Strain on Budget	*"There is no integrated planning, budget is not linked to priorities."* (Participant 6) *"Misuse of public funds."* (Participant 8)	The public funds lost because of the irregular and wasteful expenditure are the funds that might have been allocated to assist the government to accomplish its mandate in terms of service delivery to the public (Mishi, Mbaleki, & Mushonga, 2022).
Consequence Management	*"Consequence management… which ensures..."* (Participant 1) *"Consequence management should be adequately implemented."* (Participant 3)	Stringent internal control systems allow the civil service to safeguard trustworthiness, and this motivates civil servants to report any developing misdeeds stemming from fraudulent actions (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe,

Noteworthy theme	Supportive quote	Supportive literature
Monitoring and Evaluation	*"Yes, department need to appoint necessary resources for internal control measures and also implement necessary policies."* (Participant 2) *"Monthly spending reports must be examined to identify any differences."* (Participant 9)	According to the UNDP (2016), continuous watchfulness concerning procurement practices in the public service should include reinforcing ethics, planning, transparency, risks evaluation and management, supervision, and reporting of fraud and corrupt practices.
Staff Training	*"Training that focuses on irregular expenditure must be conducted on regular basis…"* (Participant 4) *"Through training employees on finance regulations and compliance, violations can be avoided."* (Participant 9)	There are skills shortage in the civil service especially with regard to financial management skills, and so, the government should embark on inclusive training and development programmes to prepare civil servants (Nabane, Klingelhofer, & Geyer, 2023).
Strategic Sourcing	*"…strategic sourcing..."* (Participant 1) *"The departments ensure that all expenditure is in line with prescripts..."* (Participant 2)	An efficient procurement system in the public service is exemplified by characteristics such as "responsiveness, openness and accountability" (Thusi & Selepe, 2023; Baloyi & Beyers, 2019), which at present are not operational.
Recommendations to the Department	*"Appoint skilled and knowledgeable staff into positions to ensure that the departments are adequately capacitated."* (Participant 3) *"The department must ensure that all officials receive the necessary knowledge and information regarding ways to identify and avoid irregular expenditure."* (Participant 4)	Leadership has a vital role to play in municipal and provincial service delivery because good leadership is focused on good governance (Masiya, Davids, & Mangai, 2021).

4.4 Discussion and interpretation of the results

In the succeeding sections, the results of the study outlined in Table 4.4 are discussed and interpreted pertaining to the study objectives.

4.4.1 To establish the sources of risk that affect service delivery in the North West Provincial Treasury Department

The first research objective was to establish the sources of risk that affect service delivery in the North West Provincial Treasury Department. According to the results of the study, there are four sources of risk that affect service delivery, and this include: 1) Lack of Capacity, 2) Lack of Preemptive Measures, 3) Law Enforcement Challenges, and 4) Poor Organisational Culture. This finding is presented in Tables 4.3 and 4.4 and it is supported by the following excerpts:

Lack of Capacity

"The core functionary that is supposed to support the departments is not exposed to the areas they are expected to guide on, most of them lack live experience." (Participant 1)

“Lack of capacity… Most units depend on appointing consultants or contract employees. Most of consultant are not even ploughing back to the Province as they do not capacitate employees within the department.” (Participant 2)

“…lack of qualified knowledge and skilled people in oversight structure. Executive management are not appointed based on qualification and experience hence cadre deployment is a challenge.” (Participant 3)

“…Human resource issues… There is generally lack of capacity to deal with the main issues at hand… The capability of the department to provide service effectively may be hindered by understaffing, lack of skilled personnel, and high employee turnover.” (Participant 9)

Lack of Preemptive Measures

“Not really, they are in most cases the cause, due to many unplanned activities they submit at the eleventh hour. No, there has not been proper demand planning, lack of staff complement in the supply chain management unit.” (Participant 1)

“Lack of proper planning, from as early as the budget & procurement plan. Due to proper Supply Chain protocols not being followed, public funds will not be utilised adequately, and this will have a detrimental effect on service delivery.” (Participant 5)

“Poor planning and… there is no integrated planning, budget is not linked to priorities...” (Participant 6)

“…Yes, they are… however, the methods employed are not effective.” (Participant 8)

Law Enforcement Challenges

“Few officials involved in… saga have been suspended for fraud, corruption and defrauding the department. Also, other officials have been suspended for stealing copy machine cartridges.” (Participant 4)

“Yes, they do… Those that are found guilty have been subjected to written warnings and dismals. However, only one official would be found guilty and other officials that were party to would be off free.” (Participant 8)

Poor Organisational Culture

“…the department should provide real service to the community, not events and food.” (Participant 1)

“The public confidence is down due to high amount of irregular expenditure as this implies non-compliance to laws and regulations.” (Participant 7)

“…Bid Committees are sabotaged in order to favour a specific outcome by firing members of committees… committee’s not… and also non-compliance to legislative processes…” (Participant 7)

“Lack of consequence management to the irregular expenditure perpetrators has created a culture of doing irregular expenditure and knowing that you will not be punished.” (Participant 8)

The above account reveals that the sources of risk that affect service delivery in the North West Provincial Treasury Department comprises of lack of capacity, lack of preemptive measures, law enforcement challenges, and poor organisational culture.

As explained by the World Bank (2024), fiscal risks are departures from fiscal results anticipated at the time of budget preparation. This departure may perhaps generate considerable shock on government finances and weaken the power of governments to use fiscal policy to stabilise economic activities and encourage long-term growth (World Bank, 2024). Fiscal risks are not only present in national governments but are also common in the running of local governments or subnational governments (SNGs) according to OCED terminology (De Mello & Ter-Minassian, 2024). As elucidated by De Mello and Ter-Minassian (2024), local governments face a variety of fiscal risks due to unexpected macroeconomic changes and structural modifications in the economy, such as going digital and environmental awareness.

4.4.2 To establish factors that affect service delivery in the North West Provincial Treasury Department

The second research objective was to establish factors that affect service delivery in the North West Provincial Treasury Department. Corresponding to the outcomes of the study, there are four factors that affect service delivery, and this include: 1) Budget Constraints, 2) Corruption, 3) Lack of Political Will, and 4) Poor Leadership. This result is presented in Tables 4.3 and 4.4 and it is supported by the ensuing quotations:

Budget Constraints

"Major projects are failing due to lack of funds e.g. service providers will leave unfinished projects, and the departments will have to re-appoint other resources to finish the project and that causes unnecessary budget constraints." (Participant 2)

"Lack of proper planning regarding projects and services that needs to be delivered to the citizens. However, the project never succeeded to implementation phase after completion of the feasibility study because the project was not budgeted for." (Participant 4)

"Monies prioritised for certain projects never happening. As the projects would be irregularly allocated and would need to be cancelled." (Participant 8)

"Budgetary limitations… the department might fail to achieve its service delivery goals because of insufficient or delayed financing. Depleting resources… internal functioning is hindered by the draining of funds that should be used for important projects." (Participant 9)

Corruption

"Corruption, poor leadership, and lack of political will to make real changes." (Participant 1)

"Corruption is the main source of poor service delivery. Officials and politicians are only concerned about their pockets; they contract non-deserving contractors and manipulate them…" (Participant 6)

"People being hired without qualification and experience." (Participant 8)

"It delays service delivery which leads to people protesting ending up vandalising the existing structures, which then will take time for the government to get funds or budget to restore or construct new projects." (Participant 6)

Lack of Political Will

"Political office bearers should not be involved in the day-to-day operations of the department since their influence is putting pressure on staff to incur irregular expenditure." (Participant 3)

"…Political interference… political influences from the outside may hamper decision-making, causing resource misallocation or delays." (Participant 9)

"Delaying important projects… misallocation of funds can result in community-serving projects being delayed or even abandoned." (Participant 9)

Poor Leadership

"Also glorified managers that are unable to make sound decisions." (Participant 1)

"Eroding public trust… people lose faith in the government's capacity to handle money and provide services." (Participant 9)

"Governance and leadership… ineffective leadership or poor governance can result in inefficiency and lack of accountability." (Participant 9)

The above testimony reveals that the factors that affect service delivery in the North West Provincial Treasury Department include budget constraints, corruption, lack of political will, and poor leadership.

South African cities, districts, municipalities, and provincial departments endure service delivery problems that obstruct the government's capability to execute its mandate, regardless of the existence of guidelines and many policy interventions (Qobo, Soko, Ngwenya, 2022). Leadership advances a medium to establish policies of change that are effectively realised as required by modernisation and transformation (Ringson & Matshabaphala, 2023; Thusi & Selepe, 2023). However, it is obvious that in South Africa, the leadership of the municipalities is normally appointed by political parties, and the results are that leaders tend to politicise the functions and have limited understanding of management theories that influence the execution of services (Mbandlwa, Dorasamy, & Fagbadebo, 2020; Thusi & Selepe, 2023).

4.4.3 To establish the impact of irregular expenditure on service delivery in subordinate departments of the North West

Determining the effect of irregular spending on service delivery in North West subordinate departments was the third research goal. Consistent with the results of the study, there are two major impacts of irregular expenditure on service delivery, and this include: 1) Poor Service Delivery, and 2) Strain on Budget. This result is shown in Tables 4.3 and 4.4 and it is reinforced by the ensuing quotations:

> **Poor Service Delivery**
>
> *"Irregular expenditure delays projects and growth in the province since service providers are not appointed based on merit but rather on political agenda, as a result the state ends up overpaying for services which diverts funds that should have been utilised for other projects."* (Participant 3)
>
> *"Irregular expenditure has a negative impact because departments are allocated funds based on their Annual Performance Plan targets and when the*

departments use the funds not in accordance with legislation and purpose it means they fail to meet their APP targets." (Participant 4)

"The funds spent to pay these service providers could have been utilised to eradicate the socio-economic factors we are facing and ultimately deliver services; it is proving to have a 'Dominos effect' on both the state and ultimately the community at large" (Participant 5)

"Low quality on service delivery… service provider delivers a low-quality assignment or project in trying to cut costs and increase profitability…" (Participant 7)

Strain on Budget

"It has affected the audit outcome of provincial departments. It has forced the department to pay exorbitant prices in the market, unnecessarily. It has even cost some officials to lose their jobs in this unbearable economic climate." (Participant 1)

"Major projects are failing due to lack of funds… service providers will leave unfinished projects, and the departments will have to re-appoint other resources to finish the project and that causes unnecessary budget constraints." (Participant 2)

"Depleting resources… internal functioning is hindered by the draining of funds that should be used for important projects" (Participant 9)

"…Rising costs… oftentimes, irregularities lead to non-compliance and over-expenditure, which increases the cost of offering services and decreases funds available for other projects." (Participant 9)

The above evidence reveals that there are two major impacts of irregular expenditure on service delivery in subordinate departments of the North West namely poor service delivery, and strain on budget.

Thusi and Selepe (2023) clarified that the ideas of financial misconduct and service delivery are contradictory because financial misconduct in the public service hampers the delivery of services to the public. In addition, they elucidated that the two ideas of financial misconduct and service delivery have different orientations (Thusi & Selepe, 2023). Nevertheless, public officials go on to commit financial misconduct that results in irregular, unproductive, and wasteful expenditures (Baloyi & Beyers, 2019; AGSA, 2023; Thusi & Selepe, 2023).

4.4.4 To establish measures to control irregular expenditure in the North West Provincial Treasury Department

The fourth research objective was to establish measures to control irregular expenditure in the North West Provincial Treasury Department. Conforming with the results of the study, there are four measures to control irregular expenditure, and this include: 1) Consequence Management, 2) Monitoring and Evaluation, 3) Staff Training, and 4) Strategic Sourcing. This finding is showcased in Tables 4.3 and 4.4 and it is corroborated by the following quotations:

Consequence Management

"Officials must be made aware of the consequences related to committing irregular expenditure." (Participant 4)

"Vigorous consequence management must be implemented by the accounting officer for non-compliance to supply chain management processes." (Participant 7)

"Consequence management and jail time for perpetrators." (Participant 8)

Monitoring and Evaluation

"Monthly and yearly monitoring reports are submitted, and supervisors make sure that they do not make commitments without budget. Budget office on monthly basis submit expenditure to programme managers so that they may be informed of their expenditure." (Participant 2)

"Monitoring and evaluation of processes and procedures at regular interval is imperative." (Participant 4)

"Implement recommendation of review structures, like internal control, audit committees, irregular expenditure condonement committee and SCOPA." (Participant 7)

"Keep an eye on spending… Examine financial documents and audit findings on a regular basis to make sure rules and guidelines are being followed." (Participant 9)

Staff Training

"Officials in supply chain management need to be trained… The departments need to appoint officials with relevant skills, and they should be empowered not to process anything that is against legislation." (Participant 2)

"Our departments need to be comprised of people with the relevant skills and knowledge to care for our country and economy." (Participant 4)

"Officials must be made aware of the consequences related to committing irregular expenditure." (Participant 4)

"Through training employees on finance regulations and compliance, violations can be avoided. Training ensures that all personnel are aware of the regulations and the implications of irregular spending." (Participant 9)

Strategic Sourcing

"…strategic sourcing, which ensures that easy procurement measures are ready for any emergency that may occur." (Participant 1)

The above exhibit show that measures to control irregular expenditure in the North West Provincial Treasury Department include consequence management, monitoring and evaluation, staff training, and strategic sourcing.

Supply chain management challenges have persisted as one of the most important enablers of dismal audit outcomes (Thusi & Selepe, 2023; Baloyi & Beyers, 2019). Supply chain management is integral to service delivery, and it is critical to acknowledge that it is a very important requirement. The surge in irregular expenditure in the public service in South Africa is caused by the governance challenges arising from meagre supply chain activities (Thusi & Selepe, 2023; Baloyi & Beyers, 2019).

4.4.5 To find recommendations that can be made to control irregular expenditure at the Treasury Department of the North West Province

Finding suggestions for reducing erratic spending in the North West Provincial Treasury Department was the fifth study goal. In accordance with the study's findings, the following suggestions were offered: 1) Regularly monitor budgets and expenditures to enable early detection of any deviations, 2) Monitor compliance rates, 3) Follow proper supply chain practices, 4) Use early warning systems, 5) Ensure transparent and regular reporting on irregular expenditures, 6) Strengthen internal control and recover assets from affected employees, 7) Institute consequence management, 8) Maintain the pillars of public expenditure – fairness, equity, transparency, cost effectiveness and efficiency , 9) Subject bids to probity assessment, 10) Engage communities.

Regularly monitor budgets and expenditures to enable early detection of any deviations

"Regular monitoring… regular monitoring of budgets and expenditures enables early detection of any deviations." (Participant 9)

Monitor compliance rates

"Monitoring the rate of employees adhering to expenditure guidelines." (Participant 9)

Follow proper supply chain practices

"It is of utmost importance that we follow proper supply chain practices, as this will enhance trust to the supply chain practitioners that no malpractice is performed." (Participant 5)

Use early warning systems

"Through the identification of possible disparities in expenditure behaviour or imbalances at an early stage, more problems are avoided." (Participant 9)

Ensure transparent and regular reporting on irregular expenditures

"Being transparent when dealing with the public… reports on irregular expenditures should be made public with clear consequence management… Employ skilled officials especially in Internal control unit… report regularly on issues of irregular expenditure." (Participant 6)

Strengthen internal control and recover assets from affected employees

"Strengthening internal control unit… develop measures to curb irregular expenditure… investigating those who are involved in committing irregular expenditure… and recover assets from the affected employees." (Participant 6)

Institute consequence management

"Consequence management to deal with the real perpetrators and also perhaps introducing jail time." (Participant 8)

Maintain the pillars of public expenditure – fairness, equity, transparency, cost effectiveness and efficiency

"The pillars of public expenditure… fairness, equity, transparency, cost effectiveness and efficiency… should always come into place to avoid irregular expenditure." (Participant 5)

Subject bids to probity assessment

"Subject bids to probity assessment in order to ensure compliance to supply chain management processes." (Participant 7)

Engage communities

"Involve communities… by asking for opinions and incorporating the entire population in decision-making, services are guaranteed to respond to their requirements." (Participant 9)

The above account suggests that recommendations that can be made to control irregular expenditure in the North West Provincial Treasury Department include regularly monitor budgets and expenditures to enable early detection of any deviations; monitor compliance rates; follow proper supply chain practices; use early warning systems; ensure transparent and regular reporting on irregular expenditures; strengthen internal control and recover assets from affected employees; institute consequence management; maintain the pillars of public expenditure – fairness, equity, transparency, cost effectiveness and efficiency; subject bids to probity assessment; and engage communities.

Transparency and accountability in public administration can be accomplish through the reduction of excessive bureaucracy in government operations (Adil, Mediaty, & Imran, 2022; Baloyi & Beyers, 2019). Sincerity and clarity in the public sector have a significant role in how the civil service functions and increase its level of usefulness, efficacy, and accessibility for various stakeholders (Adil, Mediaty, & Imran, 2022; Baloyi & Beyers, 2019). Transparency, which is the community's unfettered access to relevant and trustworthy information on statements and achievements in the public service, is what honesty and clarity add up to (Adil, Mediaty, & Imran, 2022; Baloyi & Beyers, 2019). Transparency in the civil service is upheld through employing updated systems of communication through which the public can be informed about the provisions, and how those provisions are delivered by the civil service (Erkkila, 2020; Baloyi & Beyers, 2019). Transparency is at the core of truthfulness and dependability in the civil service, and it enhances community trust and support (Erkkila, 2020; Baloyi & Beyers, 2019).

4.5 Conclusion

The study's findings present the investigations on assessing the impact of irregular expenditure on service delivery, in the North West Provincial Treasury Department, which have been provided in Chapter 4. It elaborates more on the fact irregular transactions are as bad as corruption as it makes the department look uncontrollable and as if there are no regulations and acts that should monitor the expenditure and governing of the departments.

Most responders agree that irregular transactions are there, but there are guidelines that must be followed, for example, investigating the instances and look whether there was a loss to the state, who was responsible and whether monies can be recovered because it is due to non-compliance that you can only ascertain whether service delivery has been affected after all the above has been conducted.

The coding procedure used for the qualitative data analysis was also covered in the chapter. Additionally, the research participants' demographic data was provided, and the salient themes from the interview data were compared to the interview questions and previous research. Furthermore, the study's findings were analysed and evaluated in light of the goals of the investigation. The study's conclusions and suggestions are presented in Chapter 5.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter 5 presents the conclusions and recommendations of this study. The study was envisioned to explore the impact that irregular expenditure has on service delivery in the North West Provincial Treasury Department in South Africa. The research questions were as follows:

- What are the sources of risk that affect service delivery in the of North West Provincial Treasury Department?
- What are the factors that affect service delivery in the North West Provincial Treasury Department?
- What is the impact of irregular expenditure on service delivery in subordinate departments in the North West?
- What measures are in place to control irregular expenditure in the North West Provincial Treasury Department?
- What recommendations can be made to control irregular expenditure in the North West Provincial Treasury department?

The study's conclusions, recommendations, and findings are summed up in the sections that follow.

5.2 Findings from the study

The results of the study are presented with respect to the research questions that were stated at the beginning of the study.

5.2.1 What are the sources of risk that affect service delivery in the of North West Provincial Treasury Department?

The first research question was about the risk factors that have an impact in the North West Provincial Treasury Department's service delivery. The study's findings indicate that the North West Provincial Treasury Department's service delivery is impacted by the sources of risk that comprises of lack of capacity, lack of pre-emptive measures, law enforcement challenges, and poor organisational culture.

As explained in Chapter 4, the kinds of dangers that have an impact in the North West Provincial Treasury Department's service delivery are mostly financial risks. Fiscal risks are deviations from the fiscal outcomes projected during budget preparation that have the potential to cause significant financial shocks to the government and reduce its ability to utilize fiscal policy to stabilize the economy and promote long-term growth (World Bank, 2024). Nonetheless, national and local governments should be held accountable for these risks and strengthen their capacity to control them. (De Mello & Ter-Minassian,2024). National governments have been the focus of much scholarly attention about fiscal hazards, particularly since the start of the global financial crisis in 2008, and there has been a paucity of research on how local governments are impacted by, ready for, and react to, the sort of fiscal risks fronting them (De Mello & Ter-Minassian, 2024; IMF, 2020; Moretti, 2021; Valencia et al., 2022).

5.2.2 What are the factors that affect service delivery in the North West Provincial Treasury Department?

Next, the second research question was to establish the factors that affect service delivery in the North West Provincial Treasury Department. Corresponding to the study outcomes, the elements influencing the North West Provincial Treasury Department's service delivery include budget constraints, corruption, lack of political will, and poor leadership.

Good governance warrants that politico-economic and social objectives are guided by broad consensus, and resource distribution takes into account the underprivileged segments of society. (Thusi & Selepe, 2023). However, uncooperative institutional environment at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. A bureaucratic administrative structure and an uncooperative institutional environment frequently pose challenges to public officials at all levels, preventing them from adequately assimilating and applying new laws, regulations, practices, and skills (Baloyi & Beyers, 2019). Negative power struggles and political interference at the level of municipalities can negatively affect service delivery because it often affects the mandate of the provincial departments. The inner municipal setting is mostly a place of negative power brawls between politicians and administrators (Baloyi & Beyers, 2019). Disputes can be challenging to deal with, and they often affect the spirits and action of officials in an adverse manner (Baloyi & Beyers, 2019). Municipal and provincial administrators frequently feel unshielded from this conflict and political precedence often supersede formally sanctioned implementation schemes and managerial needs (Baloyi & Beyers, 2019).

5.2.3 What is the impact of irregular expenditure on service delivery in subordinate departments in the North West?

Also, the third research question was about the impact of irregular expenditure on service delivery in subordinate departments in the North West. Consistent with the study results, the two major impacts of irregular expenditure on service delivery in subordinate departments in the North West include poor service delivery, and strain on budget.

As elucidated by Thusi and Selepe (2023) inadequate financial management practises has been a lasting problem for government departments, which ultimately impeded providing services that the public is eagerly awaiting. This situation has featured consecutively in the South African Auditor-General's audit reports throughout a number of years (AGSA, 2023). Thusi and Selepe (2023) clarified that because of the fact that financial misconduct in the public sector impedes the provision of services to the public, the concepts of financial misconduct and service delivery are incompatible.. Additionally, they elucidated that the two ideas of financial misconduct and service delivery have different orientations (Thusi & Selepe, 2023). Nevertheless, public officials go on to commit financial misconduct that results in irregular, unproductive, and wasteful expenditures (Baloyi & Beyers, 2019; AGSA, 2023; Thusi & Selepe, 2023).

5.2.4 What measures are in place to control irregular expenditure in the North West Provincial Treasury Department?

In addition, the fourth research question was about the measures that are in place to control irregular expenditure in the North West Provincial Treasury Department. Based on the study results, the measures that are in place to control irregular expenditure in the North West Provincial Treasury Department include consequence management, monitoring and evaluation, staff training, and strategic sourcing.

Irregular expenditure can be control by improving the standards of public administration in the entire country (Thusi & Selepe, 2023; Baloyi & Beyers, 2019; AGSA, 2023). Transparency is at the core of truthfulness and dependability in the civil service, and it enhances community trust and support (Erkkila, 2020; Baloyi & Beyers, 2019). To support this claim, it is essential to implement mandated ethics in public supply chain activities in order to increase civil service accountability and transparency. (Erkkila, 2020; Baloyi & Beyers, 2019). Nonetheless, to foster ethical conduct in the civil service and deal with the concerns and claims of accountability, the UNDP (2016) recommends the establishment of a controlled toll-free line for reporting unlawful behaviour, legal reinforcement of compliance, development of grievance procedures through the public protector, and formalisation of a mandatory code of conduct for all staff.

5.2.5 What recommendations can be made to control irregular expenditure in the North West Provincial Treasury department?

Lastly, the fifth research question was about recommendations that can be made to control irregular expenditure in the North West Provincial Treasury department. On account of the study results, recommendations that can be made to control irregular expenditure in the North West Provincial Treasury department include:

- Regularly monitor budgets and expenditures to enable early detection of any deviations;
- Monitor compliance rates;
- Follow proper supply chain practices;
- Use early warning systems;
- Ensure transparent and regular reporting on irregular expenditures;
- Strengthen internal control and recover assets from affected employees;
- Institute consequence management;
- Maintain the pillars of public expenditure – fairness, equity, transparency, cost effectiveness and efficiency;
- Subject bids to probity assessment; and engage communities.

For civil service organizations to achieve their long-term objectives, internal auditing systems are essential because they play an important part in safeguarding that they acknowledge any infringement with appropriate laws and regulations (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi & Beyers, 2019).

Stringent internal control systems allow the civil service to safeguard trustworthiness, and this motivates civil servants to report any developing misdeeds stemming from fraudulent actions (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi & Beyers, 2019). Internal appraisals facilitates the process that the external audit can assist in identifying management areas that need immediate attention and should be treated seriously in the civil service, since it offers a preliminary audit in close proximity to the external audit. (Baloyi & Beyers, 2019). To minimize the spread of fraud and corruption, civil service leadership should create and effectively implement an anti-corruption strategy as a means of strengthening internal control. (Nadirsyah, Indriani, & Mulyany, 2024; Thusi & Selepe, 2023; Baloyi & Beyers, 2019).

5.3 Recommendations

The following are some suggestions that can be made to curb irregular spending in the North West Provincial Treasury Department in light of the study's findings:

- Continually monitor budgets and expenditures to enable early detection of any deviations.
- Continually monitor compliance rates to reduce irregular expenditure in public procurement. This can be achieved through a proactive, technology-driven, and consequence-based approach.
- Ensure to always follow proper supply chain practices in all service delivery projects in the municipalities and province.
- Use early warning systems by making full use of data analytics, conducting regular audits, and enforcing accountability.
- Ensure transparent and regular reporting on irregular expenditures.
- Strengthen internal control and recover assets from affected employees
- Institute consequence management in service delivery projects in the municipalities and province.
- Maintain the pillars of public expenditure – fairness, equity, transparency, cost effectiveness and efficiency
- Ensure to always subject bids to probity assessment; and continually engage communities in the municipalities and province.

5.4 Limitations of the study

The data was gathered in South Africa with the intention of investigating the effect that irregular spending has on service delivery in the North West Provincial Treasury Department. One of the study's limitations is that cultural differences may make it difficult to generalize the findings across nations.

5.5 Suggestions for further research

This research explored the impact that irregular expenditure has on service delivery in the North West Provincial Treasury Department in South Africa. However, this study can be widened to cover other governmental departments in South Africa. Additionally, the study can be planned to employ the quantitative research method, which will gather numerical data nationwide through an online poll.

5.6 Conclusion

According to the study, the sources of risk that affect provision of services in the North West Province, Treasury Department comprises of lack of capacity, lack of preemptive measures, law enforcement challenges, and poor organisational culture. In addition, the elements that influence the provision of services in the North West Provincial Treasury Department include budget constraints, corruption, lack of political will, and inadequate leadership. Also, two key impacts of irregular expenditure on service delivery in subordinate departments in the North West include poor service delivery, and strain on budget.

Further, the measures that are in place to control irregular expenditure in the North West Provincial Treasury Department include consequence management, monitoring and evaluation, staff training, and strategic sourcing.

And lastly, recommendations that can be made to control irregular expenditure in the North West Provincial Treasury Department include regularly monitor budgets and expenditures to enable early detection of any deviations; monitor compliance rates; follow proper supply chain practices; use early warning systems; ensure transparent and regular reporting on irregular expenditures; strengthen internal control and recover assets from affected employees; institute consequence management; maintain the pillars of public expenditure

– fairness, equity, transparency, cost effectiveness and efficiency; subject bids to probity assessment; and engage communities.

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APPENDIX

Appendix – 1 (Informed consent form)

INFORMED CONSENT STATEMENT

NORTH-WEST UNIVERSITY: MBA - RESEARCH

RESEARCHER/STUDENT: MR O KEEBINE
STUDENT NO : 22996303
CELL AND EMAILL : 0604734405 / ofentsekeebine.ok@gmail.com

Dear respondent,

You are herewith requested to participate in research conducted by Ofentse Keebine, who is studying towards a Master in Business Administration (MBA) at the School of Business and Governance, North - West University. The results of this study will be contained in a mini-dissertation. You were selected as a possible participant on this study because you are one of the public servants who is considered trustworthy on giving information exploring the impact of irregular expenditure on service delivery in the North West Provincial Treasury Department

This **Informed Consent Statement** serves to confirm the following information as it relates to the MBA Research Methodology:

1. The purpose of this study is to obtaining information from provincial government stakeholders on the impact that irregular expenditure has on the performance of the departments.
2. The procedure to be followed is that of a qualitative research design, using open-ended interviews/questionnaire whereby respondents are given the opportunity to communicate their views on the noted topic.
3. The findings will only be used to this particular study's objective. In order to avoid identifying any specific individuals, all participants will remain anonymous; hence, no names or departments will be connected to the results. Letters will be used by the

researcher as pseudonyms. The Protection of Personal Information Act (POPI Act) protects you from me using your information without your consent.

4. The estimated completion time for the interview is 45 minutes. Any data collected for this project that can be linked to specific participants will be kept private and shared only with those participants' consent or in compliance with legal requirements. Signing the voluntary informed consent form as soon as possible before the study starts will preserve confidentiality.
5. If at any point during the completion of the interview, the respondent should feel uncomfortable, the respondent will have the opportunity, to make their discomfort known and immediately end his/her participation.
6. It should also be emphasised that participation in this study is on a **voluntary basis and with the consent of the respondent without any form of coercion.**
7. **The confidentiality, anonymity and privacy of respondents are guaranteed**.
8. If you need to ask any questions about this study, please feel free to conduct the research personnel at the School of Business, North - West University.
9. If you need to contact the researcher and the promoter, their details are as follows:
    - Principal investigator: Ofentse Keebine, Mobile number: 0604734405.
    - Promotor: Professor Wedzerai Musvoto, Mobile number: 0603560137
10. A summarised copy of the final report will be made available to the respondents on request.

…………………………………………………………………………………………

I (the respondent) hereby declare that I have read and understood the content of the Informed Consent Statement, and give my full consent to **MR O KEEBINE** to use the information from the interview in his MBA assignment and subsequent research.

Name and designation	**Signature**	**Date**

TITLE: THE IMPACT OF IRREGULAR EXPENDITURE ON DEPARTMENTAL PERFORMANCE

The aim of the study is:

- To explore the impact that irregular expenditure has on the performance of the departments, using the provincial treasury and other provincial government departments as a case study.

Section A: Demographic information

1. What is your gender?
2. What is your age?
3. What is your current position?
4. What is your highest qualification?
5. How long have you been working?

Section B: Study Questions

1. What are the sources of risk that affect service delivery in the North West Provincial Treasury Department? Please explain:

2. What are the factors that affect service delivery in the North West Provincial Treasury Department?

3. What is the impact of irregular expenditure on service delivery in subordinate departments of the North West? Please explain in detail:

4. How has irregular expenditure affected internal performance of the department?

5. How has irregular expenditure affected the performance of Government/service delivery in the Province?

6. What control measures can be established in order to control irregular expenditure in the North West Provincial Treasury Department?

7. Are line managers taking any specific, concrete steps to detect and prevent Irregular Expenditure in their respective units/sections, as required by section 38 (1) (c) of the Act?

8. Are there targets to measure the effectiveness of expenditure control systems to prevent irregular expenditure?

9. Does the organisational culture recognise and reward expenditure controls, efficiency, cost effectiveness and compliance?

10. What has been the consequences for those Departmental officials who have not been able to comply (transgressors) with section 38 (1) (c) of the PFMA for the past five years?

11. Does supervisors/middle managers monitor expenditure and provide monthly expenditure reports with red flags or early warnings of irregular expenditure?

12. What are the ways of strengthening the trust with people as they expect a certain level of service delivery from the government?

13. What recommendations can be made to the department to maintain a good audit report?

Thank you!