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An assessment of the drivers of unauthorised, irregular, and wasteful expenditure in the City of Tshwane Metropolitan Municipality

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ABSTRACT

Purpose: The Auditor-General South Africa **(**AGSA) identified metropolitan municipalities as the highest contributors to unauthorised, irregular, fruitless and wasteful (UIFW) expenditure in South Africa, prompting the National Treasury (NT) to call for the management there-of, as a top priority. This study aimed to assess the drivers behind UIFW expenditure's ongoing presence in the City of Tshwane Metropolitan Municipality (CoT), despite the AGSA's findings and recommendations, with an extensive oversight role by municipal public account committees (MPAC).

Methodology/Approach: Through qualitative research techniques, the researchers thematically analysed the collected data, using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework. The analysis of UIFW expenditure trends in metropolitan municipalities over five years, revealed significant problems in the Tshwane metropolitan municipality, leading to the study of the CoT. By employing Atlas.ti software, the coding process identified the primary factors responsible for the prevalence of UIFW expenditure in the CoT.

Findings/Results: Using eight codes, the study illustrated the primary themes that contribute to irregular spending and the challenges that obstruct internal controls. The research findings attributed the weaknesses of the internal control environment to cultural and behavioural factors as the main driving forces towards incurring the UIFW expenditure, whilst identifying management practices as significant contributors to the lack of oversight. According to the study, the lack of awareness and failure to adhere to established procedures detrimentally impacted the effectiveness of control measures, resulting in the occurrence of UIFW expenditure. Owing to the absence of effective measures to manage and discourage misconduct, the metropolitan municipality had inadvertently provided individuals with opportunities to embezzle funds, leading to a surge in unethical practices. To effectively address these challenges, the study outcomes recommended a range of measures, including enhancing the control environment, increasing accountability, and establishing a consequence management system. The aim of this initiative was to address loopholes that facilitate unwarranted activities and to encourage responsible financial management by the metropolitan municipality, ultimately reducing UIFW expenditure.

Heuristic inferences: The study highlighted that a lack of effective management oversight at an operational level had led to a failure to understand and follow internal controls. Although the AGSA managed to achieve some progress in suggesting measures to address the problem, the underlying causes of the issue remained unknown. Discovering these causes would be instrumental in mitigating UIFW expenditure in the metropolitan municipality. The root causes of these issues can be traced back to the way management operates, the CoT's capacity constraints, and the prevailing culture. In order to tackle this issue, the metropolitan municipality culture should prioritise adherence to and promote awareness of internal controls.

Originality/Value: This study identified the factors behind the persistent incurrence of UIFW expenditure in the CoT, suggesting the need for more research in other municipalities.

Key words

Compliance, fruitless expenditure, irregular expenditure, internal controls, governance, wasteful expenditure, metropolitan municipality

1 INTRODUCTION

Established in the year 2000 in terms of the Municipal Structures Act 117 of 1998, the City of Tshwane Metropolitan Municipality (CoT) is located in Gauteng province, with a population of over 3 million and comprising an annual financial budget of over R50,6 billion (City of Tshwane 2023). The CoT is grappling with major challenges, attributed to unapproved and sporadic spending, specifically referred to as unauthorised, irregular, and fruitless/wasteful (UIFW) expenditure. The Auditor-General South Africa (AGSA) is the supreme audit institution (SAI) in South Africa, mandated by South African constitutional law. Its responsibility is to audit and report on the allocation of funds, sourced from South African taxpayers (RSA 1996). As noted by the AGSA (2020–23), the financial mismanagement issues faced by the CoT have generated concerns and raised doubts regarding the organisation's financial management capabilities. To address these financial management challenges successfully, organisations should consider Shava's (2018) observations and prioritise the implementation of internal controls, that are both relevant and timely, effectively curbing instances of incurring UIFW expenditure. Shava's observations aligned with the views of other scholars, who argue that insufficient internal controls can impede effective governance, hinder risk management efforts, compromise decision-making processes, and undermine financial stewardship. This stimulated the question, "What are the archetypes of UIFW expenditure incurred in the CoT, and what is propelling it?"

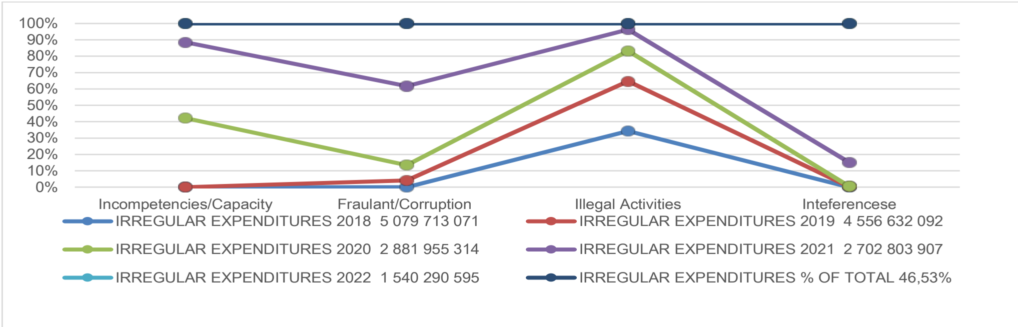
1.1 Audit findings at the City of Tshwane Metropolitan Municipality

The CoT faces ongoing issues with unauthorised and wasteful spending, as noted by the AGSA's audits reports, from the 2018 to 2022 financial years (AGSA 2020–23). Section 153 of the Constitution of the Republic of South Africa (the Constitution) directs municipalities to structure and manage its administration, budgeting, and planning processes in a way that prioritises the basic needs of the communities it serves and that promotes its social and economic development (RSA 1996). Continuous mismanagement of the finances, resulting from spending sporadicity in the CoT, could hamper this mandate. The Municipal Finance Management Act 56 of 2003 (MFMA), in conjunction with the Municipal Systems Act 32 of 2000 (MSA), aim to ensure that municipalities properly align its priorities, plans, budgets, implementation actions, and reports to facilitate compliance with this constitutional duty (RSA 2000, 2003). The analysis of the drivers of the CoT's UIFW expenditure, over the years, provides a glimpse of how much of a transgression the metropolitan municipality has been imposing against the advancement of the constitutional mandate of the society it serves.

Figure 1 depicts an analysis of "irregular expenditure", that the MFMA describes as spending that does not adhere to the legal requirements. Sebidi and Madue (2018) suggested that static, organisational culture in the CoT directly affects the creation of non-compliance issues with statutes, thereby exacerbating undesirable resistance to the effective execution of the oversight role by management in the metropolitan municipality that, ultimately, results in irregular spending. The analysis illustrates how the metropolitan municipality has been contributing to sporadic spending over the five years, dating from 2018 to 2022. The analysis, based on information sourced from AGSA audited financial statements, suggests that manipulation of accounts has been the most irregular transgression encountered by the CoT, over the years, with a manipulation rate of 80%, whilst misuse of budget is evinced at 100%, with spending over budget and unrelated items having increased in 2020, decreasing significantly from 2021, onwards. This may suggest that the CoT is keeping an effective variance analysis, whilst failing to implement controls on votes/accounts manipulation, as a misuse of budget may result from a combination of emergent and fraudulent activities. In terms of s. 113 of the MFMA, emergent activities may arise from acts of nature and other unexpected events, whereas s. 171(1)(c) reiterates that humans intentionally perpetrate fraudulent acts (RSA 2003). Given the absence of court case resolutions affirming its perpetration, the analysis could not examine any data pertaining to fraudulent information within the CoT. These wild and traumatising patterns affecting effective service delivery in the CoT, were amongst the interesting trends that loudly hailed the researchers to embark on this interesting and sensitive study.

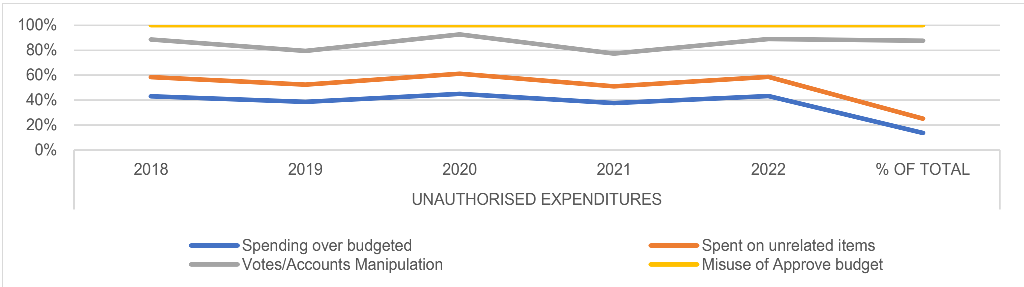
Figure 2 depicts how the CoT has been incurring the kind of sporadic expenditure that is defined in the MFMA as spending beyond the budget allocation, with the entire forbidden expenditure from 2018 to 2022 resulting in irregular expenditure amounting to a whopping contribution of 46.53% to the R36 billion of the entire UIFW expenditure incurred by the CoT - i.e., R17 billion spent, in this fashion, over five years. Seabi (2020) noted that the CoT has subjected its contracting and procurement practices to ineffective delivery terms, resulting in procurement that fails to enhance transparency. Chauke (2016) asserted that transparent procurement enhances accountability and the fruitful use of limited resources, given its scarcity in the municipalities. This exorbitant spending pattern, depicted in the Figure 2-analysis, only exacerbates the prevalence of financial management issues in the CoT, and was worth examining. The management assertions from the CoT forensic investigations' reports suggested that the expenditure was illegal, as the spending emanated from undue influences, corruption, and fraudulent activities, whilst some emanated from incompetence and capacity constraints in the metropolitan municipality. The expenditure shows a downward spiral overall, with illegal activities remaining the highest - compared to fraudulent/ corruption, high only in 2021 - whereas interference has been ranging between 0% to 10%, over the years.

This analysis may point out that the city had not been actively and timely investigating the unauthorised expenditure, either on account of capacity constraints or lack of sufficient, competent forensic auditors, whilst issues surrounding supply chain management may also be pointed out, since spending is a subject of procurement, as per Mthabini *et al.* (2020)..



(Source: Own)

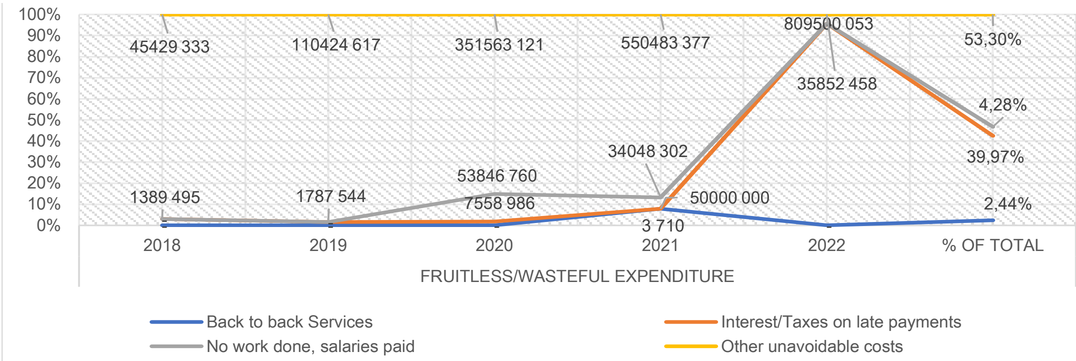
Figure 1:Analysis of the contributors of irregular expenditure over 5 years: 2018-2022



(Source: Own)

Figure 2: Analysis of the contributors of unauthorised expenditure over 5 years: 2018-2022

Rounding off the spending patterns in the CoT, is the examination of the analysis of the fruitless/wasteful expenditure, illustrated in Figure 3. The MFMA emphasises the importance of managing and avoiding this kind of expenditure, described as an expenditure that does not yield any results (RSA 2003). According to Sebidi and Madue (2018), the challenges associated with organisational culture are directly related to the availability of resources, capacity, and skills necessary to integrate operational and oversight elements effectively, toward the ethical monitoring of a municipality, aiming to prevent wasteful spending and mismanagement. Figure 3 evinces that the CoT was managing wasteful spending effectively, incurring below 10% from 2018 to 2019, starting to lose the effective track record in the 2020–2021 financial years, with a leap in 2022 from just under 20% to 98%, incurred in interest/taxes on late payments of invoices and disbursement of salaries - where there was no work performed to warrant salary payment, as the relevant employees never reported for duty, however, they clocked hours worked, whilst others booked unconfirmable overtime work (City of Tshwane 2022). In other instances, contractors performed work and were paid prior to its completion, leaving unfinished projects that resulted in the appointment of a subcontractor, to complete the remaining work. This cycle was repeated, on multiple occasions. Sebidi and Madue (2018) argued that leadership needs more than mere technical knowledge, as it may require skills that exhibit the capabilities to shape the municipality and build a future-minded city, with an all-rounded mindset towards a zero-tolerance culture with regard to fruitless production.



(Source: Own)

Figure 3: Analysis of the contributors of fruitless/wasteful expenditure over 5 years: 2018-2022

2 PROBLEM STATEMENT

Whereas the CoT is acknowledged for its strategic significance and potential, it has unfortunately been plagued by financial mismanagement and governance challenges, as extensively outlined by Ngobeni (2018). The incurrence of UIFW expenditure's steady rise, over time, should alarm management, and prompt immediate action. The metropolitan municipality's consistent irregular spending suggests that there may be underlying issues, causing this behaviour. From the aforementioned background sketch, the question emerged, "What factors influence the persistent increase in irregular, unauthorised, fruitless/wasteful expenditure in the CoT?"

3 RESEARCH OBJECTIVES

3.1 Main objective

The study aimed to assess the factors that are continuously driving UIFW expenditures in the CoT.

3.2 Secondary objectives

In pursuit of the primary objective, the researchers sought to meet specific theoretical and empirical objectives.

3.2.1 Theoretical objectives

- To identify the definitions of UIFW expenditure in the context of metropolitan municipalities, to ensure consistency with the prescribed guidelines by applicable statutes and literature.
- To identify any inconsistencies in the factors contributing to UIFW expenditure in the CoT, through a systematic literature review.

3.2.2 Empirical objectives

- To analyse the factors that contribute to the ongoing incurrence of UIFW expenditure in the CoT, by interviewing participants to gather the data for analysis, as it aligns with constructionism and critical theories that use interpretative and naturalistic approaches.
- To assess the institutional barriers in the CoT, that impede internal controls in addressing UIFW spending, by interviewing 14 CoT employees and connecting the findings to relevant literature.

Previous scholars have studied sporadic expenditure from a governance and administrative perspective. The literature review aimed to review relevant literature on UIFW expenditure, systematically, so as to identify inconsistencies, and the factors that other scholars may have highlighted as teething issues affecting the mismanagement of finances. These financial management issues faced by municipalities, led to the opening of loopholes for infiltrating internal controls - the propellers of UIFW expenditure - thereby exacerbating weak controls in the CoT.

4 LITERATURE REVIEW

Past studies did not sufficiently examine the key factors that lead to irregular and excessive spending, particularly in local government, creating a significant gap in understanding, in this field. Consequently, this study focused on identifying the root causes of UIFW expenditure rather than, solely, considering the amount spent. Furthermore, the study integrated previous studies, conducted by other scholars, regarding expenditure of the UIFW-type, relating to contract and procurement practices, transparency and accountability, oversight and monitoring processes, resources and capacity, and organisational culture. How the CoT significantly contributes to UIFW expenditure, is highlighted by each point.

4.1 Contract and procurement practices

In their study, Odhiambo and Kamau (2003) explained that public procurement involves obtaining goods and services through contractual means. In the specific context of metropolitan municipalities, the acquisition process includes two key aspects, i.e., the procurement of goods; and the contracting of specialised services. These activities are funded by state budget allocations and are overseen through the implementation of Integrated Development Plans (IDP) and Service Delivery & Budget Implementation Plans (SDBIP) [RSA 2003]. The presence of these suggests that municipalities possess the necessary tools and resources to manage its contracting procedures effectively when acquiring the services of both providers and employees, thus demonstrating its ability to conduct a sourcing- and contracting process for the procurement of goods and services, that is thorough and inclusive. These resources and tools, include financial resources in the form of unconditional grants, loans guaranteed by the state, foreign aid, internally generated revenues, and other economic activities within the metropolitan municipalities to provide the funding for budgets (RSA 2000). The examination of the aforementioned funding streams, and revenue generation possibilities available to metropolitan municipalities, led to the argument that these municipalities have the capacity and authority to effectively deal with its financial self-sufficiency issues, whilst spending through contracting- and procurement processes. Nonetheless, the central matter is how to use the funds with integrity, honesty, and in adherence to the prescribed guidelines, in relation to procuring the goods and services.

The AGSA, in its 2022 audit report (AGSA 2023), highlighted that the CoT's operations have been negatively impacted by UIFW expenditure in recent years, resulting from deficiencies in contractual issues. Nevhutanda (2019) specifically highlighted the role of inadequate management of suppliers' contracts, in contributing to this irregular spending, thus reinforcing the aforementioned finding. Mfuru *et al*. (2018) proposed that the actions of political appointees can be linked, to a certain degree, to the deficiencies in suppliers' contracting. The priority for these officials, when appointing contractors for service delivery, appears to be their personal benefit, instead of adhering to guidelines. Despite having access to processes and tools that can aid in effective contract management, it is disconcerting to observe municipalities failing in this aspect, which highlights the importance of proper contracting management. It is possible that this indicates a high prevalence of compliance issues.

On the other hand, in the municipalities, at its core, the procurement process in terms of the MFAM encompasses a systematic approach to procuring goods, services, or works from an external source, through a series of steps that involve sourcing, negotiating, and acquiring (RSA 2003). Typically, it is further noted, from the Treasury regulations, that the goal is achieved by engaging in a tendering or competitive bidding process (RSA 2003). This implies that, in procurement processes with limited resources, municipalities commonly have to make purchasing decisions and ensure compliance with mandatory supply chain regulations. Over the course of the last few years, the AGSA (2023) has consistently expressed deep concern regarding the manipulation of public funds through procurement processes. Deviations from supply chain procedures may prompt investigations into the procurement officers responsible for acquiring supplies for municipalities. As stated by Shava (2018), these inquiries typically give rise to discussions regarding the multitude of factors that could potentially contribute to noncompliance. The AGSA has identified a concerning factor, that involves breaking bids into small quotations, in order to bypass the tendering process. Instead, suppliers from the database are selected to quote for services in smaller units, rather than going through the bulk process of tendering. As alluded to by Mfuru *et al.* (2018), the presence of these tendencies, namely diverting and fragmenting tenders, could potentially indicate the widespread prevalence of unethical behaviour. This, in turn, may contribute to the development of an unprofessional culture within the procurement processes of municipalities, potentially resulting in the mismanagement of funds and irregular spending practices.

Notably, Mfuru *et al*. (2018), backed by the reports from City of Tshwane (2022) and AGSA (2023), argued in favour of the notion that these amoral ideologies consist of diverting bids and selecting unskilled service providers, who are compensated for services that remain unfinished. The 2022 AGSA report shed light on a significant finding, whereby the CoT authorities allowed payments for projects that were left unfinished, and this included the unfortunate scenario where they distributed salaries to employees who were not actively involved in carrying out their assigned work. One of the potential concerns that may arise, is the insufficiency of legal support for the contracts established between the metropolitan municipality and the service providers. The agreements entered into by the CoT and the service providers, including municipal employees, may lack sufficient legal support, thereby potentially limiting enforceability. The municipality ought to possess the jurisdiction to enforce the stipulations, in cases where the agreements were not completely executed, as indicated by Shava (2018). The CoT's decision to employ alternative service providers, despite having already made settlement payments for unfinished work, is a problematic issue, highlighted by Chitimira *et al.* (2022), as indicative of poor procurement- and contract management practices. Seabi (2020) emphasised the necessity of contracts having protective terms, that can be enforced by any party affected by the contract.

In their respective studies, Shava (2018) and Cachay *et al*. (2022) expressed deep concern over the causes of UIFW expenditure in municipal cities, in South Africa. They identified a pressing need for improved internal controls, particularly in relation to procurement processes, that are deemed to be the most vulnerable. Shava (2018) shared concerns in line with the AGSA's (2022) findings regarding certain factors contributing to UIFW expenditure in the CoT.

4.2 Transparency and accountability

Drawing from the Association of Chartered Certified Accountants' (ACCA) [2013] definition of "transparency", the principle highlights the importance of making information available to everyone, in a clear, precise, accurate, and easily understandable format. Promoting transparency in the public sector is of utmost importance, as it may enable thorough scrutiny of taxpayers' money. One of the concerns raised by scholars, is the lack of clarity and accuracy in the communication of public fund usage, by municipalities in South Africa, as alluded to by Mokgobu (2023). Additionally, the outcomes of the AGSA's investigation in 2023 (AGSA 2024), have underscored the assertion that the CoT did not fulfil the requirement of submitting the requisite documentation for the audit, generating scepticism concerning its transparency, ascribed to the deliberate exclusion of these documents. This documentation is primarily related to the procurement of services and the untimely submission of financial statements. It is worth noting, that the CoT failed to submit the financial statements on time, which raises questions concerning its actions, given the known submission dates. Moreover, this delay could be perceived as an attempt to obfuscate and avoid transparency in its dealings and responsibilities, that could, potentially, foster a climate in which municipalities continue to engage in supply chain contracts in an unacceptable manner, contrary to the principles of transparency. Moreover, in backing other scholars, Sebidi and Madue (2018) added that non-compliance by municipalities, in providing vital information, decreases transparency, and enables undisclosed financial choices that could lead to unauthorised and wasteful spending. Mabalane (2019) found that municipalities fail to encourage transparency, by not instituting consequence management, resulting in shady procurement contracts being issued and signed, *sans* proper processes.

On the other hand, when referring to "accountability", as defined by the South African legal framework, it is clear that it encompasses multiple elements, including the legal and reporting framework, organisational structure, strategy, procedures, and actions. According to the Constitution, these components serve the main purpose of ensuring accountability for organisations that use public funds and make impactful decisions on people's lives (RSA 1996). Shuping (2021) made a troubling discovery that underscores the absence of a clear plan amongst most municipalities to establish accountability, even though the legal framework offers provisions to support this. To this effect, Knowles (2021) argued that, when managements fail to provide clarity in its accounting practices and processes, it hinders superiors' transparency in their decision-making and authority, leading to the perception of accountability being misunderstood, as silence. It can thus be inferred that there are specific situations where management might choose not to provide an explanation for its decisions, by opting to invoke its legal right to remain silent, resulting in it being viewed as meeting its accountability obligations, even when its true motive is to avoid perceived self-incrimination.

One of the most intriguing aspects that emerged from the state capture enquiries in South Africa, was the notable number of individuals who refused to answer questions. Their reason for doing so was to exercise their right to remain silent, and avoid any potential self-incrimination (RSA 2003). With the emergence of this notion, there is a strong potential for it to significantly impact the way municipalities are managed. The possible objective or end goal to be derived from this situation could be to obstruct accounting practices that bear resemblance to those of individuals implicated by the state capture report. It is crucial to consider the potential ramifications of legal immunity for decision-making and actions whilst on duty, as it may result in the irresponsible allocation of government resources. Mabalane (2019) and Nokele (2022) have observed that authorities in the South African public sector often rely on its legal and constitutional rights, as a defence mechanism, allowing it to evade accountability for its decisions. The state capture scenario demonstrates typical occurrences of such behaviours. Consequently, resulting from a lack of accountability and shady procurement processes, municipalities squander millions of rands in fruitless and wasteful expenditure (AGSA 2023). Notably, based on the AGSA's (2023) audit reports, and corroborated by multiple scholars, it is clear that municipalities are not being held responsible for its inability to provide the necessary supporting documentation, during audits. Instances occur where municipalities consistently fail to meet its responsibility of submitting the requisite supporting documentation during audits, or neglect to employ the designated legal framework for accurate reporting, thereby highlighting the need for intervention, in order to enforce accountability. Notwithstanding legal consequences for accountability, the issues concerning financial mismanagement may persist. In the context of the public sector, "accountability" is a legal obligation, enshrined in the Constitution (RSA 1996). However, there is a potential drawback in the South African legal system, when it comes to effectively penalising municipal authorities who evade responsibility for its financial choices. This issue has been acknowledged by various scholars, including Seabi (2020).

Furthermore, the lack of clarity regarding accountability for decisions that violate statutory regulations, as emphasised by Chapfuwa (2020), is a cause for concern. In particular, they highlighted the problem of accumulated expenditure concerning UIFW expenditure in the municipalities, and the ambiguity regarding the responsibility of the council and administrative departments. In their observations, Ramokgopa (2018) declared that assigning accountability for decision outcomes becomes complicated, when department heads and council members responsible for specific portfolios engage in a blame game. The AGSA (2022) brought attention to instances where decisions were made in municipal council meetings, without a designated signatory, leading to speculation regarding who should be held accountable for endorsing the meeting’s resolutions, processes, and authority. As pointed out by Mabalane (2019), in these situations, the council - consisting of politicians from different political parties - consistently emphasised its joint decision-making, so as to evade taking any individual accountability. This not only underlines the transparent selection of contractors, but also allows those responsible to engage in irregular spending, without accountability, as they are not obligated to follow proper procedures, in order to ensure that the evidence supporting their management assertions can be verified. Van Rooyen and Pooe (2016) thus claimed that insufficient support by central government structures, hinders accountability in municipalities.

4.3 Effectiveness of oversight and monitoring processes

In the South African context, "oversight and monitoring" refers to a method of holding the executive management of the public sector responsible for its actions and ensuring that it adheres to policies as prescribed by laws and budgets passed by the parliament, that includes closely supervising the strict enforcement of established procedures (RSA 1996). In accordance with the Municipal Systems Act 32 of 2000, municipalities are obligated to continuously monitor the processes within its control environments, to achieve its objectives. As enshrined in the MFMA (RSA 2003), municipalities are expected to prioritise service delivery and prudently manage public funds, as mandated by the Municipal Systems Act (RSA 2000). Overseeing monitoring processes and implementing policy interventions to enhance internal controls, can aid the achievement of better municipal governance processes and promote adherence to governance policies, as advised by Knowles (2021). Seabi (2020) emphasised the importance of conducting oversight in a streamlined and consistent manner, to effectively address the significant challenges that arise from UIFW expenditure in municipalities. According to He's (2020) study, a decrease in effective service delivery by metropolitan municipalities, is connected to a lack of proper supervision in financial management processes and unauthorised spending. Mokgobu (2023) posited that the lack of supervision in municipal administrative processes, budgetary inadequacies, ineffective administrative practices, non-observance of laws, and the mounting public insistence on government officials' accountability, can account for the trend. Additionally, as Mokgobu (2023) pointed out, this particular instance demonstrates how individuals in positions of power can disregard the principles of legality, regulations and established protocols, without any sense of responsibility. Wasteful expenditure poses a pressing issue for local municipalities, including the CoT (AGSA 2023). Insufficient professionalism, inadequate governance, ineffective internal controls, and inadequate supervision are among the factors that can be connected to ineffective monitoring and lack of oversight problems (Mthabini *et al.* 2020).

Makgatho (2013) evinced that weaknesses in municipal business directives, that are supposed to mitigate the risks of incurring UIFW expenditure, are a contributing factor to maladministration - that never ceases to birth these illicit, proscribed and illegitimate expenditure. Makgatho's findings were further supported by the observations of Ismail *et al*. (2023), Mfuru *et al*. 2018, and Thabane and Snyman-Van Deventer (2018) who, in their studies, concluded that governance issues may either be in the forefront of impelling, or dis-propelling, the efficiency in monitoring and evaluating implementation of processes to deter mismanagement of funds in the municipalities, in its endeavours to curb the incurrence of UIFW expenditure. This may imply that, although most metropolitan municipalities have effective and adequate business processes and procedures, those in positions of governance actively discourage ethical behaviour and professionalism in administration. Several studies, including the one conducted by Makgatho in 2013, have concluded that there is insufficient supervision to ensure accountability in the execution of responsibilities. This lack of oversight may greatly hinder the effectiveness of monitoring and evaluating the implementation of processes designed to prevent mismanagement of funds in municipalities, and curb the incurrence of UIFW expenditure.

Notsi's (2012) study complemented the aforementioned observations and disclosed that, despite the existence of a well-drafted UIFW expenditure policy, Emfolweni Local Municipality inadequately executed it, leading to the wastage of public funds, primarily caused by theft, oversight absence and professional inadequacies. According to Bole (2022) and Ndou (2022), the rise in concerns regarding UIFW expenditure can be attributed to the local government's failure to enforce s. 139 of the Constitution. This particular provision confers, upon the national and provincial governments, the power to intervene in cases where municipalities fail to meet its constitutional obligations regarding service delivery, under the oversight of a municipal accounting officer. Ismail *et al.* (2023) have made noteworthy observations, indicating a worrisome absence of oversight by the municipality. This lack of supervision has fostered an atmosphere of deceit and misconduct in its business processes, primarily owing to the actions of those in positions of authority within the metropolitan municipalities, who are motivated by personal financial gain.

4.4 Resources and capacity

Within the public sector forum, capacity pertains to the joint endeavours undertaken by governments to enhance the professionalism of the public sector, encompassing both political and administrative facets. The National Development Plan serves as a thorough roadmap, delineating the necessary actions for creating a proficient public service and a state that excels in fulfilling its transformative and developmental roles (RSA 1996). Drawing upon the comprehensive definition of capacity and resources within the South African accountability legal framework, it can be argued that municipalities in South Africa are managed efficiently, barring cases where unethical individuals in positions of authority disrupt resource allocation. Notsi (2012) asserted, in a positive manner, that municipalities possess thorough and sufficient expenditure systems, including guidelines to promote professionalism and ensure fair resource allocation. Supplementing the ideologies of Notsi (2012), Sebidi and Madue (2018) declared that the existence of these systems and guidelines can dissuade municipalities from engaging in unprincipled and irresponsible spending of public funds. According to Sebidi and Madue's study, if the skills, funds, and capital of a municipality are not in line with its strategic positioning, it could lead to UIFW expenditure issues. The profitability of the CoT, as pointed out by Shava (2018), can be firmly established, by examining its ability to generate substantial revenue and effectively allocate excess funds back to the National Treasury, thus indicating its strong financial performance. Whereas the CoT may demonstrate sufficient capacity and resources, it is worth noting that it may lack professionalism, that may - to some extent - be ascribed to a lack of bold and ethical leadership. In other words, the metropolitan municipality can access a plethora of avenues for obtaining funds, but the lack of expertise and proper management may prevent it from using these resources purposefully.

Ndou (2022) and Bole (2022) regarded inadequate recruitment and identification of suitable human capital as the reason for the shortage of skilled personnel in critical municipal job units. Supporting this notion, Shuping (2021) and Cachay *et al*. (2022) suggested that the reason controls fail to address risks in municipalities, is attributable to biased recruitment processes, favouring the "old boy network" cycle. This implies that management can unofficially leverage its position of power to assist individuals from its *alma mater* to obtain appointments, regardless of their qualifications or abilities toward those positions. Shuping (2021) and Cachay *et al*.'s (2022) observations drew attention to the significant time lag in forensic investigations and the recruitment of crucial positions within the CoT. They claimed that this showcases the metropolitan municipality's inability to handle its finances properly, by neglecting crucial steps to prevent unnecessary expenses and mismanagement of resources. This situation is worrisome as, according to Ndou (2022), entrusting important matters to someone that lacks experience, does not support business success. The close correlation between a negative culture, non-compliance, ineffective policies, absence of accountability, and inappropriate appointments, as illuminated by Mabalane (2019) and Mabunda (2020), is especially troubling, when associated with the CoT. According to Sape (2019), this can cause idleness, rendering unfavourable decisions, and indecisiveness when it comes to effectively using available resources to avoid incurring unnecessary expenses for the metropolitan municipality.

4.5 Organisational culture

As per the Chartered Institute of Management Accountants' (CIMA) [2020] definition, "organisational culture" is identified as a distinct entity, comprising collective principles, anticipated behaviours, and decision-making processes. In recent years, the rise of coalition governments has had a significant impact on the culture of metropolitan municipalities, as noted by Ramokgopa (2018). The influence of different political factions has modelled the discourse, affecting ethical principles and decision-making processes (Knowles 2021). The conclusion drawn from Knowles' study was that the influence of coalition governments on the culture of a metropolitan municipality can vary, depending on the political parties that form the coalition. Additionally, Knowles pointed out that decision-making is scaled according to the potential gains for the party, as it advocates for the opinions of the alliance that has the balance of power in the council. This viewpoint was also expressed by Ramokgopa (2018). The proliferation of mushrooming culture within metropolitan municipalities has the potential to impede the successful elimination of UIFW expenditure, as it may lead to delays and result in futile and wasteful spending, subsequent to decision-making processes. In their study, Landsberg (2021) underscored the significance of organisational culture in metropolitan municipalities, for promoting good morals and accountability. Similar to Landsberg's findings, Bole (2022), and Sebidi and Madue (2018) suggested that culture has the potential to undermine the administrative mandate of the municipality, if it is not well executed. Additionally, Ramokgopa (2018) acknowledged that this situation occurs when political parties prioritise its influence in the municipal territory, compromising the effective use of allocated funds for metropolitan municipalities' mandated purposes. In line with Mabalane's (2019) argument, the financial implications of hosting municipal council meetings - a standard practice amongst all municipal councils - can lead to irregularities and questionable spending. In Chauke's (2016) study, it was pointed out that culture has played a crucial role in shaping professionalism and establishing an efficient financial structure. Drawing a parallel to Chauke's argument, Seabi (2020) accentuated the significance of culture as a determinant of political achievement in the CoT.

The ACCA (2013) stressed that when the culture and strategic position of an organisation do not match its vision and mission, there is a strong possibility of veering off track in achieving organisational objectives. Knowles' research aligned with the ACCA principle, affirming that municipalities in South Africa are constitutionally obligated to operate with a defined purpose. In a similar vein, Nokele (2022) stated that, if the objectives of a municipality are not unanimously supported by all stakeholders, it can result in operations that are out of sync, leading to the squandering of public funds and disagreement amongst management.

5 THEORETICAL FRAMEWORK

Various theories and frameworks, such as the agency theory (Huong *et al.* 2023) and institutional theory (Josh & Karyawati 2022), were applied to this study. The COSO framework, developed by the Committee of Sponsoring Organisations, was selected for this study on internal controls, amid various other theories and frameworks. Considering its widespread use and popularity, the COSO framework is highly valuable in assessing organisations' internal control systems (Schandl & Foster 2019). Structured around five interconnected components, as indicated in Table 1, the COSO framework was deemed the foundation for effective internal control.

Table 1: Components of the COSO framework for effective internal controls

Control environment	The control environment refers to the overall mindset and values that influence an organisation's internal control system. Leadership integrity, ethical values, and organisational structure are amongst the factors included in the control environment (Schandl & Foster 2019).
Risk assessment	In the risk assessment phase, risks are identified and evaluated in relation to an organisation's objectives. According to Kral (2018), risk assessment involves evaluating the probability and potential consequences of risks, and the efficacy of current measures in reducing those risks.
Control activities	This component involves an organisation's policies and procedures, to achieve its objectives and mitigate risks. It includes segregation of duties, physical controls, and information technology controls, as asserted by Schandl and Foster (2019).
Information and communication	Information and communication technology encompass the systems and processes used to identify, capture, and communicate internal controls' information. It involves the timeliness, and quality of information and communication channels across all levels in the organisation. Proper communication systems are crucial at every level of internal control, as White *et al*. (2020) declared, when discussing the dominance of information and communication systems in the framework.
Monitoring	This component involves the ongoing assessment of an organisation's internal control system, so as to ensure that it is operating effectively. It includes the frequency, scope of monitoring activities, and the reporting of monitoring results to relevant stakeholders (Janvrin *et al*. 2012).

Janvrin *et al*. (2012) acknowledged the COSO framework's positive feedback, foregrounding its comprehensive and integrated approach to evaluating internal control. On the other hand, critics argue that the framework is excessively intricate and challenging to implement in real-life situations, especially for smaller organisations with limited resources (Yao *et al*. 2017). Despite the criticisms raised, the COSO framework remains a respected and widely used model to assess the effectiveness of internal controls, across diverse business sectors.

Within the scope of this study, the COSO framework was employed to provide a comprehensive and systematic approach to effectively managing the factors that contribute to the expenditure of UIFW within the CoT, ensuring efficient management *via* the implementation of internal controls. Through the assessment of the five components of the framework, internal auditors should be able to identify weaknesses, and areas for improvement in the internal control system of the CoT. As an illustration, internal auditors could come across situations where the control environment is deemed weak on account of a dearth of ethical values amongst the leadership, or they could identify instances where control activities are not sufficient in its ability to prevent irregular spending.

6 RESEARCH METHODOLOGY

The research method used in this study was guided by the qualitative research methodology, that Maree

(2020:57) identified as using various methods to collect data, including interviewing, observation, textual or visual data collection, open-ended surveys, and questionnaires. Kim *et al*. (2017) defined qualitative descriptive research as a method that collects data to describe the subjective perspective of the *who*, *what*, and *where* of events or experiences. In addition, Bradshaw *et al*. (2017) reiterated that a qualitative, descriptive approach to research is best aligned with constructionism, and critical theories that use interpretive and naturalistic methods. For this study, an interview guide was developed thematically, based on the study's objectives, to ensure sufficient data was collected from relevant stakeholders in order to address each objective.

6.1 Sample selection and response rate

The study followed a purposive sampling method, described by Creswell and Creswell (2018). The researchers relied on their judgment when selecting participants for the study. The researchers' decisions were based on the extensive expertise of these departments in managing crucial aspects of the metropolitan municipality, including performance information, reporting, cultural development, and planning, which are closely related to UIFW expenditure. Thus, the sample selected for this study is depicted in Table 2.

Table 2: The departments selected for the study and participatory representation

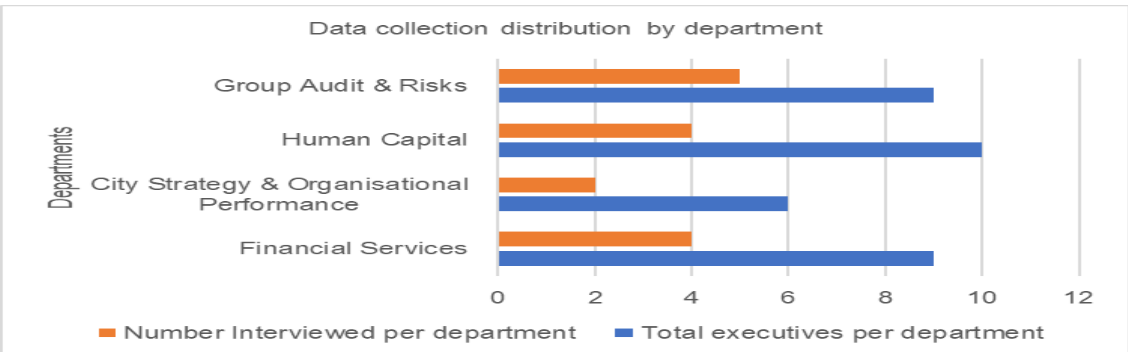
Departments	Population	Sample	% Contribution	% Representation
Group Finance	9	4	26.47%	44.44%
Group human capital	10	4	29.41%	40,00%
City strategy/organisational performance	6	2	17.65%	33,33%
Group audit & risk management	9	5	26.47%	55.55%
	34	15	100%	100%

(Source: Own)

A rigorous selection process was conducted, and 34 senior managers were identified from four departments that met the eligibility criteria. The sample statistic distribution evidenced that the departments concerned with *finance* and *group internal audit/risk,* held nine senior management members, eligible for inclusion in the study. *Group human capital* held 10 eligible, senior management members, whereas the *city strategy* department held only six. The researchers invited all eligible senior managers, and an impressive 15 responded, justifying the sample exhibited in Table 2. Out of the original 15 participants who agreed to participate, one individual failed to attend the scheduled meeting, three times. Consequently, only 14 senior managers were interviewed. Initially, the researchers intended to conduct interviews with a maximum of 12 participants, to ensure data saturation. The original goal was exceeded when two senior managers were included in the sample, owing to a higher response rate, than anticipated.

Amongst senior managers, the group finance- and audit/risk departments availed nine individuals, making up 26.47% of the population. The researchers placed great importance on the engagement of the internal audit-, risk management-, and forensic investigation divisions of the group audit/risk department, that resulted in its highest level of involvement in the study. In the overall population, *the human capital* group was composed of 10 senior managers, however, their contribution only amounted to four, representing 29.41%. In comparison, the *city strategy* had a participation rate of 17.65%, with two individuals participating.

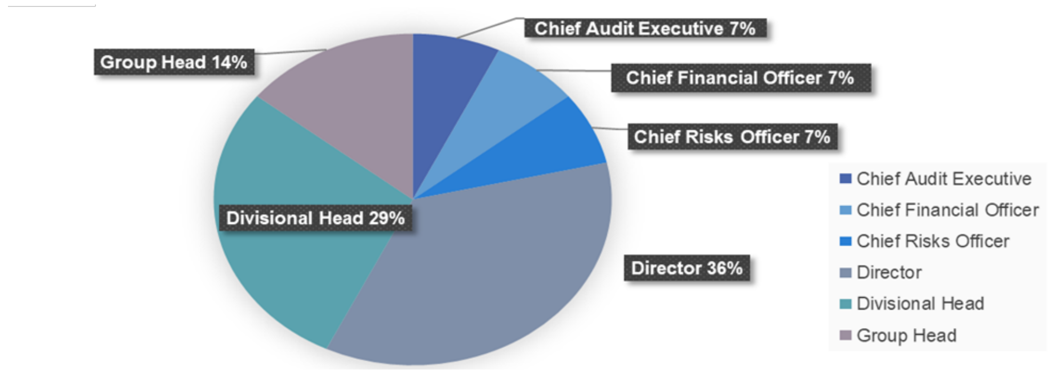
Following the presentation of the statistical explanations, the subsequent section provides an overview of the study's results. Figure 4 depicts an analysis of the departments included in the study. The report exhibited the number of senior management personnel in each department and the level of representation from participants in each department. The figure illustrates the number of senior management personnel in each department, represented by a blue bar, and the number of study participants per department, represented by an orange bar. Four out of 10 senior managers in the Human Capital department participated in the study. Each of the Group Audit & Risk and Group Finance departments held nine senior managers. In the study, there were five participants from Group Audit & Risk and four participants from Group Finance.



(Source: Own)

Figure 4: Summary of departments sampled, and its senior management staff complements

The job titles of the sampled senior managers who participated in the study, are shown in Figure 5. The data clearly demonstrated that the divisional heads had a greater chance of being included in the sample, indicating a higher probability of their participation, with the directors following closely behind. On the other hand, the group heads had the lowest probability of being included in the sample, on account of the limited number of positions available for CFOs, CROs, and CAEs within each department's structure. The study consisted of participants who possessed a diverse array of qualifications, such as PhDs, MBAs, Honours degrees, and esteemed professional designations, such as CAs, CFEs, CIAs, CPHR, CSCP and Pr.Pln. The participants' extensive knowledge on the study topic, filled the researchers with a sense of relief. From a pool of 34 senior managers from sampled departments, the researchers reached out to 15 individuals, and successfully conducted interviews with 14, exceeding the original goal of 10–12 participants.



(Source: Own)

Figure 5: Interviewed participants' positions and percentage contribution to the study

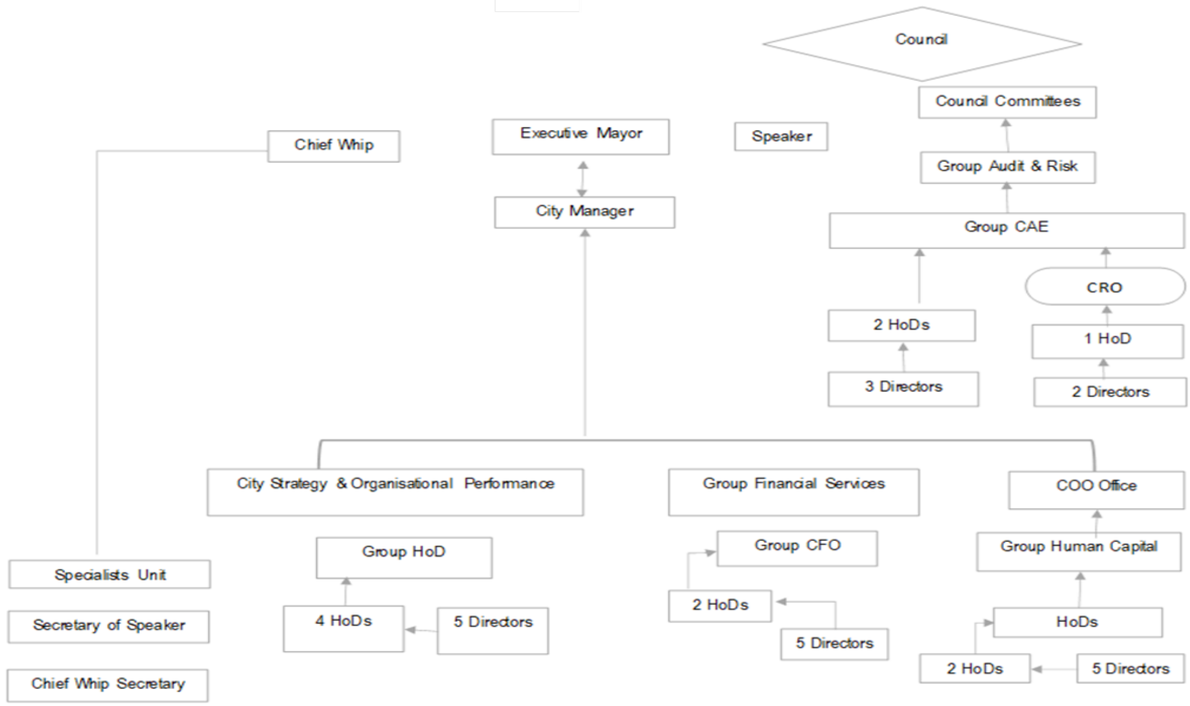
6.2 Data analysis

Using Atlas.ti software, the researchers meticulously examined the data and successfully pinpointed three key themes, clearly illustrated in Table 3. At first, the researchers set a goal of recruiting 12 participants for the study, but they were pleasantly surprised when 15 individuals accepted and, eventually, 14 of them were interviewed, exceeding the initial target.

The interviews were conducted *through* the Microsoft Teams platform. Following the completion of the interviews, the transcripts were cleaned and prepared for coding. It was then uploaded to Atlas.ti software for coding purposes. Subsequently, the coding process was initiated, and during this phase, the researchers successfully pinpointed the issues and proposed recommendations for enhancement. Furthermore, the transcripts provided valuable insights into the irregular spending patterns and the obstacles faced by the internal controls, in the CoT. When examining the metropolitan municipality's control system, it became evident that cultural and behavioural factors played a significant role in influencing its weaknesses, which was the key finding of the analysis. In addition, a closer look at the situation identified the deficiencies in the control system, as the key driver of the metropolitan municipality's irregular spending. Alongside the issues surrounding supply chain and financial management difficulties, the study determined that management practices were responsible for exacerbating these issues, including, having a direct influence on the culture and behaviour in the municipality.

During the process of conducting a comprehensive analysis of the challenges faced in implementing internal controls within the CoT, it was observed that the main hindrance to its effectiveness stems from the presence of barriers that impede the implementation and enforcement of controls. The study not only identified the barriers, but also inspected the factors responsible for these barriers. The primary factor that emerged, was the limitation of resources and capacity within the metropolitan municipality. The presence of this restriction was noted to be a consequence of management practices and culture, particularly its resistance to implementing change. As a result, this directly impacted the challenges faced when implementing and enforcing the available controls. Not only were there pre-existing barriers, but the study also uncovered two additional obstacles, that further exacerbated the situation. These barriers included a lack of effective communication and coordination of activities within the metropolitan municipality, as well as a limited awareness of controls. Moreover, it was discovered that the metropolitan municipality engaged in deliberate non-compliance with policies and regulations. The suggestion made by the participants involves fortifying the control environment and establishing consequence management, as measures, so as to effectively address these risks. The selection of Atlas.ti software by the researchers was influenced by the endorsement provided by Soratto *et al*. (2020), for its ability to facilitate the identification of patterns and themes in the data. This was indeed the situation, as demonstrated by Figure 7, which was extracted from Atlas.ti.

The senior managers in the departments that were selected for this study of the CoT, were individuals holding significant influence, as they were responsible for making crucial decisions. The researchers were able to compose the positioning of these senior managers in the structure, resulting in the creation of Figure 6. This visual depiction effectively showcases the reporting lines of the managers who participated in the study. In relation to the reporting structure, it is worth mentioning that the Chief Audit Executive is held accountable for directly reporting to the Council, through the audit committee - functionally - and administratively, to the city manager. In order to preserve the independence of certain functions that may be affected by conflicting interests, the heads of other departments report directly to the city manager, albeit with some overlapping reporting lines, such as that of the Chief Risk Officer, who reports both to the city manager and the Risks Management Committee. In order to ensure the accuracy and usefulness of the data, a meticulous selection process was undertaken to identify individuals who were perceived to possess information that would be relevant and valuable to the study, and from whom the data was collected and coded.



(Source: Own)

Figure 6: City of Tshwane network structure for sampled department

7 RESEARCH FINDINGS AND INTERPRETATION

This section delves into the study results, pertaining to the factors that drive UIFW expenditure in the CoT. A thematic content analysis approach was employed, to categorise the results into main-themes and sub-themes. In order to maintain the confidentiality of the participants' identities, the researchers opted to use pseudonyms during the presentation of the results.

The visual representation in Figure 7, extracted from Atlas.ti software, illustrates the coded results, highlighting the three main themes identified in the study. The first theme emerging from discussions with the participants examined "the factors driving irregular spending within the City of Tshwane". Next, the analysis of the challenges limiting internal controls' effectiveness in the metropolitan municipality, will be discussed. Lastly, a thorough examination of suggested interventions for capacitation is presented. Table 3 summarises the two main themes identified from the discussions with participants, and the third emerging, as suggested interventions for capacitating internal control as well as its corresponding sub-themes and the number of participants who discussed each sub-theme.

Table 3: Summary of main themes and sub-themes

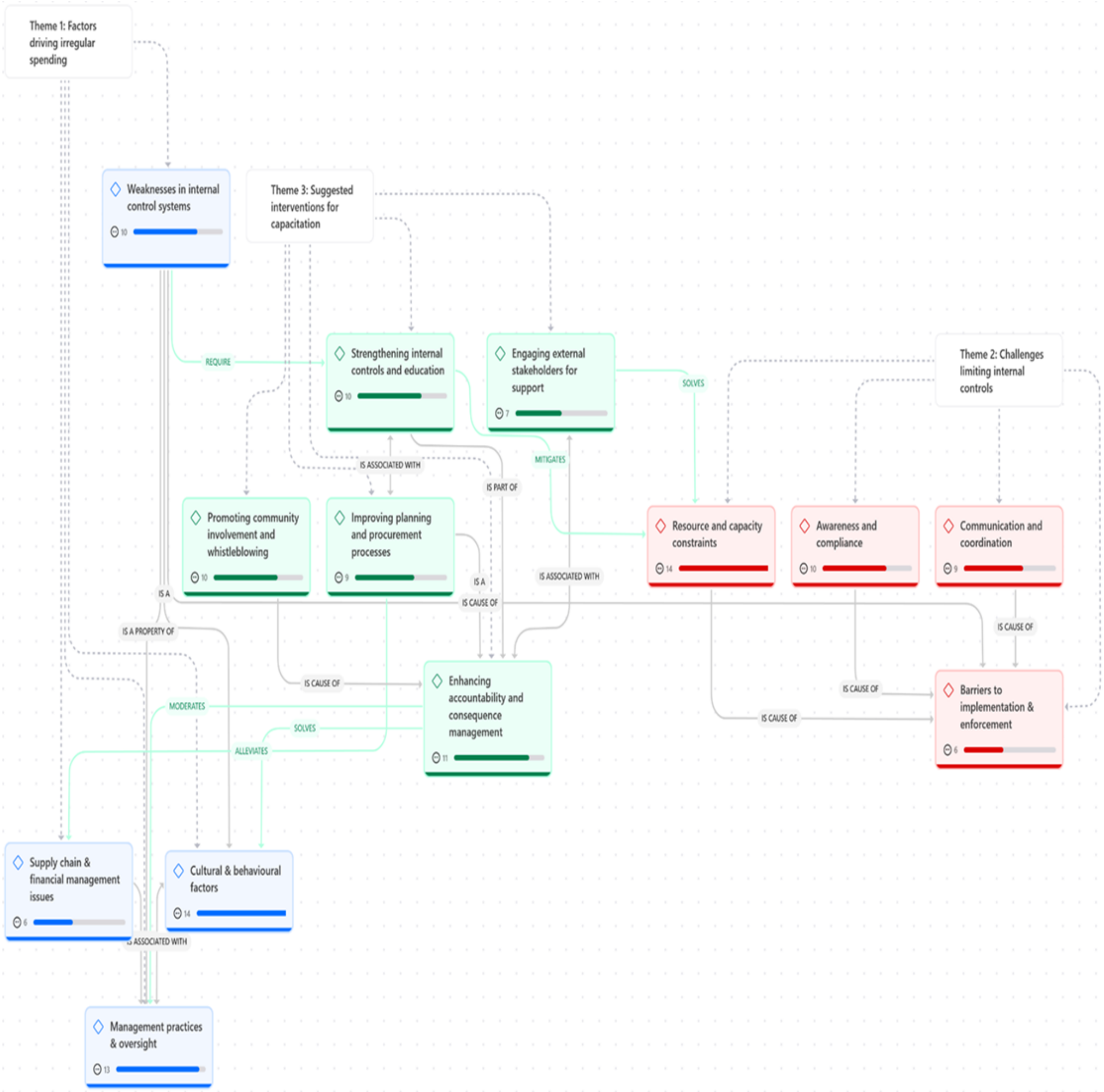
Main theme	Sub-theme/ code	Number of participants
Factors driving irregular spending	Weaknesses in internal control systems	10
	Management practices and oversight	13
	Cultural and behavioural factors	14
	Supply chain and financial management issues	6
Challenges limiting internal controls' detection, prevention & mitigation	Awareness and compliance	10
	Barriers to implementation and enforcement	6
	Communication and coordination	9
	Resource and capacity constraints	14
Suggested interventions for capacitating internal control	Improving planning and procurement processes	9
	Enhancing accountability and consequence management	7
	Strengthening internal controls and education	10
	Engaging external stakeholders for support	7
	Promoting community involvement and whistleblowing	10

(Source: Own)

7.1. Theme 1: Examination of the factors driving irregular spending in the CoT

During the data collection process, that involved interviewing 14 participants *through* the Microsoft Teams platform, the first theme (*the factors driving irregular spending*) emerged and was divided into four sub-themes, i.e., *management practices and oversight*, *internal control system weaknesses*, *cultural and behavioural factors*, and *supply chain and financial management issues*. As depicted in Figure 7's graphical illustration, the coded results showed that the first sub-theme, i.e., *weaknesses in the internal control system* in the CoT, is the main factor that is driving irregular spending, emanating from the other three sub-themes in this category, that are evidenced as the issues causing weaknesses in the control environment of the metropolitan municipality.

The review of the compiled research data showed that 14 respondents identified cultural and behavioural issues as the primary factor affecting the deficiencies in the internal control system of the CoT. Out of all the participants, 13 individuals specifically emphasised that management practices were the primary cause, whereas only six identified supply chain and financial management issues. This indicated that management practices were considered the most influential factor, whilst supply chain and financial management issues were deemed less significant.



(Source: Own)

Figure 7: Atlas.ti. matrix network

7.2 Theme 2: Examination of challenges that limit internal controls in the CoT

In line with the first theme, the second theme delved into examining various factors that impose limitations on the effectiveness of internal controls in the CoT. Similarly, the theme included a total of 14 participants, and was also divided into four, distinct sub-themes. As depicted in Figure 7, in the CoT, the main obstacle that undermines the efficiency of internal controls, as identified by six participants, is the barriers that obstruct the implementation and enforcement of internal controls. Alarmingly, all 14 participants in the study reached a unanimous agreement that a lack of the sub-theme *resources and capacity* in the metropolitan municipality, is the main root cause of the sub-theme *barriers to implementation and enforcement,* resulting in issues that impede the implementation and enforcement of controls. Next, after a lack of capacity and resources, *non-compliance with policies and procedures*, was a significant concern. This issue mainly arose from employees' ignorance of control's purpose and function. Ten participants specifically brought up this factor. The last concern raised, was the influential presence of communication barriers in the metropolitan municipality, that was identified as a major obstacle to implementing the controls. Nine participants reported experiencing these barriers, first-hand

7.3 Theme 3: Examination of participants' suggested interventions for capacitation

This third theme, with 14 participants, had five sub-themes, i.e., *improving planning and procurement processes,* responding to the first theme's sub-theme *supply chain and financial management issues*. Ten participants suggested this sub-theme, as a way for the metropolitan municipality to better manage the issues that emanate from weaknesses in procuring- and atrocious financial management. The Atlas.ti coded results further showed that an improvement in the CoT's planning and procurement processes will assist it in enhancing its accountability and consequence management ventures, deterring the factors that drive irregular spending. This may also enhance the chances of changing the cultural and behavioural factors that are caused by management practices in the metropolitan municipality, which is a driver of weaknesses in the control system of the city.

The coded results further evidenced that *strengthening internal controls and education*, including *engaging external stakeholders for support,* will assist the metropolitan municipality in curbing the challenges that limit internal controls. The response implied that the CoT can positively address *resources and capacity constraints* by enacting the suggested resolution mechanism, which involves strengthening internal controls and education, and engaging external stakeholders for support. By doing so, the CoT would mitigate the *barriers to the implementation and enforcement* of internal controls and realise a strong control environment. To enhance control measures, the study suggested that the metropolitan municipality should engage with external stakeholders, and create a safe environment for whistleblowing. Based on participants' suggestions, this will spread awareness both internally and externally, whilst also fostering a more compliant environment in the CoT, thereby shaping a culture of high performance, ethics, and responsible leadership

8 FACTORS LEADING/DRIVING IRREGULAR SPENDING WITHIN THE COT

Four main sub-themes emerged from this discussion with participants, and the results are discussed in the following subsections.

8.1 The factors driving irregular spending in the CoT

From this theme, four sub-themes emerged, i.e., weaknesses in internal control systems, management practices and oversight, supply chain and financial management issues, including cultural and behavioural factors. These are elucidated in the following subsections.

Through a series of observations made during the study, the factors responsible for irregular spending in the CoT, were successfully identified. The primary driver behind this sporadic expenditure was found to be the *weaknesses in the control system* of the metropolitan municipality, that were directly pinpointed. An alarming observation was made regarding the CoT's outdated technological systems, which have a direct impact on the control environment of the metropolitan municipality. The participants identified management's hesitance to adapt and change as the primary reason informing the delay in technological advancement - underscoring the impact of the CoT's management practices and cultural factors. Closely related to management challenges, weaknesses in internal control systems, emerged as a significant concern amongst the participants, with ten participants specifically mentioning this sub-theme as the main factor driving UIFW expenditure in the metropolitan municipality, with the other sub-themes being a subject of this key sub-theme. One of the key points raised by the participants was the various deficiencies observed in the control mechanisms of the CoT. Some of the deficiencies that were identified, included procedures for authorisation that were deemed inadequate, and a lack of effectiveness in monitoring expenditure. Notably, during the discussions, the participants expressed their specific concerns regarding legacy ICT systems, that are deemed susceptible to bypassing and frequently exploited by individuals seeking to carry out fraudulent transactions, consequently leading to mishandling of the system. The participant-quotes provide confirmation of their statements.

So, the main challenges that we find in the internal control system in the COT environment are based on our system's technology. Yeah, the technology that we are using has allowed for fraudulent activity or bypassing of the control systems. So, there are not enough verification processes within the ICT environment systems to enable us to close those weaknesses. (Participant PB3)

I think the biggest one or the primary one would be our records management system. Despite changes in administration and governance, we still rely on legacy systems from previous administrations. So, we continue to use a few legacy systems that, in my opinion, could be enhanced. (Participant PB4)

Within the CoT, human error, not system malfunction, has been identified as the main factor contributing to weak internal controls, as emphasised by participant PB5, and supported by various other participants. The successful integration of established controls hinges greatly on the critical role individuals play in every organisation, underscoring the importance of their contribution. This is verified by excerpts from participant assertions.

Mostly, I would refer to it as people rather than the actual weaknesses within the control system. Because there must be an individual who will implement that control. And if that individual is not implementing it adequately, then automatically, we are going to have a failure in the control environment. (Participant PB5)

Overall, findings regarding weaknesses in internal control systems resonated with the literature on the challenges facing metropolitan municipalities in South Africa. Weak internal controls have been identified by scholars, such as Makgatho (2013) and Ismail *et al*. (2023), as a key contributing factor to UIFW spending in the municipalities. Participants' experiences underscored the need to address deficiencies in managing public funds, particularly *via* policy interventions to improve internal controls and governance effectiveness, as suggested by Seabi (2020), and reiterated by participant PB7:

Policies, for example, play a crucial role in enhancing internal controls, serving as a mechanism to ensure effective risk management. However, if these policies become outdated and are not frequently aligned with risk management processes, the control space is left lacking. Therefore, we should be updating them frequently!

8.1.1 Management practices and oversight

During the interviews, participants discussed various issues related to management practices and oversight within the CoT. Thirteen participants raised concerns regarding management practices and overrides, reflecting a notable area of concern relating to UIFW expenditure. These concerns ranged from deviations from established procedures to favouritism in procurement processes, and the appointment of unqualified service providers. For instance, participant PB1 expressed concern over the actions of politically deployed officials, installed by management, stating:

Politically motivated officials often ignore established protocols to promote their personal agendas. As a result, these deployed officials ignore established protocols and select service providers without the necessary skills and experience, in the tendering process, causing projects to be left incomplete while making full payments for only part of the services.

Similarly, participant PB2 emphasised management override of systems, as one of the biggest challenges leading to the failure of internal controls:

The key issue at hand, which stands as a significant hurdle for the City of Tshwane Metropolitan Municipality, pertains to political influence or interference, as the efficacy of systems is undermined when overridden by individuals. Although we have established the necessary systems, the fundamental challenges lie in the authorisation process and gaining political will to implement internal controls. These two hurdles are the major obstacles we face.

In their discussion, the participants expressed their concerns regarding the management issues in the CoT. One of the specific factors that they pointed out was the political landscape, which they accentuated as an ongoing and influential factor, that significantly contributes to the complexity of the challenges faced. Some participants duly noted that the management style of those in power has a direct impact on the increasing complexity of these issues. According to the participants, the CoT's leaders have a management style that revolves around manipulating systems and infiltrating controls. There was a general consensus that this trend has fostered the growth of a new culture, revealing vulnerabilities in the CoT's oversight. The observations by the participants of this study are consistent with the findings of other scholars, such as Odhiambo and Kamau (2003). This further stresses the substantial governance and systemic challenges that the CoT is currently experiencing, emphasising the need for comprehensive solutions.

8.1.2 Cultural and behavioural factors

Cultural and behavioural factors were identified by participants as significant contributors to the deficiencies in the internal controls system of the CoT. Several participants identified various cultural norms and behavioural factors that undermine an effective control environment in the metropolitan municipality, including unethical behaviours, lack of consequence management, and non-compliance with procedures, policies and statutes. To begin with, participant responses revealed a pervasive culture of non-compliance and unethical activities within the organisation. During the discussion, participant PB7 shared examples of staff manipulating processes for personal gain. These instances involved breaking tenders into smaller amounts, as a way to bypass procedures. Another issue, disclosed by participant PB5, was the prevalent culture of non-responsiveness, that also extended to a lack of action, when it comes to consequence management. By stressing the need for punishment as a corrective measure, PB5 underscored the significance of holding accountable those who have been identified as transgressors.

In addition, participant PB8 revealed fraudulent activities in supply chain management, emphasising criminal elements and deviations from established procedures. Corruption within the municipality was a common concern amongst other participants, indicating a widespread expectation of corrupt practices. Furthermore, participants emphasised the organisation's tendency to ignore reporting deadlines and reluctance to implement audit recommendations. The absence of repercussions for unethical actions, according to participant PB9's perspective, contribute to the development of a culture that disregards rules. Participant-quotes highlight some of the key cultural and behavioural issues raised.

So, there are cultural and behavioural traits that contribute to non-compliance in the City. For an instance, people practice the culture of being unresponsive or the culture of avoiding, not to impose [of] corrective measures, where necessary. People would then know that for every action taken, there would be a consequence, if that is emphasised and enforced by management. (Participant PB7)

They think that in an organisation where you don't have consequence management, you know, people [turn] to *do as they please, because they know they won't be disciplined for committing this or that transgression. There's no [disciple] at all, in the City of Tshwane.* (Participant PB9)

Here, we have a trending culture where users don't lock their computers when leaving their workspace; it is a common behavioural factor contributing to weak controls in the City. Some share their passwords with others for certain transactions. This can be dangerous and might cause trouble for both the individual and other users. It is important to note this trend in the behaviour I just indicated, it is the one that can potentially undermine the control environment and should be avoided at all costs. (Participant PB11)

Shupinng (2021), in agreement with Knowles' (2021) observations, identified organisational culture as a key determinant of transparency and accountability, in municipalities. Participant experiences in this study underscored the detrimental impact of an organisational culture characterised by favouritism, nepotism, and political interference on financial management practices. Valle-Cruza *et al*. (2016), similarly to Lewis and Hendrawan (2019), emphasised how individual actions, such as corruption, can result in improper spending. The participants' observations underscored the necessity of ethical conduct and accountability for municipal officials, in order to prevent financial misconduct and ensure the appropriate use of public funds. The reluctance to implement assurance recommendations and lack of consequence management, as noted by participants, reflect governance failures that have been identified in previous studies (Chapfuwa 2020). This foregrounds the necessity of establishing better governance and accountability measures within the CoT, to mitigate cultural and behavioural issues.

8.1.3 Supply chain and financial management issues

Participants identified various challenges and weaknesses within the CoT's internal control system, concerning supply chain management (SCM) processes. The challenges included failure to follow procedures, managers overriding rules, noncompliance with set protocols, and deficient and outdated record-keeping systems. Participant-quotes underline the major challenges in SCM, that result in unpredictable spending.

We have policies, but they are not strictly adhered to, as required. Non-compliance is evident in the amount of irregular expenditure on supply chain management. And because, you know, there's a conversation of policies and lack of monitoring and accountability as well, because if there was monitoring and accountability, some transactions would be picked up prior to being processed. (Participant PB7)

Yeah, the cultural and behavioural aspects offer a clear and direct explanation. It is obvious that fraudulent activities related to supply chain management processes are classified as criminal elements and behaviours, as you may know. Continuing! No due diligence when appointing service providers. Providing the support documentation prior to appointments has not been a norm, yet appointments are made. Before formally appointing service providers, the municipality instructs or asks them to kickstart the work. Also, if you neglect to follow due processes and fail to ensure that your supply chain processes are in accordance with what is prescribed, you can't expect a cleanly run procurement process. (Participant PB11)

However, it also emerged that flexibility was noted as an important characteristic - needed, at times, to ensure that work is completed on time. Some participants opined that deviations from due process that result in irregular spending are, occasionally, simply the result of management's failure to respond timeously so as to resolve municipal emergencies. Similarly, participants also pointed out challenges with legacy systems and inadequate records management, that hinder effective SCM implementation. The point of flexibility is reflected in the following quote, from participant PB6:

It might be that you deviate from normal SCM process, and that's irregular expenditure, yes! But sometimes you have to do a deviation. Like, if a substation blows up, the normal services supply contract says put it up, and then six months later you appoint a contractor to do repairs. In reality, you need to react immediately to source from your contractor database that can do that, without having to adhere to the requirements and appoint them to do that [effect].

This finding may be supported by Horan and Mulreany (2020), who asserted that a lack of skills in supply chain and financial management can drive irregular spending. Nandutu *et al*. (2014) corroborated Horan and Mulreany (2020), arguing that skills limitations can negatively influence financial management and internal control processes. In the context of this study, findings support that, should management lack proper knowledge on how to respond to emergencies without deviating from established processes, this can exacerbate irregularities in supply chain and financial management. However, the lack of proper emergency SCM processes may likely be a reflection of the institutional weaknesses, rather than a problem with management training, as systems for managing emergencies should ordinarily be well covered under regular spending - this excludes those instances where incurring an expense cannot be avoided, owing to the urgency of the matters at hand, as described by participant PB6. As Ismail *et al*. (2023) posited, internal control inadequacies, including substandard SCM practices, are key factors driving irregular expenditure in municipalities.

Taking a broader perspective, the main objective of the first theme was to delve into a comprehensive examination of the underlying factors that are responsible for the occurrence of irregular spending in the CoT. One noteworthy point was that weaknesses in the metropolitan municipality's internal control system were the main catalyst for irregular spending, fuelled by cultural and behavioural factors, that originated from the CoT's leadership style and reluctance to embrace change. The management practices influenced by political factors, particularly evident in the lack of oversight in financial management and supply chain processes, traced back to the cultural issues, resulting from behavioural factors. The collective findings strongly emphasised the internal control challenges faced by the CoT, underscoring the significance of implementing interventions to fortify governance structures and ensure the protection of public resources, by strengthening the control environment.

8.2 Challenges limiting internal controls' detection, prevention, and mitigation measures

From this theme, four sub-themes emerged, i.e., awareness and compliance, barriers to implementation and enforcement, communication and coordination, as well as resource and capacity constraints. These are discussed in the following subsections.

8.2.1 Awareness and compliance

Participants were asked to rate the level of awareness and compliance with the internal control policies and procedures amongst the CoT staff and management, on a scale of 1 to 5. Their responses provided insights into varying levels of understanding and adherence, across different levels of the municipality. For instance, participants PB6 and PB10 rated both awareness and compliance relatively lower than 2, citing a lack of uniform understanding across different organisational levels, with participant PB6 stating:

If you communicate with all levels of staff management, they may grasp the concept of compliance and understand what needs to be followed, including identifying instances where they fail to adhere. I doubt if everyone else is as knowledgeable about this subject. Hence, I would rate both compliance and awareness below a 2, say a 1.5 out of 5, on the scale.

Participant PB4 argued for a higher level of understanding and adherence at higher organisational levels, rating it a 3, but noted that compliance tends to diminish down the ranks, attributable to resistance. This sentiment was also echoed by participant PB5**,** who rated compliance at a lower level, despite recognising awareness efforts - indicating a gap between knowing what needs to be done and actually implementing it correctly. Meanwhile, participant PB2's perception of high awareness but lower compliance, suggested a disconnect between knowledge and action, with deliberate bypassing of controls observed. Furthermore, participant PB12's rating of compliance lower than awareness, reflected a similar trend, foregrounding challenges in translating awareness into actionable compliance. On the other hand, participant PB8 provided a balanced rating, suggesting a moderate level of awareness and compliance. Participants' arguments can be gleaned from selected excerpts, i.e., "*management and professionals' adherence to policies and procedures is natural, compared to general workers and clerks. I give both a 3, given who has a higher responsibility to ensure compliance and understanding*" (Participant PB4), "*I would rate compliance a 2 out of 5, while awareness I'd say 3.2, because it all stem from who knows what needs to be done and doing it correctly*" (Participant PB5), and "*For me, compliance is a straight 2 and awareness 4.5 from a 5 scale, because everyone knows that there are rules, procedure, and standards to follow at workplace, not complying is deliberate rather than not being aware...*" (Participant PB12).

Whereas participant PB2 stated,

You know, everyone is aware, including general workers, as they know what protective clothing is when going to work, this is part of awareness of the dangers of not complying with occupational regulations, not complying is just being stubborn in its simplicity. Compliance with a scale of 5, to me is 2, and 3.2 for awareness.

Aligning with the literature provided, these findings evinced the importance of a culture of compliance in municipalities. Research suggests that organisational culture plays a significant role in shaping employees' attitudes and behaviours towards compliance with internal controls (Trevino & Nelson 2020). As Thabane and Snyman-Van Deventer (2018) noted, organisations that prioritise efforts to promote a culture where compliance is valued and expected at all levels, are much more capable of succeeding in terms of compliance. Some participants, such as PB14, have suggested that achieving this goal may require the implementation of rigorous training programs, clear communication of policies and procedures, as well as the establishment of mechanisms to monitor and enforce compliance.

8.2.2 Barriers to implementation and enforcement

Participant responses shed light on barriers and obstacles inhibiting the implementation and enforcement of internal controls, policies, and procedures within the CoT. Participant PB1, for instance, argued that resistance to change was a significant barrier, with individuals pushing back against efforts to strengthen controls and oversight. In addition, participant PB4 emphasised communication as a key issue, pointing out that misunderstandings can arise when messages are not effectively communicated or understood by staff. A similar sentiment was echoed by participant PB2, who identified the lack of support from ICT and negligence by supervisors or managers, as barriers to implementation.

If you really want to beef up controls and processes, make sure people won't give you a hard time. Change your policy to have more oversight. It's a pushback to say that this can't work, and neither can that. People need to implement instead of saying what can or cannot work, to avoid doing it. (Participant PB1)

If there are any obstacle[s] that are actually impeding on implementing the controls… look! What I find in our functional area is that ICT is not supportive of the suggestions or even [is] on the lookout for trends that are out there. Then when they do their budgeting process or planning process, they seem to not consider the weaknesses that are there on their systems. (Participant PB2)

Moreover, participants discussed the role of management in impeding effective internal controls, noting that financial constraints and inadequate planning can limit the metropolitan municipality's ability to implement and enforce policies. Mthabini *et a*l. (2020), and Seabi (2020) are amongst the scholarly sources that lent support to the argument that ineffective governance and insufficient internal controls are responsible for wasteful spending in South African municipalities. Additionally, participants identified ethical issues and a lower standard of professionalism as barriers to compliance, suggesting the need for a cultural shift within the organisation, in order to prioritise adherence to policies and procedures. In line with Seabi (2020), participants also lamented a lack of supervision, as a barrier, indicating a gap in management oversight. In addition, significant obstacles concerned the ethical conduct and professional demeanour displayed by the management and personnel responsible for internal control, as conveyed by participant PB12:

I think we've dealt with issues of ethics there, especially affecting management and officials who are to uphold internal controls as experts in that area. Lower standards in terms of ethics, upholding professional behaviour, not supporting those who want to uphold compliance issues, and questions, ideologies of trying to deviate and bypass processes.

The observations from the study validated the belief that political influence plays a role in shaping both culture and decision-making. As a consequence, these limitations pose challenges to the control environment, rendering the implementation of controls more difficult. The findings presented here are congruent with the literature review by Knowles (2021). In order to strengthen the control environment, the participants suggested that the CoT undertake a comprehensive analysis of barriers, including communication and resources, and implement clear communication strategies, so as to emphasise the importance of adhering to controls. Additionally, the CoT should allocate resources, to mitigate all limitations effectively.

8.2.3 Communication and coordination

When asked to discuss their thoughts on the effectiveness of communication and coordination, between the internal audit division and other departments or units within the CoT, participants offered varied responses. Participants PB1 and PB4, for instance, both highlighted positive aspects of communication, noting that internal audit engages with departments at various levels and that meetings are frequent and thorough. This suggested that there is likely a structured approach to communication and coordination, with efforts made to ensure that departments are aligned with auditing requirements and recommendations, as are evident from participant-quotes, e.g., "*We don't struggle in terms of getting those meetings with management. Coordination is an issue, though communication is there to some extent*" (Participant PB6);

The communication is effective and efficient because we normally deploy our officials from the internal audit department. We have what we call OPCA. It is an operational clean audit. We have identified people who have audit backgrounds in each and every department so that they liaise with internal auditors or external auditors during vouching cycles. (Participant PB3);

I think, on our side from the internal audit side, at least we are not encountering quite a lot of resistance, as much as the issue of implementing recommendations. It becomes the key, but it's not that much, because we have established structures. (Participant PB5)

As attested to by PB3's comment, participants valued the deployment of officials with audit backgrounds to facilitate communication between departments and internal auditors, that contributes to effective communication and efficient collaboration. Similarly, participant PB3 emphasised that the establishment of structures, such as Municipal Continuous Audit Monitoring, was touted as positive in addressing issues related to implementing audit recommendations. On the other hand, participant PB2 pointed out a lack of coordination, particularly regarding ICT's implementation of internal audit recommendations. This suggested that there may be challenges in translating audit findings into actionable steps, in certain departments or units. Other communication issues in departments were also mentioned - specifically corporate communication - as an area of concern. Overall, it was evident that the lack of transparency and accountability, as a layer to communication within municipalities, exacerbates the problem of unauthorised and wasteful spending, hence the importance of communication in mitigating UIFW expenditure (Chapfuwa 2020).

8.2.4 Resource and capacity constraints

Based on the responses provided by participants, it was evident that the internal audit division of the CoT faces significant resource and capacity constraints, that impact its ability to effectively perform its functions and responsibilities. Whilst highlighting the professionalism of the internal audit division, some participants lamented a severe under-capacitation, particularly in terms of human capital. They noted a lack of training and staff capacity, that hampers the division's ability to serve all necessary areas, adequately. Participant PB4 echoed this sentiment, mentioning a high vacancy rate of 30–40%, that indicates significant understaffing within both the finance- and internal audit departments. Whereas existing staff are qualified and experienced, there were reported gaps in human resource capacity, ascribed to vacancies. In addition, participant PB3 shed light on the limited human resources available for investigations, noting that there were only three officials responsible for this critical function. Despite efforts to deploy individuals with audit backgrounds to various departments, there remains a significant gap in capacity, particularly in forensic investigations related to UIFW expenditure. On this topic, participant PB8 opined that, "*I would say that yeah, we have challenges here and there, but human capacity could be an issue here in question, we are actually running short of staff, but qualification wise and tools of trade are sufficient*", with other participants commenting: "*The vacancy rate is averaging approximately 30 to 40% in finance and internal audit. So, that already tells you that from a capacity perspective, you know both departments are quite understaffed*" (Participant PB4), and

However, they are severely under capacitated, and I think that places a negative impact on the work that *they need to do. They cannot cover all over. The incapacitation is in two parts, human capital, or warm bodies because the order doesn't happen through a machine.* (Participant PB1)

A common observation amongst participants was the shortage of skilled staff. However, it was also noted that there are employees in the office who are not performing at the expected level of productivity. This issue was raised by some participants, who considered the presence of individuals employed for specific tasks, that were not actively contributing to decreasing the workload. On the other hand, some participants claimed a significant absence of specific professional certifications within the internal audit department, that negatively affects morale and undermines confidence in the credibility of auditor's reports, as professional qualifications are seen as a mark of professionalism.

The people that we have, we don't have required qualifications to be able to deliver, maybe if I can give you an example, reviewing the financial statements needs expertise in the field, not a law graduate without accounting knowledge. That's why we find ourselves having to outsource specialists for projects, we have to recruit service providers to do that, and pay a fortune for it instead of appointing CIAs, CAs etcetera. (Participant PB6).

Participant PB9 remarked: "*Well, the head count is adequate. Most qualifications and skills are there, though there is a serious lack of CIAs, CFEs and CAs, but maybe a problem is having the right people, who are dedicated."*

Overall, the findings suggested that the internal audit division of the CoT faces significant challenges related to resource and capacity constraints, encompassing both understaffing and limited expertise, and also including inadequate tools and technology, and budgetary limitations. These constraints hinder the division's ability to effectively prevent, detect, and correct UIFW and other irregularities in spending. In line with the literature, the findings underscored the importance of addressing resource and capacity constraints, in order to enhance the effectiveness of internal audit functions. Studies by Mabalane (2019), Bole (2022), and Ndou (2022) emphasised the critical role of sufficient human capital and resources in mitigating risks and ensuring accountability, in municipal governance. Additionally, observations by Shuping (2021) and Cachay *et al.* (2022) emphasised the need for improved recruitment processes and management practices, so as to address resource constraints effectively. Whereas certain municipalities may have well-drafted policies and guidelines, the lack of human capital capacity and resources hinder effective implementation. Inadequate skills, poor recruitment practices, and insufficient funds contribute to governance failures and financial mismanagement, hence the need to enforce constitutional provisions and building capacity within municipalities. to address these challenges (Bole 2022; Ndou 2022).

8.3 Suggested interventions for managing UIFWs

Participants were requested to indicate the interventions they would like to see implemented, to better combat UIFW expenditure, whilst strengthening internal control. There were several diverse and common viewpoints, ranging from SCM enhancements, accountability, to coordination with external stakeholders. Participant PB12 stated that, "*Our procurement system needs some strengthening. We do have strong and well thought*[-out] *mechanisms in* [*a*] *form of treasury regulations and the MFMA. All we need is to adopt and comply with them, strictly*PB10, similarly, stressed the need for accountability, by opining that,

management should account for their actions, like, in some instances where a road in Mamelodi was build and left prior to completion, but still bill for work completed and get paid for such. Whoever authorised the payment should come out and say I did, and take responsibility for doing that improperly, that is ethical and accountable leadership, we need that!.

While participant PB13 shared the importance of consulting the stakeholders:

municipalities are not meant to be a solo institution, there are communities' forums, independent whistleblowers, national and provincial governments. These are stakeholders that should keep our communications going, reaching out to us and us lending them our ears to strengthen our operations, ethically so.

8.3.1 Improving planning and procurement processes

Several participants emphasised the importance of effective planning and procurement processes as a key action to prevent, detect, and correct UIFW expenditure. This notion was partly echoed by Seabi (2020), emphasising the need for planning in the municipalities. In line with enhanced planning, participants underscored the significance of robust planning of budgets and procurement activities, to ensure that resources are allocated efficiently and effectively. By having comprehensive procurement plans, aligned with organisational goals, potential stumbling blocks can be identified and addressed proactively, reducing the likelihood of irregular expenditure. Participant PB5 stated,

Our budgeting process is mainly zero-based, and I think it should be a mixed planning process, as we plan for what we see from what we are yet to see, this makes the supply chain difficult because planning should be done early for the coming financial year, but we also should not forget that emergencies cannot be planned for before they occur, as there are acts of nature. But I must also state that our planning from SDBIP point of view is poor and needs to be given a bit of a lift.

Moreover, transparency in the procurement process emerged as a critical suggestion for combating UIFW expenditure. Participants advocated for transparency at all levels of procurement, including Budget Evaluation Committees, to eliminate irregularities and enhance accountability. By rendering procurement processes transparent and publicly accessible, participants argued that stakeholders can scrutinise decision-making and hold management accountable for its actions, as shared and noted by Mabunda (2020). Participants also stressed the need to minimise outsourcing of work, that can be performed internally. They argued that overreliance on external contractors may increase the risk of irregular expenditure and diminish accountability.

The tendering system does not yield any results, especially when it comes to outsourcing services that can be performed by manpower, as some of these services do[es] not need outsourcing, like hiring environmental companies to clean littered streets, why not employ permanently, as you need general workers to do that, than spending millions in something that can be done for [far] much less than that. But I must say that this is done to avoid a transparent tendering system, with self-interest in the play here. (Participant PB14)

8.3.2 Enhancing accountability and consequence management

Participants accentuated the need to enhance accountability and consequence management, to address UIFW expenditure, by emphasising various key actions and steps that CoT management and staff should take, so as to prevent, detect, and correct UIFW expenditure. The roles of external stakeholders in monitoring and holding the CoT accountable for its spending were also delineated. The importance of cultivating a culture of accountability within the CoT was underscored, especially with regard to consequence management. Additionally, it was stressed that those who mismanage funds must face repercussions for their actions. This entails establishing transparent and equitable disciplinary procedures to discourage misconduct and ensure compliance with policies and regulations, as addressed by participant PB3:

[Laughing] Accountability in our city has deteriorated, [as] if [it] never existed. It needs to be cultivated and give life to instituting punishment to transgressors. External stakeholders should be brought into the mix to make sure that we account for our actions as management.

Enhancing accountability was closely linked to improved planning and compliance with policies and procedures. Here, participants reiterated the significance of proper planning, clear budgets, and compliance with internal control mechanisms, to prevent incurring UIFW expenditure. In addition, transparency in procurement processes emerged as a key factor in enhancing accountability and reducing UIFW expenditure in the metropolitan municipality. A significant number of participants argued in favour of transparent tendering processes, and the public release of Budget Evaluation Committee meeting records, in order to mitigate irregular expenditure caused by the lack of transparency in tendering processes. Additionally, they stressed the value of including internal stakeholders and decreasing reliance on outsourcing, to enhance accountability and control over spending, with participant PB7 stating that "*the bids adjudication committee play a role in awarding tenders; their minutes should be made public for transparency's sake*", whilst PB13 declared:

The City needs to do away with tendering everything, as most of the quotations are easy jobs that can be done internally. How do you pay R3 million for cutting grass when you have people employed for that? Equipment purchased for this purpose gathers rust due to this.

8.3.3 Strengthening internal controls and education

This sub-theme focused on actions and strategies aimed at enhancing the effectiveness of internal controls and providing education to relevant internal control persons. The first important point raised, involved internal control mechanisms, where participants focused on the need to strengthen internal control mechanisms so as to prevent and detect UIFW expenditure. These include conducting regular audits, risk assessments, and monitoring activities to identify and mitigate potential risks of mismanagement, and spending irregularities. Additionally, the element of education also emerged as a key component. Participants stressed the importance of providing training and capacity-building initiatives to staff members across departments, particularly in finance and procurement, to cover internal skills limitations. This includes educating employees on financial policies, procedures, and the significance of compliance, in order to prevent errors and misconduct: "*It is a well-known phrase that education is key and continuous. Training in the City as a whole is deadly needed, as a learning organisation impact positivity across its operations*" (Applicant PB9). Applicant PB14 explained,

The City has no educative processes. This is a stumbling block to proper assessment of risks. How do you ask a manager, who is not well-informed, to list and rank the risks in their department? We need to learn continuously to bring a top-notch service [that] we get paid for. We are managers and must be informed at all times.

Moreover, participants suggested leveraging technology to enhance internal controls and streamline processes. This suggestion was to counter the so-called "legacy systems" that were blamed for their outdated nature and vulnerability to manipulation and bypass. They advocated for the implementation of digital systems for financial reporting, procurement management, and monitoring of expenditures. A cultural shift towards accountability and transparency was also deemed necessary, to reinforce internal controls. In line with this, participants called for a culture that values integrity, ethics, and accountability at all levels of the municipality. This involves promoting open communication, accountability for actions, and consequences for misconduct by any official or management. In this regard, participant PB1 declared: "*Joh, where do I begin? The systems in the City are old, never gotten updating since donkey years. These legacy systems of ours are vulnerable to cyber security. Not long ago, we got hacked, you know!*" and Participant PB12 agreed, "*My bro! If the city is serious about safeguarding the assets and sustaining them for the future generations to enjoy as we do, a serious job needs to be done in our control environment*."

8.3.4 Engaging external stakeholders for support

The sub-theme of engaging external stakeholders for support emphasised the importance of collaboration with provincial- and national government entities, the AGSA, the media, and the public in monitoring and holding the CoT accountable for its spending. To begin with, external stakeholders were viewed as crucial in providing oversight mechanisms for the CoT's financial activities, hence, the need to render them more prominent, as they conduct audits, review financial reports, and ensure compliance with legal and regulatory requirements, so as to detect and prevent UIFW expenditure. Participant PB11 opined that,

External stakeholders are very important for oversight provision on the issues of managing financial activities. We need Treasury, AG, and the national government here. Their reviews and audits assist in a transparent oversight role needed the most in this city.

Moreover, participants called for external stakeholders' assistance in providing capacity-building support to the CoT, in areas where expertise and resources may be lacking. This includes technical assistance, training programs, and financial resources to strengthen internal controls and improve financial management practices. Participant PB1 declared: "*One more and important thing we need to from our collaboration with other stakeholders, if I'm to sum it up, is their capacitation-will. Treasury has platforms for training programmes, we don't have enough resources like them*."

It was further argued that engaging with the media and the public is essential for promoting transparency and accountability, concerning the CoT's spending. Participants underlined the role of the media in investigative journalism, and public awareness campaigns, to expose financial misconduct and hold authorities accountable. Furthermore, external stakeholders can advocate for reforms and policy changes, to enhance financial governance and combat UIFW expenditure. As a result, there was a broad call for external interventions to act as watchdogs, in areas such as contract award (SCM), that - participants argued - was a significant source of the municipality's irregular spending.

Eish, the element of journalist[s] is overlooked, but it is important, because the media is the one that reports issues and activities to the outside world. The City needs to have the media expose wrongdoings and the good that we are doing. Hiding, and letting them figure out things, lead[s] to speculations and lies that destroy[s] and overshadow the good thing[s] the City is doing. (Participant PB3)

8.3.5 Promoting community involvement and whistleblowing

With this sub-theme, participants argued for enhanced community involvement, serving as watchdogs and reporting financial misconduct or irregularities within the CoT. By promoting community vigilance, the CoT can leverage the collective efforts of residents to identify and report instances of UIFW expenditure, thereby enhancing transparency and accountability. In relation to this, creating a conducive environment for whistle-blowers to report UIFW expenditure without fear of reprisal, was also suggested as essential. Participants highlighted the need for whistle-blower-protection mechanisms in the municipality, to safeguard individuals who disclose information on financial irregularities. In this regard, participant PB9 advised that, "*the issue of whistleblowing is a teething one. People get killed for exposing corruption, but we need this, because irregularities get to be spotted quickly. To continue having this, the City must set a plan to protect them*", and another participant stated:

The City has programs that include interacting with the communities at large, this platform must be utilised to create watchdogs in every corner of the municipality. We will eradicate this monster sooner if the community is part of our mechanism. (Participant PB13)

9 CONCLUSION

In summary, the study sought to assess the drivers of irregular spending, also known as "UIFW expenditure", in the City of Tshwane Metropolitan Municipality (CoT). In response to the alarming and unpredictable use of funds by South African municipalities, the researchers set out on a mission to confront the issue of UIFW expenditure within metropolitan municipalities in South Africa. The initial step involved conducting an evaluation, concentrated on metropolitan municipalities located in the Gauteng province. The primary aim of this assessment was to gain a deeper understanding of the obstacles confronting these urban municipalities, that have a significant level of empowerment. The researchers' findings indicated that the CoT has been struggling to lower these unforeseen and burdensome expenses, in contrast to other municipalities in its category. This underscored the pressing need to identify and implement effective solutions. Given the prevalence of these enduring challenges in the CoT, it was only natural to inquire about the driving factors that sustain its persistence.

To accomplish this, the researchers collected research data by interviewing 14 senior management officials employed by the CoT, *via* the Microsoft Teams platform. Transcripts were extracted from the recordings of the interviews, meticulously cleaned, and then coded using Atlas.ti. software to deliver a comprehensive and pertinent conclusion to the study. A brief overview is provided below, highlighting the noteworthy discoveries, its implications, and the possible interventions that can be employed to mitigate its effects.

9.1 Study discoveries

With great concern, the City of Tshwane Metropolitan Municipality (CoT) was identified as having the highest rate of irregular spending in comparison to the other metropolitan municipalities in the Gauteng province. In this study, a meticulous analysis was conducted, discovering that the persistence of continuous weakness in the control system of the CoT was a key factor, driving UIFW expenditure. Notably, cultural issues were identified as the primary factor contributing to weaknesses in the control system. Alarmingly, cultural issues represent a key factor, that has been propelling the weaknesses in the control system, thereby weakening the entire control environment and, ultimately, resulting in UIFW spending in the CoT. Worryingly, the study found that these cultural issues stemmed from the behavioural practices exhibited by management, as well as deficiencies in procurement and financial management processes.

9.2 Consequential implications

In the event that the CoT does not address the deficiencies in its control environment, it should brace itself for continuous, negative audit outcomes. Should the situation worsen, the ultimate sanction could be a business rescue process, whereby the metropolitan municipality could be put under administration, as the national government and Treasury are legally empowered to exercise metropolitan municipality administration, should its management be deemed incapable of steering it. It is worth noting that one potential concern with this process is the possibility of the entire executive management of the municipality being removed. The potential outcome of this situation is that a majority of individuals may find themselves unemployed and facing potential, indefinite consequences to their career prospects, as these concerns may be recorded on their professional profiles.

9.3 Recommendations

This study further suggested that management should actively encourage a culture of caution, by implementing controls in the CoT’s operations. This would not just ensure obedience, but also foster greater awareness of controls. The tactic suggests familiarising staff with controls, aligning operations with objectives, and providing resources to strengthen the control environment. Senior management should proactively foster a culture of controls, morals, and ethics to drive transformation in the metropolitan municipality. This includes investing in the development of human capital, improving communication channels, and establishing governance frameworks. This action will contribute to spreading awareness concerning the municipality's firm commitment to maintaining proper financial management. By addressing the root cause, as mentioned earlier, and strengthening the controls, the CoT can achieve a notable decrease in UIFW expenditure. The study suggestions are crucial for achieving the goals of the CoT, as highlighted by Knowles (2021).

To effectively address the issue of UIFW expenditure, the municipality can establish a monitoring system, that is both dependable and trustworthy. The inclusion of an accessible tracking tool in this system is of utmost importance, as it will enable both the internal audit and finance departments to effectively monitor and track progress in deterring the incurrence of UIFW expenditure in the CoT. Moreover, this tool should serve the purpose of enabling both the audit committee and the risk management committee to exercise its oversight responsibilities. To effectively combat the occurrence of UIFW expenditure in the metropolitan municipality, it is necessary for the City Strategy and Organisational Performance department to collaborate with the Human Capital department, as the cultural problem is directly connected to this issue. In order to mitigate instances of unauthorised use of authority, the CoT should prioritise the establishment of a cohesive culture, that not only fosters ethical behaviour, but also ensures a comprehensive understanding of strategic measures, both before and after any expenditure.

In order to effectively manage unauthorised and wasteful expenditure, there are several crucial steps that need to be taken. First and foremost, it is essential to regularly update the authorisation list, to ensure that only approved individuals have access to spending. Additionally, it is important to make sure that these authorised signatories are easily accessible and accountable for all costs incurred. Lastly, keeping track of budget cost variances in all departments is vital, to prevent sudden and unexpected depletion of the budget. The implementation of these measures would allow organisations to have effective control of and prevent unauthorised and wasteful expenditure. Paying suppliers within the specified period is a necessary step to avoid wasteful spending and the additional costs that may arise in the form of interests and penalties. In order to ensure that these suggestions are implemented and that established regulations are followed, it is of utmost importance for the CoT to have a tracking tool in place, that is regularly monitored. One way to accomplish this, is by employing a cutting-edge, real-time artificial intelligence tool. This tool should entail the ability to detect and address any issues as it arises, thereby guaranteeing that no problems are left unresolved, until it becomes too late to act.

10 LIMITATIONS

This research examined only one municipality in South Africa, thus, the findings may not apply to other municipalities. The CoT's culture, governance, and challenges may differ from other South African municipalities. For instance, smaller and rural municipalities may face distinct challenges.

The researchers also acknowledge that relying on qualitative data from interviews could have introduced biases, owing to participants' self-reported responses and interpretations. The participants' views may not have fully captured internal control in the CoT, and other factors - outside of the scope of this study - could have influenced their perceptions. Furthermore, the researchers may not have covered all areas directly related to governance and political interlinkage, as there were no invitees from the political wing of the metropolitan municipality, in order to demonstrate how political influence may lead to incurring UIFW expenditure.

One other limitation is directly related to lower-level employees of the metropolitan municipality, who were not part of the study, but were cited as having a lack of awareness of internal controls in the CoT - this is a limitation, as it could have been proven, via interviewing a number of them, with a view to determine their level of understanding of the control environment of the metropolitan municipality.

11 AREAS FOR FURTHER RESEARCH

To obtain a clearer view of internal control failures or challenges in South African public entities, comparative studies across multiple municipalities could offer valuable insights into the contextual factors influencing internal control effectiveness, and the transferability of governance interventions. It may be interesting to establish whether the same set of inhibitors confronting large metropolitan municipalities, are also faced by smaller and rural municipalities.

Furthermore, research integrating insights from elements, such as organisational psychology, public administration, and information systems could enrich understanding of the behavioural, cultural, and technological dimensions shaping internal control practices. The study found that people, culture, and technology contributed to irregular expenditure. Therefore, the researchers recommend that future research dedicates more effort to studying these elements and closely examines its influence.

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