Effectiveness of the Auditor General in Schedule 3C and 3D entities in North West Province

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DECLARATION

I K.Motsilanyane 16608887 declare that the mini-dissertation submitted in partial fulfilment of the requirements for the Master of Business Administration degree at the Mafikeng Campus of the North-West University is my own work and has not previously been submitted at any other institution. I further declare that all sources cited or quoted are indicated and acknowledged in a comprehensive list of references.

K Motsilanyane

DEDICATION

This study is dedicated to my husband, Apostle A.R.Motsilanyane, my sons Bontsi and Reatlegile Motsilanyane and my four angels in heaven.

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I would like to thank God for giving me wisdom and strength to complete this project. His is a true Shepard -Psalm 23.

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ABSTRACT

The research was conducted in the North West Province, South Africa. Its purpose is to find the effectiveness of the Auditor-General in schedule 3c and 3d public entities in the North West Province .The study sought to find these causes with the aim of providing preventive measures to improve audit outcomes of the selected public entities in the North West Province. The objectives were to determine the causes of the ineffectiveness of the Auditor-General in ensuring public sector accountability in the five selected public entities in the North West Province and to ascertain as to whether the identified causes contribute to the poor audit outcomes of the public entities in the North West Province.

The Auditor-General is given the powers by the constitution of the Republic of South Africa to audit all public institutions in South Africa, however there is no significant improvement on the audit outcomes of public entities in the North West Province, which ultimately renders the Auditor-General ineffective in ensuring public sector accountability in the NW Public entities. To identify the causes of ineffectiveness of the Auditor – General, the importance of the Auditor-General, and to finally to ascertain whether the identified causes contribute to the poor audit outcomes.

Findings of the study indicate that the five entities agree with the identified causes of the ineffectiveness of the Auditor-General. In general five entities agree with the identified causes at 45.11% and strongly agree at 15.8%. In terms of the identified views on the importance of the Auditor-General 54.42 agree while 29.64% strongly agree on the significance view of the Auditor-General and the last section of the Questionnaire was intended to ascertain whether these causes contribute to the poor audit outcomes of the public entities in the North West Province and 50.45% agree while 33.91% of the respondents strongly agree.

The study discovered that the identified causes contributed to the poor audit outcomes in North West Public entities. Since the causes are identified the researcher recommended measures to address the identified causes, which will ultimately improve the audit outcomes of public entities in the NW Province. The major role-players in effecting these recommendations will be the management of the entities and the appointed Board.

Keywords: Public entity, audit outcomes, Auditor-General, North West Province

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CHAPTER 1: Introduction to the study

The purpose of this study has been to find out the causes of the ineffectiveness of the Auditor-General in ensuring public sector accountability in five selected public entities in the North West Province. This is because the majority of public entities obtained qualified audit opinions by the Auditor-General and there have been no improvements in the audit opinions year on year for the past five years and this has ultimately resulted in poor service delivery. A qualified audit opinion is a view utilized to highlight that the money-related articulations contain material misquotes in particular sums, or proof is lacking to infer that particular sums incorporated into the monetary proclamations are not physically misquoted (Auditor-General, 2015).

According to Makwetu (2014) ''Five public entities did not submit financial statements on time and their audits have not been finalised by the cut-off date''. Thus Public entities contributed the majority of the poor audit outcomes in the North West Province in 2014-15 financial years (General report on the audit outcomes of North West for 2014-15).

The PFMA of 1999 broadens the Auditor-General's scope to not just checking and providing details regarding the representing reserves utilized, additionally to the proficiency and viability with which such supports are utilized and also adherence to endorsed principles and strategies.

However in spite of the Auditor-General having been given these powers and legislations public entities have struggled to operate effectively and thereby compromised the delivery of services to the community.

In the light of the debate, this study accordingly embarked on investigating the reason for the ineffectiveness of the Auditor-General in guaranteeing public sector responsibility in the five selected public entities in the North West Province.

1.1 Background and context of the study

As per Barberton (2004) public sector finance shapes a fundamental part of the general public and effects on all social, financial, and political measurements of a nation. The state for the most part accepts accountability for the welfare, wellbeing and thriving of its subjects. This goal is accomplished by giving compelling administration conveyance to the electorate (Visser & Erasmus, 2002:3). One of the reasons for delegating a majority rules system is that the governing body as overseers of public money be considered responsible by the electorate. The law-making body needs to guarantee that systems and methods are set up to encourage open responsibility. Viable public money related responsibility in South Africa, as in any majority rule government, is reliant on the accomplishment with which the chosen agents in Parliament authorize responsibility on the individuals who have a duty of taking care of open assets.

Thus, inspection by officials and the administration is an imperative component for accomplishing straightforwardness on how public money has been utilized and what esteem derived from the utilization of such finances (Barberton, 2004).

There are, however two kinds of government evaluators, the internal auditor who is utilized by the administration office and the external auditor who is the Auditor- General and is designated by Parliament. The accent in this study will be on the duties of the Office of the Auditor–General South Africa (AGSA) for it assumes a noteworthy part in inspection and reporting, monetary articulations and money-related administration of all national and commonplace state offices and organizations, all districts and some other establishment or bookkeeping substance required by national or commonplace enactment to be examined by the Auditor-General (Constitution of the Republic of South Africa, 1996 (Act 108 of 1996 area 216 (1)). The Public Finance Management Act, 1999 (Act 1 of 1999) contains the Auditor-General's powers and obligations to maintain responsibility for bookkeeping officers. The PFMA of 1999 is viewed as an apparatus that advances the target of good budgetary administration keeping in mind the end goal to amplify benefit conveyance through the productive and viable utilization of constrained assets.

The South African administrative review framework was initially set up in the light of the British model. The primary enactment which set out the arrangement of the Auditor–General, his state of administration and his forces was initially passed in 1911, changed in 1916 and afterward stayed unaltered until the new Exchequer and Audit Act 1956 (Act 32 of 1956) was passed. Control stayed unaltered until the idea of execution reviewing was joined into the Exchequer and Audit Act, 1975 (Act 66 of 1975).

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence (General report on the audit outcomes of North West for 2014-15).

The AGSA reviews and reports on the records, monetary explanations and money related administration of:

- Nation-wide and commonplace state divisions and organizations
- Administration of Parliament and of every commonplace enactment
- Districts and metropolitan substances
- Protected foundations
- All other organisation or accounting entity required by state or legislation is to remain audited by the AGSA.

In portraying AGSA's responsibility, Makwetu (2014) said that the AGSA reinforces South Africa's majority rules system by empowering oversight, responsibility and administration in the general population, partly through inspecting, and in this way creating open certainty. The order is set up in Chapter 9 of the Constitution. The Office of the Auditor-General must be autonomous and unprejudiced in the execution of its capacity. This is basic to the AGSA's work which has an effect in various spots. The AGSA must review and provide details regarding the records of government divisions and districts toward the end of each money related year. Section 4 of the Public Audit Act (PAA) particularly separates what the AGSA does, directing the capacities which educate their command. The AGSA's capacities are portrayed in sections 5 and 20 of the PAA.

Makwetu (2014) laid out the obligation of the AGSA to ensure there are legitimate administration and appropriate affirmations given on the money-related proclamations which are accounted for freely. The AG's Office additionally needs to make a conclusion on whether benefit conveyance reporting has been made in a way that is solid. There must be a source record from which the data in the yearly report is coming, and the AG must check that this is predictable with an establishment's pre=determined targets. A perfect review requires the AG to locate no material misquote, consistency with laws and controls and no material discoveries on the Performance Report. AGSA checks whether money-related targets were accomplished and writes about deviations from key enactments or institutional destinations. This drives responsibility (Makwetu, 2014).

South Africa acknowledges service delivery improvement in the public sector as a pressing national priority, but neither the reform of bureaucratic structures, the advocacy through Batho Pele of greater focus on customer service behaviour, nor the Treasury's advocacy of public private partnerships alone provides an answer. In reality, a wide range of further measures will be needed, including systemic IT modernization, significant management improvements, accelerated training and development of staff at all levels, redeployment of resources in the budget to higher priority areas, and a many-pronged focus on efficiency through effective levers including market testing, benchmarking and effective review and accountability mechanisms (Russell & Bvuma, 2001).

Currently five Schedule 3C and 3D public entities in the North West Province had been having qualified audit opinions for three consecutive years, while the Auditor-General continues to audit and produce an audit opinion with recommendations. In this light it appears that the recommendations made by the Auditor-General have not been implemented by these public entities. It follows therefore that the Auditor-General has not been successful in ensuring public sector accountability in public entities.

'Five public entities failed to submit financial statements timeously and their audits have not been finalised by the cut-off date' (Auditor-General 2014-15). Clearly articulates that they could not effectively ensure public sector accountability in these five entities because they failed to submit their Annual Financial Statements timeously. Furthermore, The AG's Office likewise needs to make a conclusion on whether service delivery has been made in a way that is solid (Makwetu, 2014).

The Public entities use the accrual basis which is different from the cash basis. The Public Financial Management Act of 1999 introduced the accrual accounting to replace the cash basis of accounting in the public sector .With the introduction of accrual accounting, 'Government entities are faced with many practical problems' (Van Wyk, 2006). South Africa has recognised that it is not enough to undertake the reform of public service structures and procedures. Actions must also be planned and implemented which radically improve the reach, accessibility and quality of service delivery (Russell & Bvuma, 2001).

1.1 Research problem

The function of reviewing in public financial management is to help financial administration, bolster good governance, to go about as a "guard dog" and lastly to guarantee internal and external responsibility in all entities.

As a result the South African government has considered public accountability an essential prerequisite for the efficient production and delivery of public services (Gloeck, 2003).Thus the office of the Auditor-General is appointed to audit departments and public entities as a measure to effect public sector accountability .

However in spite of the Auditor-General's office being tasked with ensuring public sector accountability in public entity there continues to be poor audit outcomes (Makwetu, 2014)

In the past five years the Auditor-General has audited public entities in the North West Province, these entities include the Mmabana, Arts, Culture and Sport Foundation, North West Development Corporation, North West Gambling Board, NW Provincial Arts and Culture Council and the North West Parks and Tourism Board as a norm annually to ensure public sector accountability. However there seems to be no improvement in terms of the audit outcomes year in year out since as far as 2011/2012 financial year. Public entities contributed the majority of the poor audit outcomes in the North West Province in 2014-15 financial years (General Report on the audit outcomes of North West for 2014-15).

This suggests the Auditor-General has been deficient in ensuring public sector accountability. In the light of the previously mentioned objectives, this study sought to discover the reasons for the ineffectualness of the Auditor-General in guaranteeing public financial responsibility in five chosen public entities in the North West Province.

1.2 Purpose of the study

The aim of this study is to find the causes of the ineffectiveness of the Auditor-General in ensuring public financial accountability in five selected schedule 3c and 3d public entities in the North West Province .The study sought to find these causes with the aim of providing preventive measures as a catalyst to improve audit outcomes of the selected public entities in the North West Province.

1.3 Research question

In the light of the aforementioned the question to be asked in this study therefore is:

What are the causes of the ineffectiveness of the Auditor-General in ensuring public sector accountability in the five selected public entities in the North West Province.

1.4 Research objective

The objective in this study was:

To determine the causes of the ineffectiveness of the Auditor-General in ensuring public sector accountability in the five selected public entities in the North West Province?

1.5 Scope of the study

This study is limited to the Public Sector accountability and effectiveness of the Auditor-General in five selected entities North-West Province. The study focuses on the stakeholders Mmabana, Arts, Culture and Sport Foundation (3c), NW Provincial, Arts and Culture Council (3c),NW Parks and Tourism Board (3c) NW Development Corporation (3c),NW Gambling Board (3c) who benefit from the Public Sector accountability and effectiveness of the Auditor-General.

1.6 Significance of the study

In the midst of high levels of mismanagement and abuse of public funds and also misrepresentation, there is also a need to explore whether public funds are being dealt with responsibly enough.

The Auditor-General, being one of the significant players in guaranteeing public financial related responsibility, ought to be researched to see whether the AGSA is being powerful in playing out its obligations furthermore find a few escape clauses if there are any and recommend therapeutic measures. The exploration is critical in that it touches the central issue of general society which is funds. Debasement and misappropriation of public finance force extraordinary results for the country. Rather than annihilating neediness, the administration rather fuels destitution, for instance when funds intended for nourishing learners at schools through the National School Nutrition Program (NSNP) are abused. Rather there will be a more prominent interest for nourishment at schools which will bring about a high number of learners being educated on an empty stomach or far and away more terrible having the learners remaining home as a result of the absence of food at the schools.

1.7 Literature review survey

The importance of accountability in the Public sector

As South Africa entered the 21st century, the perspective was through and through unique in relation to that in the underlying five years of larger part leads framework. The best way to deal with problems in the late 1990s was focussed on creating improvement in the overall public's views of the matter of making frameworks work. One of the establishments of dominant part administers framework is outside obligation, and one of the pillars of duty is the way in which government reports back to its subjects, through Parliament, on how it has spent their money. The shorter the time to slip past between the end of the organization's budgetary year and the reporting system, the more unmistakable the legitimacy of the body in terms of its mandate. By implication, obligation put off is duty denied.

Before 1999, the time to sneak past in bookkeeping to Parliament was exorbitantly long. National and commonplace government workplaces consistently took up to 10 months after their money related year-end to introduce their budgetary provisions to the Auditor-General, and some a great deal more. Accordingly, paying little respect to how firmly the Auditor-General endeavoured to complete its part of the strategy, it was routinely 12 months after the end of the budgetary year that the vital departmental report would truly reach Parliament. That period was changed in 1999, when Parliament passed the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), familiarizing extensive changes with cash-related organization and disclosure necessities of government workplaces. Yet unique laws have since been passed to invigorate money-related organization in various districts of individuals all in one division. The PFMA was an essential stage for the Office of the Auditor-General's work over the span of some years.

With empowering sanctioning, for instance, the PFMA, the question now is whether the Auditor–General is being productive in propelling inside and external duties, and along these lines strengthening vote-based frameworks to a level effectively attainable in all general public analysing environments (Special Report, 1999-2006).

Fighting corruption requires an understanding of and response to local political, historical, cultural and economic issues. In particular, anti-corruption actors need to pay attention to: first, the opportunities and threats associated with state politics; second, the structural conditions that cause citizens to support corruption; third, the role of non-state actors in causing corruption; and fourth, ensuring stronger legal responses to corruption that result in prosecutions.

Fair value accounting of assets in the public sector was introduced with the adoption of the public- sector-specific accounting standard: Generally Recognised Accounting Practice (GRAP) 101. The public sector currently reports on various bases of accounting. Public entities and municipalities report in terms of accrual accounting, and government departments report on the modified cash basis. The lack of a uniform basis of accounting impedes the comparability of financial information. The implementation of GRAP 101 in the public sector is important in facilitating comparability of financial information regarding biological assets (Scott et al., 2016).

Section 50(1) of the PFMA requires an accounting authority (the board) of a public entity to safeguard all assets and records of the entity and to manage the finances in the best interest of the entity. Furthermore, section 51 of the PFMA requires an efficient and effective financial and control system to be established and implemented (section 57) by each employee of the public entity (South Africa, 1999; South Africa, 2005). Compliance with the PFMA will be addressed as the entity develops, approves and implements policies detailing the legal requirements and the desired procedures. Currently, each public entity assesses the available guide and develops policies and procedures for the financial components applicable to the entity (South Africa, 1999; South Africa, 2005)(Scott et al., 2016).

The public sector plays a major role in society. In most economies, public expenditure forms a significant part of gross domestic product (GDP) and public sector entities are substantial employers and major capital market participants. The public sector determines, usually through a political process, the outcomes it wants to achieve and the different types of intervention. These include enacting legislation or regulations; delivering goods and services; redistributing income through mechanisms such as taxation or social security payments; and the ownership of assets or entities, such as state owned enterprises. Governments also have a role in promoting fairness, peace and order, and sound international relations. Effective governance in the public sector encourages better decision making and the efficient use of resources and strengthens accountability for the stewardship of those resources. Effective governance is characterized by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management, leading to more effective implementation of the chosen interventions, better service delivery, and, ultimately, better outcomes. People's lives are thereby improved. (Scott et al., 2016)

1.7.1 The concept of a public entity

A public entity infers a typical government endeavour, a board, commission or organization set up by law or constitution and is completely or considerably subsidized from the Provincial Revenue Fund or by duty or some other assets sanctioned as far as enactment – an example is the North West Gambling Board.

1.7.2 Role of a Public entity

According to CIPFA and IFAC (2013:6) "the fundamental goal of the public sector entities is to accomplish results – upgrading or keeping up the prosperity of residents as opposed to producing benefits. public sector entities regularly: have an organizing and authority part to draw bolster from or cultivate accord among all areas and society; have the ability to direct elements working in specific divisions of the economy to defend and advance the interests of natives, inhabitants, customers, and different partners and to accomplish economic advantages; and embrace exercises on a premise other than by reasonable trade between ready purchasers and merchants since they can practice sovereign forces. For instance, seeking after social strategies may once in a while call for issues of balance and reasonableness to be given more prominent weight than budgetary execution".

1.7.4 Role of auditing in public finance management

There are two principal types of evaluating, in particular, outside examining and interior auditing (Scholtz, 2014). As per Woolf (1997), outside inspecting is a survey procedure in which the monetary articulations of an association are subjected to examination with a specific end goal to empower inspectors to shape an assessment on the honesty, culmination, and reasonableness of the announcements. The sentiment of the evaluator is then lessened to a report and imparted to the association that appointed the review and other compulsory partners. Loughran (2010) calls attention to the fact that outside evaluating is a procedure of looking at budgetary data keeping in mind the end goal which is to set up and decide whether the data is introduced reasonably and precisely.

At present public auditors play out an assortment of audits aimed at fulfilling diverse budgetary administration objectives. Money-related audits survey the precision and decency of both the bookkeeping strategies used by an administration office and the monetary proclamations reported by the workplace. Consistency reviews assess whether resources were used for the explanations from which they were appropriated and in consistency with vital laws and bearings. Execution reviews separate cost-reasonability (economy), operational efficiency, and the general ampleness of government activities in achieving their goals. There has been an example of late among inspectors towards growing the amount of execution reviews as these reviews are seen as revealing more about the suitability of government operations (Khumalo, 2007).

In any case, a far-reaching audit structure requires that every one of the three sorts of reviews (budgetary, consistence, and execution) be joined to give an entire outline of open money related administration (Ramkumar, 2005).

As per Khumalo (2007) great administration is considered to be participatory, straightforward, responsible, powerful, consistent with the rule of law, and receptive to the requirements of the general population. A compelling evaluator can assume an essential part in guaranteeing that some of these key qualities of good administration are kept up by the legislature. By inspecting open funds, evaluators don't just request responsibility of the legislature; however, this adds credibility to the administration's open money-related approaches and practices. By making their review discoveries accessible to people in general, inspectors give a basic window on straightforwardness in broad daylight fund administration and evaluate whether government offices have conformed to national as well as neighbourhood laws, directions, and their annual spending plans (Ramkumar, 2005).

Researchers have provided different explanations about good governance concepts. The World Bank researchers (1994) explain that governance refers to the exercise of the power of the state in managing a country's social and economic resources as well as other related mechanism for public accountability rule of law, transparency and citizen participation (Seemela, 2007).

Reviewing is an imperative part of an institutional framework supporting extraordinary organization and the affirmation of a country's welfare measures and targets. Social wellbeing programmes are focused on neediness removal programmes through their access to constrained assets. To accomplish their objectives in this way, these projects depend significantly on the proficient and compelling usage of these restricted assets. Inside this system, the part of people in general consists of observing the use of programme assets. A careful auditor can contribute enormously to the accomplishment of social improvement programmes by constraining defilement and reinforcing the responsibility of mindful offices (Ramkumar, 2005).

Accountability has been described as "the duty to provide an account (not necessarily a financial account) or reckoning of actions for which one is held responsible" (Gray et al., 1996:38). In the public sector, the accountor-accountee relationship is much broader than the private sector shareholder-manager relationship (McGregor, 1999; Wynne, 2004). It extends to a complex web of interrelationships with government and non-government groups (Burritt & Welch, 1997). There are multiple stakeholders with an interest in the accountability of public benefit entities. Stakeholders are interested in how public money is used to achieve public benefit rather than for making economic decisions. This ensures that public representatives can be held to account. The establishment of DOC occurred in a period of great change in the public sector generally. Between 1984 and 1990 the New Zealand public sector underwent substantial reforms described as "the most far-reaching and ambitious of any of their kind in the world" (Logan, 1991:1). The reforms, collectively referred to as the Financial Management Reforms (FMRs), were aimed at ensuring the public sector became more efficient and effective as well as improving the accountability relationship between public benefit entities and the public (Pallot, 1994; Kelsey, 1997; Jacobs, 2000; Lye et al., 2005). Commercialisation and results-oriented management supported by new accountability requirements were introduced (Kelsey, 1997; Jacobs, 2000; Newberry & Pallot, 2003). For DOC the FMRs were a mechanism by which Treasury could identify the reporting of costs, provide a means by which government subsidies of forest and farm operations on Crown land could be eliminated, as well as divesting DOC of activities better able to be carried out in the marketplace. Additionally, the government introduced a "user pays" policy, which required DOC to raise a percentage of its budget from fees charged to concessionaires and users of its facilities (Samkin & Schneider, 2010).

1.8 Chapter outline

The research is limited to the North West Province, known as the platinum province

The mini-dissertation is structured as follows:-

CHAPTER 1: Introduction

The introductory section provides a general overview of the study. It precisely shapes the aim of the study, the research problem, research question and research objectives.

CHAPTER 2: Literature review

Focusses on the academic overview of various literature sources on the theme that is being researched. The various bases are the internet, legislation, books and journal articles.

CHAPTER 3: Research methodology

It gives points of interest of the exploration techniques utilized as a part of the study.

CHAPTER 4: Results presentation, analysis and discussions

The chapter contains a demonstration of the statistical results of the study and detailed discussion thereof.

CHAPTER 5: Summary and conclusion

Outcomes of the research are summarised and recommendations are reported, before concluding on the topic.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

2.2 The origins and role of auditing in public sector accountability

Although accounting can be traced over 70,000 years back in Africa, and to 3,000 BC with Mesopotamians keeping records of their business transactions (Tinker & Sy, 2006), the origin of auditing is to be linked to the Egyptian, Greek and Roman ancient empires. Boyd (1968) explains that it developed as a need to control that officials worked for the empire instead of enriching themselves. A report by the Instituto de Censores Jurados de Cuentas de Espan ᾶ (1976:14) indicates that there are tasks that can be related to auditing in Italy in the Middle Ages, and that England had reviewers as early as the 13th Century. Similarly to the ancient empires, this report explains that the role of the controller in Kingdoms and Courts in Europe developed as a need to control collections and payments as well as revenues and expenses.

Auditing, as a regulated profession, starts much later after industrialization and the birth of corporations. It began during the first half of the 19th Century in England, as railroad companies without solvency as well as cooperatives created without financial guarantees started to go bankrupt. To avoid the damage produced in working people's wealth, the government hired accountants to overview the bankruptcies and liquidations. The specialization of these reviewers led to the development of auditing as a profession (p. 16), regulated by the Companies Act of 1929. Montgomery (1949:9) states that when the businessmen found that the value received from the work of an experienced auditor exceeded the cost of the services, that relation became a continuing one. The Companies Act of 1948 introduced competence requirements for auditors. In France, the auditor and the accountant professions are organized separately. In 1867 the "Institution du commissariat aux comptes" was created in corporations, and an audit report on the Financial Statements was required, but auditing was regulated by law in 1935 and 1936. Other countries like Germany had the first regulation of auditing and accounting in the 1930s as well, while Spain regulated the profession as from 1945, although it was not fully developed until the 1970s. Similarly, in the United States, auditing was introduced as a necessity after the Great Depression. At that time, "Regulations and laws were viewed as necessary for survival because it could alleviate public criticism by providing a (sometimes false) assurance that corporations would be held accountable for their actions" (Lehman, 1992). President Franklin Roosevelt's administration proposed legislation to protect investors and other external parties by requiring the disclosure of relevant and material facts about public companies.

Furthermore, other rules were created to prohibit deceit and misrepresentations of information disclosed. In this direction, the Securities Act of 1933 and the Securities Exchange Act of 1934 established the SEC, and required publicly traded firms to file financial reports reviewed by independent outside auditors (Anon, 2010).

As in other ruling systems, the South African Auditor-General has not been confined to the customary reviewing of records. Since the end of the 1960s, execution reviewing has steadily turned out to be universally settled (Widell, 1996:18). In South Africa the order to do and to provide details regarding execution reviews, was epitomized in the Auditor-General Act, No. 52 of 1989, Sections 5(8)(b)(iii) and 7(b) and assist reinforced in Sections 3(4)(d) and 5(b);(e);(f) of the Auditor-General Act, No. 12 of 1995. This expanded review degree is based upon the rule that citizens are qualified for realize that they are getting esteem for their cash (Loots, 1989:137 and National Audit Office 1997:4).

2.3 Auditor-General South Africa

The constitution of South Africa Act No. 108 of 1996 perceives the Auditor-General South Africa as the pre-eminent reviewing establishment of the Republic; in the future the term Auditor-General will be utilized to allude to the Auditor-General South Africa unless otherwise indicated. The Constitution of South Africa 1996 requires the Auditor-General to survey and report annually on the records, cash-related enunciations and money-related organization of all organizational divisions and public organisations. These reports ought then to be submitted to the essential overseeing body for analysis.

“A key capacity of the Auditor- General is to guarantee that administration offices are legitimately overseen” and that their assets "are obtained financially and used proficiently and viably" (Khumalo, 2007).

The government auditing function in South Africa is firmly entrenched in legislation. The statutory instruction for the elements of the Auditor-General is contained in the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), and the Auditor-General Act, 1995 (Act No 12 of 1995). The Auditor-General performs the activities assigned to him/her by law with the assistance of staff appointed to the Office of the Auditor-General in terms of the Audit Arrangements Act, 1992 (Act No 122 of 1992) and persons appointed by him/her in terms of section 6 of the Auditor-General Act.

In terms of the legislation, the Office of the Auditor-General is a legal entity, operating under the supervision of the Audit Commission. The Deputy Auditor-General is the accounting officer of the Office and as Chief Executive Officer (CEO), is also responsible for the efficient management and administration thereof. In 1911, the Exchequer and Audit Act established the principle of public accounting and accountability in South Africa with regard to the collection, custody and expenditure of public money.(Gloeck & De Jager, 2000)

The Auditor-General Act, No. 12 of 1995 (Act), at present provides the statutory authority for the Auditor-General to carry out and report on performance audits. Section 3(4)(d) of the Act requires that the Auditor-General must satisfy himself or herself that satisfactory management measures have been instituted to ensure that resources are procured economically and utilised efficiently and effectively. When reporting on any account, Section 5(b) of the Act requires that the Auditor-General must further draw attention to material cases where the utilisation of resources for a service is in his or her opinion uneconomical, inefficient, ineffective or not conducive to the best interests of the State or the statutory body concerned (Fakie, 2008).

The Office of the Auditor-General (OAG) plays a critical role in facilitating the accountability cycle and so promotes democratic governance in South Africa (Manik). Basically, accountability requires the official power to give suitable data keeping in mind the end goal which is to answer to its partners in an appropriate way. The reviewers then add validity to this data offered by the official. In case an assessed substance does not comply with its requirements, the AG may issue reports to them.

Essentially, accountability requires the executive authority to provide appropriate information in order to report to its stakeholders in a satisfactory manner. The auditors then add credibility to this information offered by the executive. If an audited entity does not report to its stakeholders, the AG may issue reports directly to them. Therefore, at this stage, the reporting on these issues will merely serve to inform the public that the information provided by an entity cannot be relied upon. As an entity progresses in the quality of information provided by its systems, the resources required to audit the financial statements should become less, thereby enabling auditors to audit the broader aspects of an entity's performance (Activity Report of AG, 2014/15).

2.4 Auditing function

There are two principal types of evaluating, in particular, outside examining and interior auditing (Scholtz, 2014). As per Woolf (1997), external auditing is a procedure in which the financial statements of an organisation are evaluated in order to enable auditors to form an opinion on the truthfulness, completeness, and fairness of the statements. The sentiment of the evaluator is then lessened to a report and imparted to the association that appointed the review and other compulsory partners. Loughran (2010) calls attention to the fact that outside evaluating is a procedure of looking at budgetary data arranged by a free gathering, keeping in mind the end goal which is to determine whether the data is introduced reasonably and precisely.

2.5 Legislative framework

The appearance of majority rules system in 1994, South Africa has found a way to change state structures, laws and procedures to enhance open fund administration. Parliament promulgated the accompanying laws;

The Constitution of 1996 chapter 13;

Public Audit Act 2004 (Act 25 of 2004);

Auditor-General Act 1995 (Act 12 of 1995);

Public Finance Management (Act 1 of 1999) (PFMA);

These acts enhance the effectiveness of designations and utilization of assets both inside and outside to public policy, subsidizing decisions and empower responsibility. Enactment and other controlling instruments identified with the study are clarified as follows:

2.5.1 Constitution of the Republic of South Africa 1996 Section 216(1)

National Legislature to set up a national treasury and endorse measures to guarantee openness and expenditure control in every circle of government, by presenting:

Generally recognised accounting practice;

Uniform expenditure classifications; and uniform treasury norms and standards.

The Constitution of the Republic of South Africa requires measures to ensure transparency and expenditure control this is investigator since the study seeks to ascertain whether value for money is achieved by the entities in the North West Province.

2.5.2 Public Audit Act 2004 (Act 25 of 2004)

The Public Audit Act 2004 was built up to:

- give effect to the provisions of the Constitution establishing and assigning functions to an Auditor-General; and
- provide for the auditing of institutions in the public sector;

which would enable the Auditor-General to conduct an external audit on the five selected public entities in the Province which is an autonomous examination of the organisation's annual monetary articulations with the goal of communicating a sentiment on whether the money related explanations have been set up as per the appropriate guidelines and are a genuine impression of the budgetary position of the association (Marx & Lubbe, 2010).

2.5.3 Auditor-General Act 1995 (Act 12 of 1995)

The Act sets up the prerequisites for the functions of the Auditor-General and blueprints his or her capacities, obligations and forces.

The Office of the Auditor-General in reality audits and researches all records of people in general elements and reports back to Parliament on the discoveries.

This Act is applicable to my study since the purpose is to outline the causes of ineffectiveness of the Auditor-General, since there is continuing pattern of poor audit outcomes in public entities in the North West Province.

2.5.4 The Public Finance Management Act 1999 Section 62

The Auditor-General may examine any open substance or review the budgetary articulations of any open element in the event that the Auditor-General is not named as evaluator and the Auditor-General considers it to be in individuals in general premium or upon the receipt of a protest; and recoup the cost of an examination or review from the general population element.

Since the Auditor-General investigates the annual financial statement my study seeks to ascertain whether the entities submit the Annual Financial statements on time, since lack of submission may result in the audit opinion being inconclusive.

2.6 Role of auditing in public finance management

Modern-day public auditors perform a variety of audits aimed at satisfying different financial management goals. Financial audits assess the accuracy and fairness of both the accounting procedures utilized by a government agency and the financial statements reported by the agency. Compliance audits assess whether funds were used for the purposes for which they were appropriated and in compliance with relevant laws and regulations. Performance audits analyse cost-effectiveness (economy), operational efficiency, and the general effectiveness of government programs in achieving their objectives. There has been a trend in recent years among SAIs toward increasing the number of performance audits as these audits are seen as revealing more about the effectiveness of government operations.9 However, a comprehensive audit framework requires that all three types of audits (financial, compliance, and performance) be combined to provide a complete overview of public financial management.(Ramkumar, 2005).

A compliance audit is a comprehensive review of an organization's adherence to regulatory guidelines it basically assesses whether funds were used for the purposes for which they were appropriated and in compliance with relevant laws and regulations. Performance or value-for-money auditing is a process carried out by the management of the institution to assess the systems, or the lack thereof, to ensure that resources have been acquired economically and are utilised efficiently and effectively, and to report thereon to management and if appropriate also to report to the legislative body concerned (Mpehle & Qwabe, 2008).

Best Value is an emerging initiative that aims to improve the quality of public services (Hunter & Kelly, 2004). The basic premise of the Best Value initiative is that the public service should procure services on the basis of value for money rather than on lowest cost (Bowen, 2007:54).

The auditing of government institutions takes place in a milieu in which, in the first instance, it is the responsibility of management to institute measures to:

a) procure resources of the right quality in the right quantities at the right time and place at the lowest possible cost (Economy);

b) achieve the optimal relationship between the output of goods, services or other results and the resources used to produce them (Efficiency); and c) achieve policy objectives, operational goals and other intended effects (Effectiveness) (CCAF 1996:118).

Management measures for the planning, budgeting, authorization, control and evaluation of the procurement and utilisation of resources, and the responsibility to institute such measures rest with management. The basic values and principles governing public administration as set out in Section 195(1) of the Constitution of the Republic of South Africa, No. 108 of 1996, strengthen the responsibility of management to institute management measures. The primary objective of performance auditing (National Audit Office 1997) is to confirm independently that these measures do exist and are effective and to provide management, Parliament and other legislative bodies with information, by means of a structured reporting process, on shortcomings in management measures and examples of the effects thereof.

A secondary objective of performance auditing (CCAF, 1985) is to bring possible areas for improvement to the attention of management and to encourage auditees to take the necessary corrective steps to improve systems and controls (Fakie, 1998).

The Treasury regulation section 18.2 clearly outlines that the trading entity should compile the Annual Financial Statements according to GRAP-Generally Recognised Accounting Practice unless otherwise approved by the National Treasury.

2.6.2 Support good governance

Good governance is classified as being participatory, transparent, accountable, effective, compliant with the rule of law, and responsive to the needs of the people. An effective auditor can play an important role in ensuring that some of these key attributes of good governance are maintained by the government. By auditing public finances, auditors do not only demand accountability of the government but in turn add credibility to the government's public financial policies and practices. By making their audit findings available to the public, auditors provide a critical window on transparency in public finance management and assess whether government agencies have complied with national and/or local laws, regulations, and their annual budgets (Ramkumar, 2005).

Auditing is a fundamental part of an institutional structure supporting association and the attestation of a nation's welfare measures and goals aimed at avoiding desperate measures. Social welfare programmes and other focused desperation avoidance programmes are aimed at supporting people faced by constrained assets. To satisfy their objectives, along these lines, these endeavours depend on the proficient and productive use of these constrained assets (Ramkumar, 2005).

Within this framework, the role of the public auditor in monitoring the utilisation of programme resources is critical. An attentive investigator can contribute significantly to the accomplishment of social progress programmes by maintaining the obligation of capable affiliations (Ramkumar, 2005).

2.6.3 Accountability

Both internal and external audits are the substance of answerability. The mission of the Office of the Auditor-General is to strengthen our country's democracy by enabling oversight accountability and governance in the public sector through auditing, thereby building public confidence.

Moreover, in the discourses around the role of the Auditor-General in parliament, AGSA demonstrated that responsibility ought to be yielded, results and results-based and not inputs-based as has customarily been the situation. Most African countries are struggling with financial management and are learning from the PFMA. Both the PFMA and the MFMA are amazingly objectively arranged and are reasonable fiscal organization structures.

2.6.4 Acting as a 'Watchdog'

As per Khumalo (2007), "the Auditor-General goes about as a guard dog in the interest of the legislature" - "A guard dog is a gatekeeper, a safeguard against burglary or illicit waste and practices". The AGSA in this way recommends therapeutic action where needed or where workplaces require support. If an accounting officer is found culpable of corruption or gross recklessness, he or she can go up against a fine or imprisonment for a period of not more than five years.

2.7 Promoting sound public finance management through PFMA

The PFMA is the act that outlines the functions of all parties involved in the finances of South Africa it rules as outlined by (Maude, 2007:97).

Financial management in South Africa is governed by provisions of the Public Finance Management Act 1999 (Act 1 of 1999) section 38(1)(b) stresses that with the presentation of the new administration viability was made answerable by law (Maude, 2007:97).

The key targets of the PFMA are to (Madue, 2009):

- Modernise the arrangement of budgetary administration;
- Enable public entities leaders to oversee government subsidizes and provide details regarding their responsibility;
- Ensure convenient arrangement of value data; and
- Eliminate waste and defilement of state assets

The above shows that the PFMA can have an impact on the South African monetary arrangement framework (Madue, 2009). Moreover, Lubbe and Rossouw (2005:783) express the view that the administration of an establishment regularly needs the annual budgetary explanations to make as decent an impression as would be prudent, while the evaluators especially in perspective of the dangers required in communicating an erroneous conclusion, need to take after a more traditionalist practical approach (Madue, 2009).

The PFMA designates heads of departments and constitutional institutions and boards of public entities as accounting officers or accounting authorities and gives them the responsibility for the effective, efficient, economical and transparent use of resources in accordance with the Appropriations Act. In doing so, the PFMA requires them to produce monthly and annual financial reports and ensure effective, efficient and transparent systems of financial and risk management, internal control and procurement. If accounting officers do not comply with these requirements, they are guilty of financial misconduct and can have disciplinary and criminal proceedings instituted against them, depending on the nature of the offence.

Furthermore, the PFMA compels ministers to fulfil their statutory responsibilities within the limits of their voted amount in the Appropriations Act, and requires them to consider the monthly reports submitted to them by their accounting officers. It also sets out a framework to clarify accountability when a political directive could result in unauthorised expenditure.

In order to ensure fruitful public expenditure management by government departments, the PFMA sets out the general requirement that accounting officers maintain effective, efficient and transparent systems of financial and risk management and take steps to safeguard departmental assets. In addition, the PFMA and public service regulations both oblige MECs to ensure that their departmental personnel are governed by efficient, effective and economical human resource management procedures.

This requires feasible execution organization systems to control the work of all powers. Finally, the PFMA requires that accounting officers of divisions assurance that they develop fiscally keen obtaining and provisioning structures (SAIIA, 2006:101). In a comment on the Joint Ad Hoc Committee on Economic Governance, Summary of the Auditor-General's Submission, 2005, it was seen that the test in the African landmass is the non-availability of a public organization framework.

Be that as it may, South Africa's particular test identifies with the level of duty and political will to consent to the current authoritative system. Good money-related administration procedures are the key driver to responsibility.

2.8 Accountability in the Public Sector

The epitome of obligation is answerability: being mindful means having the dedication to answer inquiries with respect to decisions and also exercises. This is the kind of duty that goes past reporting of factual information focuses, and asks for elucidations and backings: that is, it enquires not only what was done but instead also why (Van Wyk, 2002: 294).

Since the inception of the Public Finance Management Act, 1999 (PFMA) (Act 1 of 1999), strict measures to implement the principles of good corporate governance and control had to be implemented by managers in the Public sector. Managers had to integrate the responsibility of ensuring that there is a sound financial system. Dehn et al. (2008) state that in countries with weak accountability systems, budget allocations are a poor proxy for services actually reaching the intended beneficiaries.

Cloete (1996) as cited by van der Nest et al. (2008) stress that accountability in the South African public sector is not merely a matter of control, which is a function performed to obtain accountability. Every public institution and functionary is held responsible to implement accountability measures. If an institution is authorised or instructed to perform a function it is obvious that the institution delegating the power will have to put surveillance measures in place to ensure that the instructions are obeyed and implemented.

According to Schedler (1999) as cited by Van der Nest et al. (2008) a large-scale organisation, such as a government department, is structured organisationally as a hierarchical pyramid. The task of ensuring the implementation of accountability functions on behalf of the organisation usually rests with those placed in charge. In the South African public sector the division of accountability is evident from the Public Finance Management

Act, 1999 (Act 1 of 1999). Accountability among public Officials/administrators starts with the accounting officer of a government department.

The accounting officer mentioned in section 36 of the Act is assigned accountability requirements by section 38 of the Public Finance Management Act, 1999. These include responsibilities to ensure that the department has and maintains a system of financial and risk management and internal control. This system of internal control must be monitored.

2.8.1 Heads of Department/Accounting Section 7(3) (b) of the Public Service Act

A head of division is responsible for the profitable organization and association of his or her territory of ability, including the practical utilize and get ready of staff, the upkeep of education, the headway of sound work relations and the most ideal use and care of state property, and he or she ought to perform such limits as may be supported.

Section 40(1) states that the accounting officer must arrange financial clarifications for every cash related year according to law

Section 40(3) (a) of a comparative Act instructs that the annual report and review budgetary proclamations implied in subsection 40(1)(d) must truly present the circumstances in the workplace, its business, its budgetary outcomes, its execution against destined targets and its cash related position as toward the end of the financial year concerned (PSC Report :2015)

Section 18.4 of the Treasury regulations outlines that the annual financial statements should be compiled according to GRAP.

2.9 North West Schedule 3c and 3d Public Entities and accountability

We have two different kinds of entities which are schedule 3C and 3D:

- 3C entities are normally extensions of a public entity with the mandate to fulfil a specific economic or social responsibility of government. They rely on government funding and public money, either by means of a transfer from the Revenue Fund or through statutory money. As such, these entities have the least autonomy.
- 3D entities are referred to as government business enterprises. These entities generate income, but may be either substantially self-funded or substantially government funded. As a result they have less autonomy than the schedule 2 public

entities even though they are still run in accordance with general business principles. These entities also have limited borrowing powers.

The Constitution of South Africa 1996 requires the Auditor-General to review and report each year on the records, financial enunciations and cash-related organization of all organizational divisions. These reports ought then to be submitted to the normal representing body for analysis.

“A key capacity of the Auditor- General is to guarantee that administration offices are legitimately overseen and that their assets are obtained financially and used proficiently and adequately" (Khumalo, 2007).

The government auditing function in South Africa is firmly entrenched in legislation. The statutory order for the responsibility of the Auditor-General is found in the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), and the Auditor-General Act, 1995 (Act No 12 of 1995). The Auditor-General performs the activities assigned to him/her by law with the assistance of staff appointed to the Office of the Auditor-General in terms of the Audit Arrangements Act, 1992 (Act No 122 of 1992) and persons appointed by him/her in terms of section 6 of the Auditor-General Act.

In terms of the legislation, the Office of the Auditor- General is a legal entity, operating under the supervision of the Audit Commission. The Deputy Auditor-General is the accounting officer of the Office and as Chief Executive Officer (CEO), is also responsible for the efficient management and administration thereof. In 1911, the Exchequer and Audit Act established the principle of public accounting and accountability in South Africa with regard to the collection, custody and expenditure of public money (Gloeck & De Jager, 2000).

Causes of ineffectiveness of the office of the Auditor-General

2.10.1 Lack of leadership

Ethically fallen leaders knew that what they were doing was morally wrong but, nevertheless, were motivated to do it anyway (Price, 2000).

At the lowest level, ineffective leadership can be regarded as passive or “laissez-faire leadership” where the leader takes a very passive approach towards leading and does not show interest in fulfilling his or her responsibilities and duties (Lewin et al., 1939; Bass, 1990; Avolio & Bass, 1995). “Laissez-faire leadership”, in the view of Einarsen et al. (2007), is in clear violation of organizational interests as it results in poor efficiency and possibly undermines the motivation, well-being and job satisfaction of subordinates.(Toor & Ogunlana, 2009)

At a further level, researchers argue that the leader may become obsessed by power and personal authority and therefore may resort to narcissism, self-serving and Ineffective leadership, self-centred behaviours, wrongful use of power, manipulation, intimidation, coercion and one-way communication (see Conger & Kanungo, 1987; Conger, 1989; Howell & Avolio, 1992; O'Connor et al., 1995; Yukl, 1999). This dimension of the leadership can be truly regarded as the "dark side of the charisma" (Hogan et al., 1990; Howell & Avolio, 1992; Padilla et al., 2007) or derailed leadership (Bentz, 1967, 1985, 1987), which is mostly a result of the absence of positive characteristics and the presence of negative characteristics (Lombardo et al., 1988)(Toor & Ogunlana, 2009).

Controls are the procedures or moves made by administration and different partners to minimize the dangers confronting the association, subsequently guaranteeing that the association accomplish its targets (Coetzee, du Bruyn, Fourie & Plant, 2014), thus a strong control environment is characterised by strong leadership and a robust oversight mechanism, which is in essence the foundation for clean administration.

2.10.2 Financial mismanagement

The state has resources that are used by the citizens of South Africa and there is the PFMA which regulates and prohibits the mismanagement of state resources.

Monetary blunders in the South African public sector hamper advance, improvement and development (De Vries et al., 2008:62). It offers conversation starters in regards to the respectability and trustworthiness of the administration and it influences the economy to such a degree that, if government loses cash through corrupt and inept practices, they are obliged to recuperate such misfortunes through higher duties and taxes and levies. It is difficult to describe mismanagement in absolute terms, but the following may serve as examples:

-the provision of misleading statements to the community about their legal position;

-the giving of incomplete or vague instructions to law enforcement officers; neglecting to bring all relevant facts into the equation;

-carrying out of functions in regard to which functionaries have not been empowered by means of legislation or regulations;(Laubscher, 2012)

2.10.3 Lack of timely action to implement

It appears that the financial management discipline necessary for effective and efficient local government in South Africa has regressed to such an extent that some entities are not only, for all practical purposes, insolvent, but that they will also quite possibly only realise the serious implications of financial mismanagement and corruption when it is too late (Laubscher, 2012).

Year in and year out the Auditor-General recommends that there should be action in terms of the audit opinion that requires a change; however, that remains to be an issue as there is slow action in public entities in the North West Province to implement the recommendations of the Auditor-General .

2.10.4 Political interference

According to Lesolang (2015) political instability that occupies the consideration of administration, rather than managing operational matters, administration tends to centre their consideration on controlling political questions. As indicated by Draai and Oshoniyi (2013) political obstruction in the enlistment and expulsion of staff added to the basic leadership and finally the execution of the district on the grounds that in many cases, choices are made to mollify the lawmakers and frequently the choices are not to the greatest advantage of the association.

2.11 Factors that contribute to poor audit outcomes

2.11.1 Vacancy rates out in the open

Draai and Oshoniyi (2013) brought up that the arrangement of unfit staff and poor execution in government was because of absence of abilities and high opening rates. As per Shipalana and Phago (2014), high opening rates result in expanded workloads that eventually result in burnout and low staff morale. The named officeholders are relied upon to go an additional mile with a specific end goal to make up for the crevices emerging from opportunities and that means high volume of workload and weariness. Makwetu (2014) affirmed that openings were inadequately overseen and acting periods were drawn out - thus open elements couldn't perform at an ideal level.

2.11.2 The designated Board plays outside its obligations

As indicated by Institute of Directors in Southern Africa (2009), the King 3 Report outlines the function and capacity of the board/gathering - among others, the report indicates that the committee ought to advance moral culture, practise good administration and honesty in coordinating the functions. The committee/board ought to guarantee the uprightness of monetary reporting and build up autonomous structures to check and protect the trustworthiness of their budgetary reporting.

2.11.3 Internal Audit Unit

According to Lesolang (2015) an internal audit unit helps an association achieve its targets by bringing a methodical, taught way to deal with issues and enhance the viability of hazard administration, control and administration forms. The meaning of internal audit demonstrates that the calling developed from being account based to an administration arranged calling concentrating on helping administration to fulfil its targets through the assessment and change of hazard administration forms; inner control sufficiency and viability; and administration forms (Barac & Coetzee, 2012).

2.11.4 Supply Chain Management

Supply chain management (SCM) frames an indispensable piece of reasonable money-related administration in public sector (Republic of South Africa [RSA] 2005:9). It introduces internationally accepted best practice principles, at the same time addressing government's procurement policy objectives (Office of Government of Commerce [OGC] 2005:11)(Ambe, 2012:53).

Makwetu (2014) mentions that little was done to enhance the acquisition and contract administration shortcomings. The principal challenge in the inventory network administration process is the usage of the production network administration arrangements, presentation of supporting archives and additionally irreconcilable circumstance.

2.11.5 Risk Management

Risk management identifies, evaluates and controls business risks within an organisation are identified, evaluated and controlled. It incorporates all possible risks and has critical links to all aspects of the organisation (Furter, 2004:55).

Haman says public utilities have to comply with the PFMA (and King II guidelines by choice) in terms of financial management. One mechanism that is required is to have a formal risk management strategy and structure in place to prevent any losses to the utility due to poor management decisions and fruitless and wasteful expenditure (Furter, 2004:55).

2.11.6 Proper record keeping

Ngoepe and Ngulube (2013) examined the Auditor-General Report of national and common government divisions and additionally districts for the budgetary year 2005/06 to 2009/10 and presumed that records administration affects the association's review sentiment. By and large, the main driver of qualified and unfavourable review opinions came about because of an absence of a reasonable trail of supporting documentation.

This is supported by De Robus (2002) who outlined that in terms of subs 78(4) of the Attorneys Act 53 of 1979 (the Act) "Any practising practitioner might keep appropriate bookkeeping records containing particulars and data of any cash got, held or paid by him for or by virtue of any individual, of any cash put by him in a trust funds or other enthusiasm bearing record alluded to in subsection (2) or (2A) and of any enthusiasm on cash so contributed which is paid over or credited to him".

Proper record keeping is fundamental to the accomplishment of any business. The business must understand that records kept will be a standout amongst the most critical administration instruments it has also, in this way, it ought to be apportioned due significance.

2.12 Conclusion

Despite its critical role in enforcing accountability, the auditing function is beset by severe institutional and operational limitations. In some cases auditors are in institutions that do not provide adequate independence and freedom from executive interference. Even in cases in which auditors have sufficient auditing mandates they may lack additional investigative powers to enable them to follow-up on apparent violations and ensure the prosecution of relevant agencies or individuals.

While it is acknowledged that the Auditor-General makes credible, useful and pertinent recommendations, they will not necessarily lead to improvements in the performance of the public sector entities

Auditors report their findings to legislatures and particularly the Public Accounts Committee (PAC) within legislatures. Due to time constraints, the PAC is able to consider only some of the audit reports and audit findings and poor coordination may prevent the PAC from taking up the most critical findings. The audit reports in these cases are then shelved and no action is taken against agencies or individuals that have broken the law or committed fraud.

An area of great concern is the lack of ability to compare the current financial statements of one entity to those of another in the public sector. Despite a significant volume of detail in financial statements of departments, no key ratios and/or benchmarks can be used to evaluate the effectiveness of financial management. This is in stark contrast to the private sector. In the private sector the financial statements are also used for analysing ratios that can be used across the industry or over time. General reports do not analyse any ratios in the financial statements of departments

The key attributes of good governance are accountability and transparency, which are achieved through timely submission of financial statements and audit reports. Receiving the financial statements after the set deadline not only impacts on the ability of the AGSA office to perform its function in this regard, but could impact on the ability of the entities to perform within the accountability framework.

Chapter three deals with the research methodology, where the researcher justifies the methods used to carry out the research by providing details of how the assessment was performed.

Chapter 3: RESEARCH METHODS

3.1 Introduction

The section talks about the methods relevant for the research study. The research method is utilized to help with accomplishing the research objectives. They are basically arranged, logical and value neutral. It is basic to choose perfect techniques that will best suit the information gathering and investigation.

As per Rajasekar et al. (2013) research methodology is the arrangement and computations by which researchers approach their work of depicting, explaining and predicting phenomena. The method to be used in gathering information was quantitative in nature. The quantitative study focused on quantifiable data accumulated using a questionnaire

The first step was to design a questionnaire with questions that seek answers that would directly address the research questions and objectives. The questionnaires were then distributed among the population of five entities in the NW Province. After collecting the questionnaires, data was analysed, then a conclusion and recommendation were done on the study.

3.2 Research design

The research design is also referred to as a researcher's work arrangement. Kothari (2004:31) defines research design as "the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure". It is in reality a diagram of information gathering, its measurement and examination making it an applied structure that houses research process, says Kothari (2004:31).

Van Wyk (2015: 54) explains research design as the general plan for connecting the conceptual research problems to the pertinent empirical research.

According to Webb and Auriacombe (2006:588) a research design is an arrangement of rules and directions on the best way to achieve the objective that the analyst has set for himself/herself. These rules and directions ought to be followed in tending to the research problem (Mouton, 1996:108).

The research design is guided by the type of research one intends to undertake, whether it's qualitative or quantitative. Quantitative research is described as a study that is based on the measurement of quantity or amount by Kothari (2005:3). Meanwhile, Kothari (2005:3) also defines qualitative research as a study focusing on qualitative phenomena, (e.g. investigating reasons for certain human behaviour). Rajasekar et al. (2006:9) also confirmed that quantitative research is based on quantities while qualitative research is based on quality.

Finally the design gives direction on how questions such as what, where, when, how much are addressed.

According to the social research website (2014), it is also said that a research design is utilized to structure the research, to show the significant parts of the research project such as samples or groups, measure, treatment or programmes and methods of analysis work together to try address the central research questions. Therefore it really assists in eliminating any ambiguity in how the research question is addressed. The research method used in the study is acquiescent with quantitative study.

3.3 Population

A population is defined as any group, which could be people, animals, objects or anything that is the subject of research interest as defined by Melville et al. (1995:28). They further say that studying the entire population is often practically impossible, hence sampling is usually a tool that is used to work around that. The researcher has the responsibility to select the most relevant population for the study in order to achieve his objectives. Therefore the population is a very critical part of the study.

In this research, the population is limited to 300 officials in the finance units of five selected Public Entities in the NW Province to be specific the NW Gambling Board, NW Parks and Tourism Board, Mmabana Arts and Culture and Sport Foundation and the NW Provincial Arts and Culture Council and the NW Development Corporation.

3.3.1 Sampling

A sample defines a group drawn from the larger population and was selected for use to estimate the characteristics of the whole population. It is the researcher who decides who or what will form part of the sample. According to Kothari (2004:55) technically the selected respondents would be referred to a 'sample' while the process of choosing a sample is called sampling technique.

Johnston et al. (2009:26) say that sampling enables the researcher to claim generalisability, which they define as the level or extent to the findings from the current sample represents the behaviour or views of the entire population.

Cohen (2000:92) emphasizes that there are four key factors in sampling namely, sample size, the representativeness and parameters of the sample, access to the sample and the sampling technique to be used, and Kothari (2004:58) further says that, on a representational basis, one can use probability or non-probability sampling.

A purposive sampling technique was used; purposive sampling was chosen according to the good judgment of somebody who is familiar with the relevant characteristics of the population (Mugo, 2002). The questionnaire was sent to the officials working in finance units of five selected entities.

The researcher is familiar with finance unit of all the five selected public entities in the NW Province hence the choice to use a purposive sampling technique.

Study size

According to Cohen et al. (2004:93) a sample is dependent on the type of study, its purpose and the nature of population under study. They further argue that 30 is a minimum size of a sample recommended by many as reasonable for a study involving statistical analysis. Johnston et al. (2009) say a sample size represents the exact number of people from the total population that will form part of the study. The sample size will be formed by a sampling frame. Johnston et al. (2009) refer to sampling frame as eligible members of the population. They also advise that the sampling frame must be bigger than the sample in case some people are not available at the time of contact or choose not to participate in the study for one or another reason.

The sample size of the research comprised 100 individuals working in the five public entities mentioned above. The sample is made up of employees in the finance unit of the five selected entities. The respondents were selected randomly.

Sampling methods

Non-probability sampling is not based on determining the probability of an element being included in the sample. This design is often seen as more appropriate, economica and less complicated. Non-probability sampling designs are commonly associated with qualitative research, where the researcher's primary aim is to get an in-depth description and understanding, rather than quantity of understanding (Burger & Siliman 2006:656).

Method of data collection

As previously stated above the method of sampling used in this study is purposive sampling. According to Burger and Siliman (2006:656) in this type of sampling the specialist depends on his/her master judgment to choose units that are illustrative or representative of the population. The general technique is to recognize imperative sources of varieties in the population and afterward to choose a sample that mirrors this variety. The real shortcoming of purposive inspecting is that making an educated choice of cases, requires extensive information of the population before the specimen can be drawn.

This study sought to establish the causes of ineffectiveness of the Auditor-General in five selected entities in the NW Province. The researcher is familiar with the five entities and has expert knowledge on the operational activities of the entities and is acquainted with the senior management in the five entities, thus I was able to know that the sample size of each entity would be able to give me the desired response in order to analyse and conclude on the research title.

There are different apparatuses or gear that can be used to gather information for motivations behind examination in research. Such instruments or devices are required to meet the two most central critical criteria which are reliability and validity, say Melville et al. (1995:37). When collecting data from people the most common instruments used in this regard are tests, interviews and questionnaires. There various tools collection for quantitative and qualitative, and this tests are relevant in both studies.

Reliability in these tools can be measured using three approaches (Melville, 1995:42):

- The test-retest approach says that one should utilise the same tool or instrument at a later time on the same respondents and see whether the outcome will the same. However, the time lapse usually sees respondents' answers change.
- The equivalent form approach is where questions of the original questionnaire are rephrased, resulting into two questionnaires that look different by effectively ask the same questions.
- Split-half approach – is a modified version of equivalent form where the questions of the original and rephrased questionnaires are combined into one.

On the other hand, **validity** can be measured as follows:

- Criterion-related validity – measures whether a tool predicts or diagnoses some particular variable accurately.
- Construct validity – "if there are existing tools that measures something which is known to be closely related to the thing you want to measure, compare the results obtained by the new tool with that of the old and check if there is a high correlation" (Melville & Goddard; 1996:43).
- Content validity – says if no related instrument exists, then get the expert opinion on each question on an instrument to determine whether or not each question was actually tested as it is supposed to be done.

The following are various methods of data collection in a qualitative research, namely; Interviews and focus groups, says Gill et al. (2008:291). Du Plessis (2015:3) defines interviews as a process involving interviewer asking questions and getting answers from participants in the study. The process can be face to face, telephonic or even in a group set-up. According to Gill et al. (2008: 291), there are different types of interviews, structured, semi-structured and unstructured. With regard to focus groups Gill et al. (2008:293) explain it as a group discussion organised by a researcher on a specific topic related to their study. The discussion is directed, recorded and monitored by the researcher.

In her study guide, Du Plessis (2015:4) names questionnaires, interviews, computer assisted and web-based surveys, and telephone surveys as various methods of data collection in a quantitative survey. She further recommends questionnaires as the most popular instruments used to collect data in a survey search. It is also important to note that some of the methods can be used in both quantitative and qualitative studies, such as interviews (already discussed above).

In this study a questionnaire was considered the best tool for gathering data. Kumar (2014:178) defines a questionnaire as a written list of questions, which are supposed to be answered by the respondent being research. It is recommended that questions should be structured in a simple and easy way for respondent to understand as the researcher would normally not be around to explain or assist in completing it. Melville (1996:42) asserts that ease-of-use has a major impact on the reliability of the questionnaire.

The utilisation of questionnaires is supported by its advantages of being less costly and offers respondents the solace of being anonymous. Kumar (2014:181) argues that it saves cost because the researcher does not have to interview every respondent, thus saving time, human and financial resources. However this lack of contact with respondents can be a disadvantage as it denies researcher as opportunity to clarify the issues to the respondent.

A questionnaire was compiled and distributed to the selected sample of 100 people as a process of collecting data for the study. The most relevant level of measurement that was used in the study is the one that ranks attributes, which could be either nominal or ordinal. The questionnaire was split into four parts, Part A for demographics, Part B Part C and Part D was made up of structured questions. All questions are closed-ended. The ordinal ranking attributes method was used to rank respondents perception on various compliance questions.

The questionnaires were distributed via emails and hand-delivered to all respondents. The questionnaire was worded in English as the most common language used by all South Africans of every single ethnic group in the Republic of South Africa.

The research instrument

The tool that was used to collection data in this study was a structured questionnaire designed by the researcher. The researcher ensured that the research objectives, research problems formulated were tailored to offer insights into the research question. It is significant to note that it is the specific characteristics of the respondents that are measured, not the individuals themselves. As a result it is the interpretation and understanding of the respondent that is measured, not the quality of the respondent. Therefore the questionnaire instrument for measuring the defined attributes should be valid and reliable (Huysamen, in Brynard & Hanekom, 2006:47). Reliability and validity are used to test the reliability of data collection methods.

3.3.2 Questionnaire

According to Brynard and Hanekom (2006:46) one of the benefits of using questionnaires is that the respondent has sufficient time to respond to questions asked in the questionnaire and a huge number of respondents can be reached. The disadvantage of using a questionnaire is that the researcher is not there to clarify uncertainties.

According to Baker (1994:480), a questionnaire can be defined as a composed arrangement of inquiries used to seek answers from respondents.

According to O'Leary (2004:154-155), the questionnaire has more advantages over other research techniques in the sense that its distribution is relatively cost-effective in terms of time, money and travel is concerned.

Cummings (in Ravhura, 2006:33) sees a questionnaire as a proficient and successful method for information gathering since it can be directed to substantial quantities of individuals in the meantime. The reactions given by the members over the questionnaire could be effectively compressed and evaluated.

The two most major rules to remember in a questionnaire are that questions should be interesting so that respondents are encouraged to complete the questionnaires, and the second rule that questions which the respondent may be reluctant to answer (such as questions about income or race) should come near the end of the questionnaire. This serves not to discourage respondents from completing the questionnaire (Baker, 1994:182).

The information required for the study was gathered utilizing an organized questionnaire. Van der Westhuizen (2005:85) shows that the benefit of utilizing organized questionnaires is that data can be acquired from an enormous target population; it is a sensible method for consolidated information and is not tedious and it offers a high level of confidentiality. Maree (2007:158) brings up the point that survey configuration is a vital part in the examination since this is the place where information is accumulated. He further shows that when the questionnaire is designed, the analyst has to take into cognisance the data that will be accumulated and the statistical techniques that will be utilised in analysing the raw data. The designing of a questionnaire requires the specialist to offer attention regarding the items below:

- Appearance of the questionnaire
- Question succession
- Wording of inquiries
- Response classifications

With the end goal of this examination, a questionnaire was chosen to establish the causes of the ineffectiveness of Auditor-General in ensuring public sector accountability in five selected entities in the North West because a questionnaire is one of the most efficient ways to gather data as it can be directed to many people. The statements were designed properly for all employees to easily understand them. The data necessary for the study was gathered using a 38 structured questionnaire review.

Brynard and Hanekom (1997:95) indicate that the advantage of using a structured questionnaire is that information can be acquired from a large target group, which is an inexpensive way of collecting data that is not time-consuming and guarantees a high degree of anonymity.

The questionnaire was specifically formulated to ensure that the questions only focus on the goals of the research. The utilisation of structured questions was to ensure the comparability of responses. The questionnaire was self-administered. Data analysis was done by grouping the data into categories.

The questionnaire has four sections; the first section of the questionnaire seeks to determine socio-demographic profiles, whereby the gender, age and educational qualification were ascertained. The second section sought to determine the causes of ineffectiveness of the Auditor-General, whether its lack of leadership in public entities, financial mismanagement or political interference.

The third section sought to establish the importance of the effectiveness of the Auditor–General, whereby we seek to establish whether through the Auditor-General corruption is curbed, value for money is ascertained and whether through the AG there will be an improvement in audit outcomes.

The fourth section focused on whether the identified causes contribute to poor audit outcomes, if every lack of leadership, financial mismanagement and lack of submission of Annual Financial Statements contribute to poor audit outcomes

3.4 Data-analysis method

Information examination is a way used to distinguish the main topics that the respondents replied to in the questionnaire. Also Kumar (2014: 297) says once the main topics are identified, they can be managed in one of the following ways:

i. Inspect verbatim responses and incorporate them into the text of the report to either support or contradict your argument.
ii. Allocate a code to each theme and count how frequently each has occurred, or
iii. Consolidate both methods (i & ii) to conclude on the findings.

However prior to all this, the raw data that has been collected requires some kind of processing to ensure that it is free from inconsistencies and incompleteness, and this is called editing as explained by Kumar (2014:296). The editing will address challenges such as respondents ‘wrongly classifying response’ or ‘writing only half a response’ or writing illegibly. After editing, the data is then coded. The quantitative information should go through a process that is primarily aimed at transforming the information into numerical values, called codes, which makes it easy for the information to be analysed, either manually or by computer.

All this editing, coding and analysis are steps that can be started and completed on a computer using various software that are available, including statistical packages for social sciences or SAS or E-view and many others as might be applicable to the study.

3.5 Consistency and replicability

In the study it is important to give attention to precision and accuracy of measurable features in the study. This can be used with reference to time, instruments or over a group of respondents.

3.6 Ethical considerations

The next issue for consideration is ethical concerns. Flick (2006:44) explains that research has become an ethics issue on a wider scale to the extent that in several countries Codes of ethics have been developed and ethics committees established (e.g. in medical research). The key objective of this is basically to secure the interests of the respondents in the study or avoid humiliations rising up out of data control. The participation of respondent in the study should be voluntary as per the principles of informed consent.

The study does not encroach on the sensibilities and privileges of other individuals. The study maintains honesty and moral guidelines standards. All the participants in research did so under agreement, with confirmed confidentiality from the researcher.

3.7 Data analysis and discussion of findings

The data analysis was done by statistical analysis. Firstly descriptive analysis was done using:

- Frequency
- Percentages
- Graphs/charts

Secondly Reliability analysis was used, using Cronbach's alpha (α) reliability coefficient. Thirdly inferential statistics was used using correlation analysis specifically the spearman's rho test and the t-test .Fourthly the software packages used were

- Excel (bar and pie charts)
- SPSS 23

3.8 CONCLUSION

The research methodology and design used in this study are quantitative in nature. The primary data was collected by means of a questionnaire designed by the researcher. The population of the study is three hundred of five selected public entities in the North-West Province. The sample comprises of one hundred officials the sample selected purposive sampling. The ethical considerations have been discussed as ethical measures were taken into consideration in this study and approval for conducting this study was granted by the Chief Financial Officers of the selected entities namely the NW Gambling Board, NW Development Corporation, NW Provincial Arts and Culture Council, Mmabana, Arts Culture and Sport Foundation and the NW Parks and Tourism Board .The study guaranteed the participants that they were treated as anonymous respondents in the study

Chapter 4: Findings, analysis and interpretation

4.1 Introduction

This chapter discusses the analysis of different outcomes from the statistical area. The data was collected using a six-page questionnaire. The questionnaire was divided into four, with one section focusing on the demographics, the second section focusing on the causes of ineffectiveness of the Auditor-General, the third section addressed the importance of the effectiveness of the Auditor-General lastly the fourth section was to establish whether the causes of ineffectiveness of the Auditor-General contribute to the poor audit outcomes.

In this study 100 questionnaires were distributed to five public entities in the NW Province, and 73 were received back with twenty-seven not returned. Nevertheless, the number of respondents who returned them was found to be typical of the population. The demographic variables such as age, gender and educational qualification were measured using frequency procedures.

Section A: Socio-demographic profile

Table 4.1 Gender

Gender	Frequency	%
Male	30	44.78
Female	37	55.22
Total	**67**	**100**

Of the 73 respondents that replied only 67 indicated their gender, whereby 30 are male and 37 are female. **Figure 4.1: Gender**

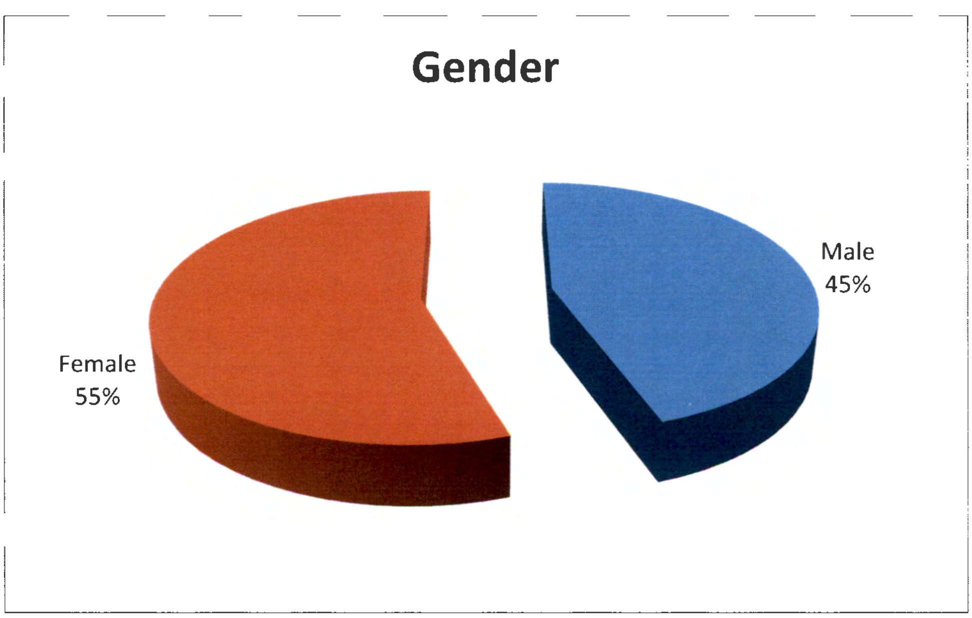

Table 4.2: Age category

Age category	Frequency	%
30yrs and below	13	17.81
31 - 40yrs	27	36.99
41 - 50yrs	27	36.99
51 - 60yrs	6	8.22
61yrs and above	0	0
Total	**73**	**100**

Figure 4.2: Age Category

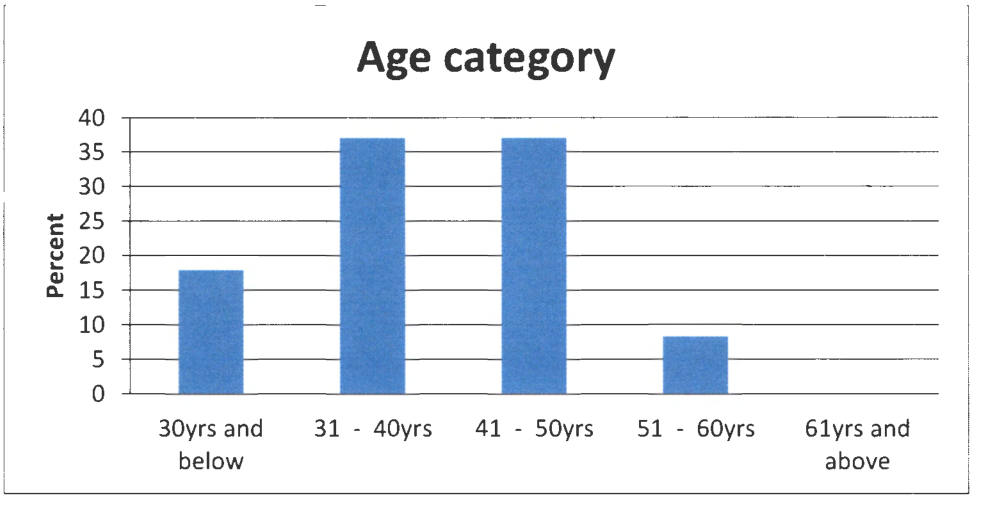

Table 4.2 shows that thirteen (17.8%) of respondent aged 30 years and below, twenty-seven (36.9%) were aged between 31 and 40 years; twenty-seven (36.9%) of respondents were aged between 41 and 50 years; twenty (9.9%), six (8.2%) were between 51 and 60 years and zero were aged 61 years and above. The statistics shows that most respondents were aged between 31 and 50 years of age (74%). The gender results are presented in graphical format on Figure 4.2.

Analysing Table 4.3 below the graph and table representing the educational qualifications of the respondents.

Table 4.3: Educational Qualification

Educational Qualification	Frequency	%
Matric	13	17.81
Diploma	21	28.77
Bachelor's Degree	38	52.05
Master's Degree	1	1.37
Total	**73**	**100**

Figure 4.3: Educational Qualification

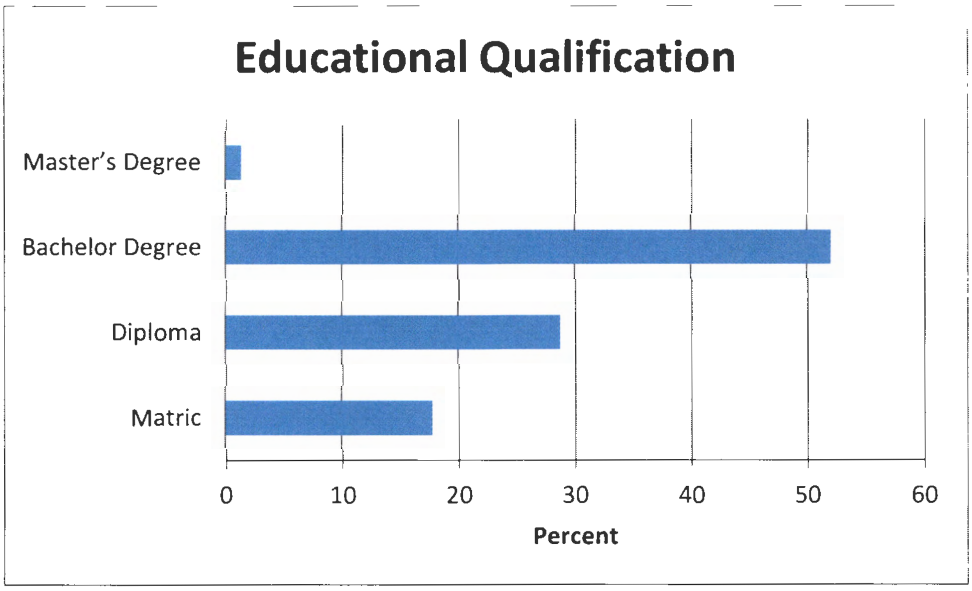

Figure 4.3 outlines the educational qualification of the respondents, matric is thirteen (17.81%), Diploma is twenty-one (28.77), bachelor's degree is thirty-eight while master's degree is one (1.3%). This analysis indicates that in the five selected entities in the NW Province the majority of officials in the finance unit possess a bachelor's degree.

Table 4.4: Organisation

Organisation	Frequency	%
NWDC	10	13.7
NWPACC	5	6.85
NWPTB	11	15.07
MACSF	32	43.84
NWGB	15	20.55
Total	**73**	**100**

Figure 4.4: Organisation

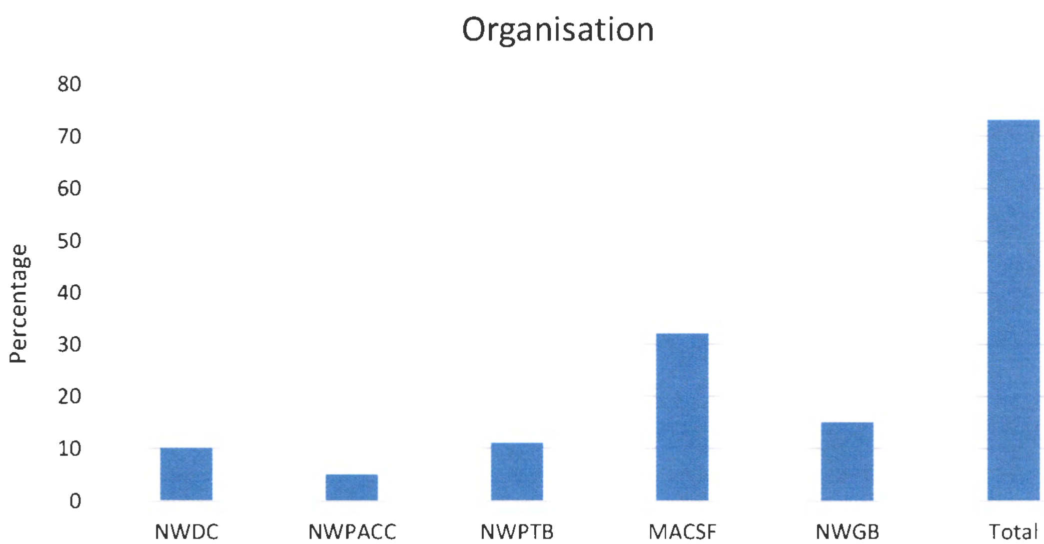

Figure 4.4 depicts the total number of questionnaires received which is 73 while 27 were not returned. NWDC were given 15 questionnaires and only 10 were returned, NWPACC were given 10 questionnaires and only 5 were returned, NWPTB were given 11 questionnaires and 11 were returned, MACSF were given 50 questionnaires and only 32 were returned while NWGB were 15 questionnaires and 15 were received back. The criterion used to allocate the questionnaires was based on the composition of each finance unit.

Below are the meaning of the abbreviations used:

NWDC-North West Development Corporation

NWPACC- North West Provincial Arts and Culture Council

NWPTB- North West Parks and Tourism Board

MACSF-Mmabana Arts Culture and Sport Foundation

NWGB- North West Gambling Board

4.2 Result of research

SECTION B: Causes of ineffectiveness of the Auditor-General

Key: SA = Strongly Agree, A = Agree, U = Unsure, D = Disagree, SD = Strongly Disagree

Table 4.5

Item	SA(%)	A (%)	U (%)	D (%)	SD(%)
AGSA understands the business of Public Entities (N = 73)	21.92	53.42	15.07	8.22	1.37
Lack of leadership in public- entities causes the AGSA to be ineffective (N = 73)	16.44	46.58	23.29	13.7	0
Corruption causes AGSA to be ineffective (N = 70)	12.86	42.86	20	21.43	2.86
AGSA is viewed as a watchdog/witch hunt (N = 73)	13.7	32.88	17.81	23.29	12.33
Financial mismanagement of public entities is one the causes of ineffectiveness of the Auditor-General (N = 73)	5.48	52.05	17.81	21.92	2.74
Political Interference is one of the causes of ineffectiveness of the Auditor-General (N = 73)	21.92	52.05	16.44	6.85	2.74
The entity's objective is aligned to the prescripts of the PFMA (N = 72)	31.94	51.39	15.28	1.39	0
There is compliance to chapter 6 of the PFMA (N = 71)	23.94	47.89	22.54	5.63	0
Annual Financial Statements are submitted on time (N = 72)	20.83	43.06	23.61	11.11	1.39
There is proper record keeping (N = 73)	13.7	42.47	16.44	26.03	1.37
There is proper leadership in Public entities (N = 73)	4.11	35.62	28.77	26.03	5.48
There are strong financial management skills in Public Entities (N = 73)	2.74	41.1	19.18	34.25	2.74
AVERAGE RESPONSE (%)	**15.8**	**45.11**	**19.69**	**16.65**	**2.75**

In table 4.5, 53.42% of the respondents agree that AGSA understands the business of Public Entities, while 21.92% strongly agree, 15.07 are unsure, 8% disagree and 1% strongly disagree this means that AGSA understands the business of Public Entities. 16.44% strongly agree, 46.58% agree of the respondents agree that lack of leadership in public-entities causes the AGSA to be ineffective, this implies that lack of leadership in public entities causes the AGSA to be ineffective as supported by Lombardo et al. (1988) A strong control environment is characterised by strong leadership and a robust oversight mechanism, which is in essence the foundation for clean administration.

In terms of corruption 12.86% strongly agree, 42.86% agree, 20% are unsure, 21.43% disagree and 2% minority strongly disagree that corruption causes AGSA to be ineffective. This is supported by Toor and Ogunlana (2009) whereby they stipulate that debasement is in clear infringement of hierarchical interests as it results in poor proficiency and conceivably undermines the inspiration, prosperity and occupational fulfilment of subordinates.

AGSA is regarded as a watchdog/witch hunt: only 13.7% strongly agree, 32.88% agree, 17.81% are unsure, 23.29% disagree and only 2% strongly disagree to this statement this is supported by Khumalo (2007) who said the Auditor-General goes about as a "guard dog" in the interest of the legislature. A "guard dog" is a watchman, a protector against robbery or illicit waste and practices.

5% strongly agree, 52.05% of the respondents agree,17.81% are unsure, 21.92% disagree and 2% strongly disagree that financial mismanagement of public entities is one the causes of ineffectiveness of the Auditor-General this is evidently seen in literature. Money related blunders in the South African public sector hamper advance, improvement and development (DeVries et al., 2008:62).

21.92% strongly agree, 52.05% of the respondents agree,16.44% are unsure, 6.85% disagree and 2.7% strongly disagree that Political Interference is one of the causes of ineffectiveness of the Auditor-General, this is supported by Draai and Oshoniyi (2013); political obstruction in the enlistment and expulsion of staff added to the basic leadership and at last the execution of the district on the grounds that in many cases, choices are made to mollify the lawmakers and frequently the choices are not to the greatest advantage of the organization. According to Maude (2007:97) the PFMA is the act that outlines the functions of all parties involved in the finances of South Africa it rules.

The respondents agree at 31.94% strongly agree, 51.39% agree, 15.28% are unsure and 1% disagree that the entity's objective is aligned to the prescripts of the PFMA. 23% strongly agree, 47.89% agree while 22.54% are unsure and 5% disagree that there is compliance to chapter 6 of the PFMA.

In terms of the Annual Financial Statement being submitted on time 20.83% strongly agree, 43% agree, 23.61% are unsure, 11.11% disagree while a 1% minority strongly disagree that it is submitted on time, and this is supported by the fact that the Auditor-General may analyse any public entity or review the cash related explanations of any public entity if the Auditor-General is not appointed as inspector and the Auditor-General considers it to be in the overall public premium or upon the receipt of a challenge; and recover the cost of an examination or review from the public entity. So it is important that the annual financial statements be submitted on time to enable the Auditor-General to make recommendations and express an audit opinion on time.

In ascertaining whether there is proper record keeping in public entities of the 73 respondents 13.7% strongly agree, 42.47% agree, 16.4% are unsure that there is proper record keeping while 26.03% disagree this is supported by Ngoepe and Ngulube (2013) who examined the Auditor-General Report of national and common government divisions and additionally districts for the budgetary year 2005/06 to 2009/10 and presumed that records administration affects the association's review sentiments. By and large, the main driver of qualified and unfavourable review opinion came about because of an absence of a reasonable trail of supporting documentation.

In terms of the existence of strong financial management skills in public entities only 2% strongly agree, 41.1% agree, 19.18% are unsure, 34.25% disagree and only 2% strongly disagree, this is supported by Draai and Oshoniyi (2013) brought up that the arrangement of unfit staff and poor execution in nearby government was because of absence of alarms abilities and high opening rates. Makwetu (2014) also indicated that lack of financial skills in public entities contribute to poor audit outcomes in public entities in the NW Province.34.25% of 73 officials disagree with the fact that there are strong financial management skills in public entities.

SECTION C: Importance of the effectiveness of the Auditor-General

Table 4.6

Item	SA(%)	A(%)	U(%)	D(%)	SD(%)
Auditing is a significant role player in ensuring public sector accountability (N = 73)	35.62	60.27	2.74	1.37	0
Value for money is ascertained through auditing (N = 73)	21.92	57.53	13.7	6.85	0
Corruption is exposed and prevented through auditing (N = 73)	21.92	50.68	19.18	8.22	0
Public Funds are accounted for due to the effectiveness of the Auditor-General (N = 73)	20.55	45.21	21.92	10.96	1.37
Compliance to the PFMA is investigated (N = 73)	23.29	52.05	21.92	2.74	0
Effectiveness of the Auditor-General would encourage public entities to monitor their funds (N = 73)	32.88	57.53	9.59	0	0
An improved internal Audit would exist with the implementation of audit recommendations (N = 73)	30.14	60.27	6.85	2.74	0
An improved supply chain management unit would improve with the implementation of audit recommendations (N = 73)	32.88	57.53	5.48	4.11	0
An improved risk management unit would improve with the implementation of audit recommendations (N = 73)	31.51	58.9	6.85	2.74	0
Effectiveness of the Auditor-General would yield improved audit outcomes (N = 73)	31.51	56.16	10.96	1.37	0
Full implementation of audit recommendations would yield a positive outcome (N = 73)	43.84	42.47	9.59	4.11	0
AVERAGE RESPONSE (%)	**29.64**	**54.42**	**11.71**	**4.11**	**0.12**

The Constitution of South Africa Act No. 108 of 1996 recognises the Auditor-General South Africa as the supreme audit institution of the Republic.

Thus according to table 4.6-6 35.62% strongly agree 60.27% of the respondents agree, 2% are unsure and 1% disagree that Auditing is a significant role player in ensuring public sector accountability as outlined by Woolf (1997), external auditing is a procedure in which the financial statements of an organisation are evaluated in order to enable auditors to form an opinion on the truthfulness, completeness, and fairness of the statements.

Value for money is ascertained through auditing since 57.53% of the 73 respondents agree and 21.92% strongly agree this is supported by Manik who indicated that the Office of the Auditor-General (OAG) plays a critical role in facilitating the accountability cycle and so promotes democratic governance in South Africa and (Bowen, 2007:54) who indicated that the basic premise of the Best Value Initiative is that the public service should procure services on the basis of value for money rather than on lowest cost.

21.92% of the respondents strongly agree that corruption is exposed through auditing and 50.68 agree 19.8 are unsure and 8.22 disagree and this is supported by the Auditor-General Act 1995 (Act 12 of 1995) which stipulates that the Auditor - General in actuality audits and researches all records of people in general elements and reports back to Parliament on the discoveries in this way the corruption is exposed.

20.55% strongly agree, 45.21% agree, 21.92% are unsure and 10.96 disagree that public funds are accounted for due to the effectiveness of the Auditor-General this is supported by Public Audit Act 2004 (Act 25 of 2004) which outlines that this Act would enable the Auditor-General to conduct an external audit on the five selected public entities in the Province which is an autonomous examination of the organisation's annual financial statements with the goal of stating an opinion on whether the financial statements have been prepared in accordance with the applicable standards and are a true reflection of the financial position of the organisation (Marx & Lubbe, 2010), this basically emphasises that the public funds are accounted for due to the effectiveness of the Auditor -General.

23.29% strongly agree, 52% agree, 21.92% are unsure and only 2% disagree that Compliance to the PFMA is investigated thoroughly. 32.88 strongly agree, 57.53% agree, 9.59% are unsure and only 2% disagree that effectiveness of the Auditor-General would encourage public entities to monitor their funds as supported by Khumalo (2007) who outlined that the Auditor-General is viewed as a watch dog in the interest of the legislature. A "guard dog" is a gatekeeper, a safeguard against burglary or illicit waste and practices. This would encourage public entities to monitor their finds since the Auditor-General is continuously is watching over public funds.

30.14% strongly agree, 60.27% agree, 6.85% are unsure and 2.74% disagree that an improved internal audit would exist with implementation of audit recommendations this is supported by Lesolang (2015) an internal audit unit helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The supply chain unit would also improve with implementation of audit recommendations since 32.88% strongly agree, 57.53% agree, 5.48% are unsure and 4.11 disagree, this strongly supported by that fact that Supply chain management(SCM) frames an indispensable piece of reasonable money related administration in public sector (Republic of South Africa [RSA] 2005:9).

31.51% strongly agree, 58.9% agree and 31.51% strongly agree, 6.85% are unsure and 2.74% disagree that their risk management unit would also improve with implementation of audit recommendations this is supported by (Furter, 2004:55) who outlined that risk management identifies, evaluates and controls business risks within an organisation are identified, evaluated and controlled. It incorporates all possible risks and has critical links to all aspects of the organisation.

The effectiveness of the Auditor-General would yield improved audit outcomes as 31.51% of the respondents strongly agree and 56.16% agree, 10.96% are unsure, while 1% disagree, this is supported by Khumalo (2007) who outlined that a key capacity of the Auditor-General is to guarantee that administration offices are legitimately overseen and that their assets "are obtained financially and used proficiently and viably".

Full implementation of audit recommendations would yield a positive outcome for Public entities in the Province since 43.84% of the respondents strongly agree and 42.47% agree 9% are unsure, and 4% disagree, this would be the case if entities effected the recommendations of the Auditor-General timeously as supported by .(Laubscher, 2012) ` It appears that the money-related administration teaching is vital for compelling a proficient neighbourhood government. South Africa has relapsed to such a degree, to the point that a few substances are, for all down to earth purposes, ruined, as well as conceivably just understand the genuine ramifications of budgetary botches and debasement when it is past the point of no return.

SECTION D:

Do the causes contribute to the poor audit outcomes?

Table 4.7

Item	SA(%)	A(%)	U(%)	D(%)	SD(%)
Lack of proper monitoring and evaluation by the Head of the entity leads to poor audit outcomes (N = 73)	36.99	53.42	5.48	4.11	0
Lack of proper leadership leads to poor audit outcomes (N = 73)	34.25	53.42	9.59	2.74	0
High vacancy rate in public entities is a factor that contributes to poor audit outcomes (N = 73)	24.66	54.79	13.7	6.85	0
The appointed board performs its functions fully as agreed in the contract (N = 73)	4.11	39.73	41.1	10.96	4.11
Lack of submission of Annual Financial Statements contributes to poor audit outcomes (N = 73)	24.66	47.95	16.44	9.59	1.37
Lack of compliance to Treasury regulations contributes to poor audit outcomes (N = 73)	36.99	56.16	4.11	2.74	0
Lack of proper supply chain unit contributes to poor audit outcome (N = 73)	38.36	52.05	2.74	6.85	0
Lack of proper internal audit unit contributes to poor audit outcome (N = 73)	35.62	56.16	2.74	5.48	0
Lack of risk management unit contributes to poor audit outcome (N = 73)	36.99	52.05	5.48	5.48	0
Lack of supply chain management unit contributes to poor audit outcome (N = 73)	39.73	50.68	4.11	5.48	0
Lack of proper governance structures contributes to poor audit outcomes (N = 73)	41.1	50.68	4.11	4.11	0
Lack of proper record keeping of documents contributes to poor audit outcomes (N = 73)	53.42	38.36	4.11	4.11	0
AVERAGE RESPONSE (%)	**33.91**	**50.45**	**9.48**	**5.71**	**0.46**

According to table 4.6 - 36.99% strongly agree, 53.42% agree, 5.48% are unsure and 4.11% disagree that lack of proper monitoring and evaluation by the Head of the entity leads to poor audit outcomes this is supported by the Public Service Act, 1994 - Procl 103 of 1994) section 7(3) (b) which indicates that a head of department is responsible for the efficient management and administration of his or her department, including the effective utilisation and training of staff, the maintenance of discipline, the promotion of sound labour relations and the proper use and care of state property, and he or she must perform such functions as may be prescribed.

34.25 strongly agree, 53.42% agree, 9.59% are unsure and 2.74% disagree that lack of proper leadership leads to poor audit outcomes this is supported by (Lombardo et al., 1988) who outlined that a a strong control environment is characterised by strong leadership and a robust oversight mechanism, which is in essence the foundation for clean administration (Lombardo et al., 1988).

High vacancy rate in public entities is a factor that contributes to poor audit outcomes, according to Shipalana and Phago (2014), high opening rates result in expanded workloads that eventually result in burnout and low staff assurance. The named officeholders are relied upon to go an additional mile with a specific end goal to make up for the crevices emerging from opportunities and that means high volume of workload and weariness. Makwetu (2014) affirmed that openings were inadequately overseen and acting periods were drawn-out - thus open elements couldn't perform at an ideal level.

The appointed board performs its functions fully as agreed in the contract, 4% strongly agree, 39.73% agree and 41% of the respondents are unsure, 10.96 disagree and 4% strongly disagree, this is supported by Institute of Directors in Southern Africa (2009), the King 3 Report diagrams the part and capacity of the board/gathering - among others, the report traces that the committee ought to advance moral culture, practice administration, and honesty in coordinating the association.. Of the 73 respondents 41% are unsure if the board performs its functions fully this is really a point of concern.

24.6% strongly agree, 47.95% agree, 16.44% are unsure and 9.59% disagree that lack of submission of Annual Financial Statements contributes to poor audit outcomes this is supported by the PFMA Section 40(1) which provides that the accounting officer must prepare financial statements for each financial year in accordance with generally recognised accounting practice; thus lack of submission would be in contravention of the PFMA and would result in the audit opinion being inconclusive.

36.99% strongly agree, 56.16% agree 4.11% are unsure and 2.74% disagree that lack of compliance to Treasury regulations contributes to poor audit outcomes. Section 18.4 of the Treasury regulations which outlines that the annual financial statements should be compiled according to GRAP.

In terms of supply chain 38.36% strongly agree, 52% agree, 2.74% are unsure while 6.85% disagree and that lack of proper supply chain unit contributes to poor audit outcome, this is supported by Makwetu (2014) who brings up that little was done to enhance the acquisition and contract administration shortcomings. The main challenge in the supply chain management process is the implementation of the supply chain management policies, presentation of supporting documents as well as conflict of interest. So this means that the SCM unit should be strong and understand the SCM processes.

Lack of a proper internal audit unit contributes to poor audit outcome as 35.62% strongly agree, 56.16% agree, 2.74% are unsure and 5.48% disagree this is supported by Barac and Coetzee (2012) who say that an internal audit demonstrates that the calling developed from being account based to an administration arranged calling concentrating on helping administration to fulfil its targets through the assessment and change of hazard administration forms; inner control sufficiency and viability; and administration forms.

Lack of a risk management unit contributes to poor audit outcomes as 36.9% strongly agree, 52% agree, this is supported by Furter (2004:55) who outlined that risk management identifies, evaluates and controls business risks within an organisation are identified, evaluated and controlled. It incorporates all possible risks and has critical links to all aspects of the organisation.

Lack of proper governance structures contributes to poor audit outcomes, of the 73 respondents 41.1% strongly agree, 50.68% agree, 4% are unsure and 4% disagree, this is supported by Makwetu (2014) who affirmed that opportunities were ineffectively overseen and acting periods were delayed - accordingly public entities couldn't perform at an ideal level. Appropriate administration structures would guarantee that the entity functions successfully.

Lastly lack of proper record keeping of documents contributes to poor audit outcomes because 53.42% strongly agree, 38.36% agree, 4% are unsure and 4% disagree this is supported by Ngoepe and Ngulube (2013)In many cases, the underlying driver of qualified and antagonistic review feelings is because of the nonappearance of a sensible trail of supporting documentation.

SECTION E: Reliability Analysis

Cronbach's alpha (α) unwavering quality coefficient, whose numerical value ranges from 0 to 1, measures the dependability (or interior consistency) of the things in the Likert scale. A high esteem (near 1) for Cronbach's alpha unwavering quality coefficient shows great inside consistency of the things in the scale.

Table 4.8

Rating: 1 = Strongly Agree, 2 = Agree, 3 = Unsure, 4= Disagree, 5 = Strongly Disagree

Dimension	**Cronbach's Alpha (α)**	**N of Items**	**Mean Rating**
Causes of ineffectiveness of the Auditor-General	0.637	12	2.455
Importance of the effectiveness of the Auditor-General	0.900	11	1.907
Do the causes contribute to the poor audit outcomes?	0.877	12	1.884

The Cronbach's alpha coefficients in Table 4.8 above are near 1, indicating that the things in the scale have moderately high inside consistency. In terms of the consistency the table above indicates that in the questionnaire section B which sought the causes of ineffectiveness of the Auditor-General Cronbach's alpha (α) is 0.637 which is close to 1, indicates good internal consistency, the mean rating is 2.455 which is between agree and moving to unsure, this means that in summary the respondents agree and some are unsure of the causes of ineffectiveness of the Auditor-General.

In terms of section C, Importance of the effectiveness of the Auditor-General the Cronbach's alpha (α) is 0.900 which is close to 1, indicates good internal consistency while the mean rating is 1.9 which means that the respondents strongly agree and agree with the items that explain the importance of the Auditor-General.

In terms of section D, Do the causes contribute to the poor audit outcomes?, the Cronbach's alpha(α) is 0.877 which is close to 1, indicates good internal consistency while the mean rating is 1.8 which means that the respondents strongly agree and agree with the items that explain the causes contribute to the poor audit outcomes

Section F: Correlation analysis

Spearman's rank rho test

This test is concerned with the relationship between two ranked variables (X and Y). The relationship is statistically significant if the p-value is less than 0.05 level of significance.

The coefficient of Spearman's rank correlation is given by

$$r = 1 - \frac{6\sum D^2}{N(N^2 - 1)}$$

where

D = differences of ranks of corresponding values of X and Y
N = number of paired values in the data
$-1 \leq r \leq 1$

Table 4.9: Spearman's rank correlation between age and views of respondents about the importance of the effectiveness of the Auditor-General

Views		
Public Funds are accounted for due to the effectiveness of the Auditor-General (N =73)	Correlation coefficient(r)	-0.245
	p – value	0.037
Effectiveness of the Auditor-General would encourage public entities to monitor their funds (N = 73)	Correlation coefficient(r)	-0.310
	p – value	0.008
The appointed board performs its functions fully as agreed in the contract (N = 73)	Correlation coefficient(r)	-0.307
	p – value	0.008

The SPSS 23 programming bundle was utilized to play out the relationship examination and the outcomes appeared in Table 4.9. Since all the p-qualities are under 0.05 level of noteworthiness, the connection amongst age and perspectives of respondents about the views recorded in Table 4.9 is critical. Negative connection coefficients suggest that more educated respondents have a tendency to differ with the recorded views, while more young respondents have a tendency to concur. See Figure 4.5 underneath.

Figure 4.5: Views of respondents versus age (r < 0)

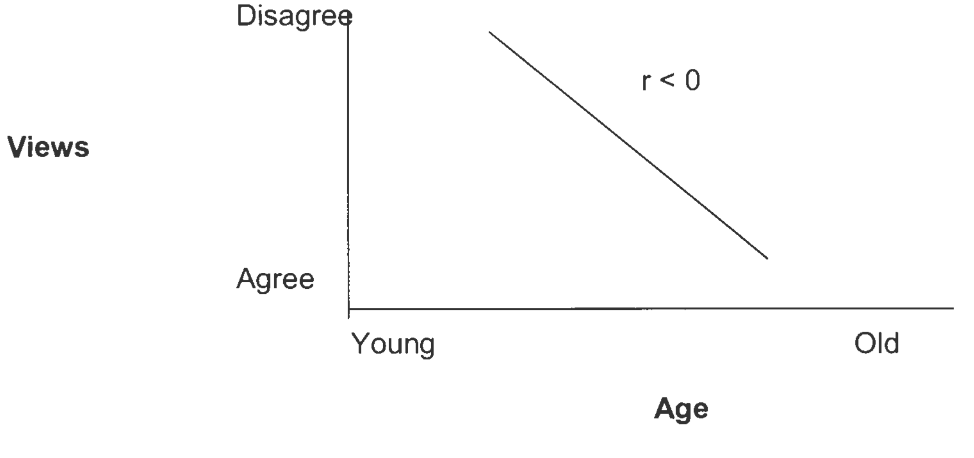

Figure 4.5 depicts the correlation between views and age, the younger generation in the five public entities agree with the three statements from the questionnaire namely:

- Public Funds are accounted for due to the effectiveness of the Auditor-General
- Effectiveness of the Auditor-General would encourage public entities to monitor their funds
- The appointed board performs its functions fully as agreed in the contract

While the older generation tend to disagree, however the level of significance for the three statements of Spearman's rank correlation between age and views of respondents is significant.

Table 4.10: Spearman's rank correlation between level of education and views of respondents about the ineffectiveness and effectiveness of the Auditor-General

Views		
Corruption causes AGSA to be ineffective (N =70)	Correlation coefficient(r)	0.272
	p - value	0.022
Auditing is a significant role player in ensuring public sector accountability (N =73)	Correlation coefficient(r)	-0.286
	p - value	0.014
Public Funds are accounted for due to the effectiveness of the Auditor-General (N =73)	Correlation coefficient(r)	-0.336
	p - value	0.004
Compliance to the PFMA is investigated (N = 73)	Correlation coefficient(r)	-0.405
	p - value	0.000
Effectiveness of the Auditor-General would encourage public entities to monitor their funds (N = 73)	Correlation coefficient(r)	-0.260
	p - value	0.027
An improved internal Audit would exists with the implementation of audit recommendations (N = 73)	Correlation coefficient(r)	-0.235
	p - value	0.045

Since all the p-values are under 0.05 level of centrality, then the relationship between the level of training and perspectives of respondents about the things recorded in Table 4.10 is critical. Negative connection coefficients infer that more educated respondents have a tendency to concur with the recorded perspectives, though less educated respondents have a tendency to oppose this idea. Positive connection coefficients infer that more educated respondents have a tendency to differ with the recorded perspectives, while less educated respondents have a tendency to concur. See Figure 4.6 underneath.

Figure 4.6(a): Views of respondents versus education level ($r < 0$)

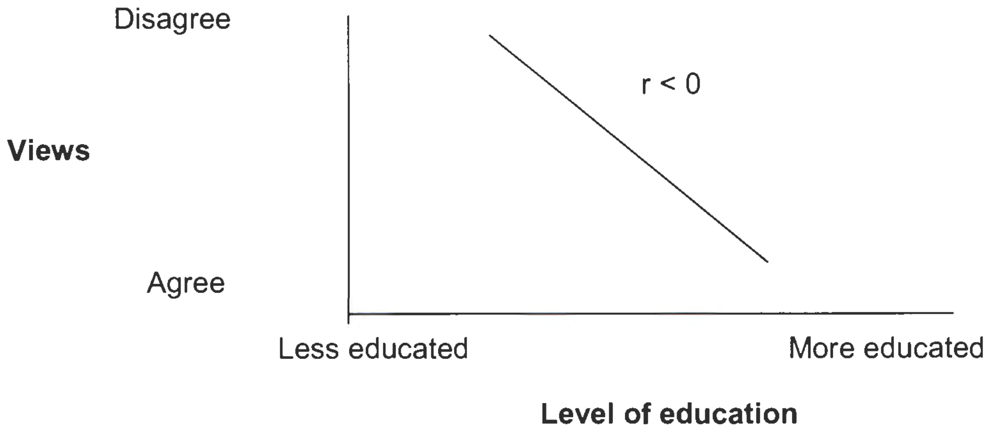

Figure 4.6(a) depicts the negative correlation coefficient which implies that the more educated employees in the five public entities tend to agree with the views above whereas the less educated officials in the finance units of public entities tend to disagree.

Figure 4.6(b): Views of respondents versus education level ($r > 0$)

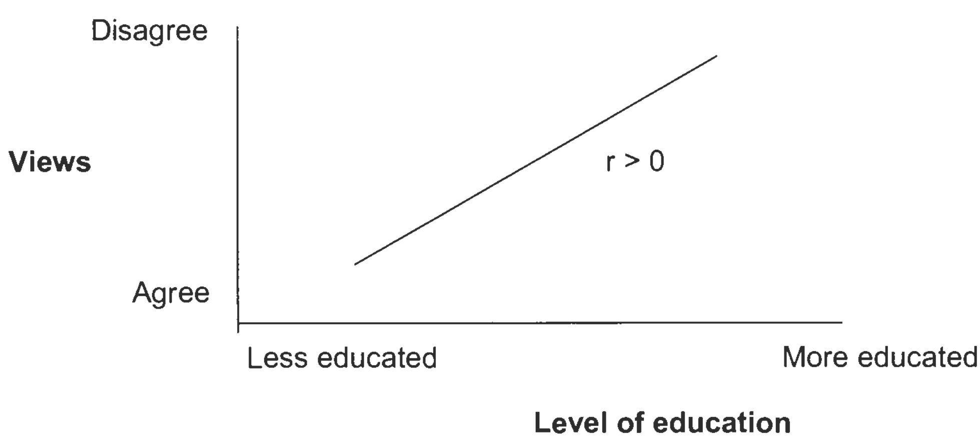

Figure 4.6(b) depicts a positive correlation whereby the more educated officials in the five entities tend to disagree with the views above, whereas the less educated tend to agree

SECTION G: T – Test between Two Independent Samples

The motivation behind the t-test is to analyse the normal reactions of two populaces. Tests are chosen arbitrarily from these populaces and the differences of the populace's reactions are thought to be equivalent. The populace's reactions are likewise thought to be typically disseminated. The distinction of assessments (perspectives) between the two populaces is factually noteworthy if the p-esteem is under 0.05 level of centrality.

Table 4.11: Comparing perceptions (views) of the male and female respondents about the ineffectiveness and effectiveness of the Auditor-General

Rating: 1 = Strongly Agree, 2 = Agree, 3 = Unsure, 4= Disagree, 5 = Strongly Disagree

Views	Gender	Sample Size	Mean Rating	p-value
Annual Financial Statements are submitted on time	Male Female	30 36	1.97 2.50	0.029
An improved supply chain management unit would improve with the implementation of audit recommendations	Male Female	30 37	1.63 1.97	0.039

The measurable programming bundle (SPSS 23) was utilized to play out a t-test between two autonomous specimens (male and female respondents) in Table 4.11. Since the p-qualities are under 0.05 level of noteworthiness, it implies that there is a noteworthy distinction of assessments about the incapability and adequacy of the Auditor-General. The mean appraisals of the male respondents are lower than those of the female respondents. This demonstrates the male respondents tend to emphatically concur with the things recorded in Table 4.11, while the female respondents tend to marginally concur. The purposes for the distinction in feeling because of sexual orientation can't be recognized.

Conclusion

The respondents' responses to the questionnaire were researched using the SPSS 23 programming, generally using tables and graphs to present outcomes. The number of respondents who participated in the study demonstrated that there was a level of relationship between their perspectives and their sexual orientation. Similarly the age of individuals did not play an important part in their perspectives, which implies a lot of views were independent of the respondents' ages. In our examination of relationships between different elements, we considered those that showed a level of significance that is below 0.05, and ignored those above 0.05.

Chapter 5: Conclusion and Recommendations

5.1 Introduction

This chapter seeks to combine all the discussions in the literature review with the outcomes of our data analysis in order to make a final conclusion and present recommendations. This study was to identify the causes of the ineffectiveness of the Auditor-General in ensuring public financial accountability in five selected schedule 3c and 3d public entities in the North West Province.

Furthermore, also report on whether the research questions were addressed. The questionnaires were addressing the causes of ineffectiveness of the Auditor-General, the importance of the Auditor-General and whether causes identified contribute to the poor audit outcomes. The importance of this is to identify the causes of ineffectiveness of the Auditor-General, and to establish whether these causes contribute to the poor audit outcomes of public entities in the NW Province as (Makwetu, 2015) indicated that public entities contribute to the poor audit outcomes in the NW Province

5.2 Causes of ineffectiveness of The Auditor-General

The Constitution of the Republic of South Africa Act No. 108 of 1996 perceives the Auditor-General South Africa as the incomparable review organization of the Republic; from this point forward the term Auditor-General will be utilized to allude to Auditor-General South Africa unless generally indicated. The Constitution of South Africa 1996 requires the Auditor-General to review and report every year on the records, money related proclamations and monetary administration of all administration divisions and public entities.

As delineated by Khumalo, (2007) these reports should then be submitted to the legislature. A key capacity of the Auditor-General is to guarantee that administration divisions are legitimately overseen and that their assets "are secured monetarily and used proficiently and successfully".

However, there are a number of causes that prevent the Auditor-General from being effective in its function, namely poor leadership in public entities, lack of submission of Annual Financial Statements, lack of supply chain management, internal audit and risk management units in the public entities, corruption, political interference, lack of compliance to chapter 6 of the PFMA and lastly the lack of proper record keeping. All the identified causes are major impediments in ensuring public sector accountability.

5.3 Research design and methodology

A quantitative strategy for research was chosen as it was viewed as the most applicable to be utilized in seeking the causes of ineffectiveness of the Auditor-General. Moreover, with quantitative strategy it is anything but difficult to set up the connections between various factors and how they affect or identify with reasons for incapability of the Auditor-General. The information gathering instrument utilized as a part of the study was a survey, which was comprised of thirty five shut finished inquiries. A sum of 100 questionnaires that were given out and 73% of them returned.

The questionnaires were distributed purposively among authorities in finance units of five entities in the NW Province.

5.4 Summary of findings

The primary aim of the study was to identify the causes of ineffectiveness of the Auditor-General. The response to this question was to be accomplished by asking the significant inquiries to applicable individuals, which is precisely what was done through a questionnaire.

In the causes of ineffectiveness of the Auditor-General the average response is that they agree with the views as the causes of ineffectiveness of the Auditor-General. This is important because when a problem is identified, a solution can be identified.

It is alarming that the finance units agree with the identified causes yet there is still no improvement in the audit opinions.

The second set of questions sought opinions on the importance of the Auditor-General and 29.64% of the respondents strongly agree, while 54.42% of the respondents agree that auditing is a significant role player in ensuring public sector accountability. It is encouraging to know that the officials in the finance units of public entities support the importance of public entities.

The third set of questions sought to address whether the identified causes contributed to the poor audit outcomes of the public entities in the NW Province and there was a solid response that the identified causes contribute to the poor audit outcomes. In average response 33.91% strongly agree while 50.45% agree.

In a reliability analysis, for the set of questions on the causes of ineffectiveness of the Auditor-General the mean rating is 2.455 and this means that the majority agreed and minority of the respondents were unsure. In terms of importance of the Auditor-General the mean rating is 1.907 which means that the majority of respondents strongly agree. To ascertain whether these causes contribute to the poor audit outcomes the mean rating is 1.884 which means that majority of the respondents agreed.

In terms of correlation analysis the spearman's rank rho test was used. Firstly it sought to assess the correlation between age and views of respondents and the p- value for the following views was less than 0.05 which indicates that it is significant:

- Public Funds are accounted for due to the effectiveness of the Auditor-General
- Effectiveness of the Auditor-General would encourage public entities to monitor their funds
- The appointed board performs its functions fully as agreed in the contract

While the negative correlation coefficient for this above views indicates that older respondents tend to disagree while the younger generation tend to agree with the above views.

Regarding relationships between levels of education and perspectives of respondents the p-value for the accompanying perspectives is under 0.05 which implies that it is important;

- Corruption causes AGSA to be ineffective

- Auditing is a significant role player in ensuring public sector accountability
- Public Funds are accounted for due to the effectiveness of the Auditor-General
- Compliance to the PFMA is investigated
- Effectiveness of the Auditor-General would encourage public entities to monitor their funds
- An improved internal Audit would exists with the implementation of audit recommendations

In the above views there is also a negative correlation coefficient which suggests that more educated respondents have a tendency to concur with the recorded perspectives, while less educated respondents have a tendency to oppose this idea. Positive relationship coefficients infer that more educated respondents have a tendency to differ with the recorded perspectives, though less educated respondents have a tendency to concur.

Another form of correlation coefficient test used was the T-test between two independent samples for and only two views were found to be significant namely;

- Annual Financial Statements are submitted on time
- An improved supply chain management unit would improve with the implementation of audit recommendations

Since the p-values of the above statement are less than 0.05 level of significance, it means that there is a significant difference of opinion about the ineffectiveness and effectiveness of the Auditor-General.

The mean ratings of the male respondents are lower than those of the female respondents. This indicates that the male respondents tend to firmly concur with the two perspectives, while the female respondents tend to marginally concur. The clarifications for the refinement in supposition in view of sex can't be perceived.

5.5 Limitations

The study was conducted in the North West Province in the finance units of five chosen organisations. It would be of extraordinary value to discover how different units in public entities would react to the causes of ineffectiveness of the Auditor-General in effecting public sector accountability. There's additionally an opportunity to direct a comparable study in different entities and its subsidiaries in the North West Province to eventually have a combined report of the causes of ineffectiveness the Auditor-General in effecting public sector accountability in the whole territory.

Recommendations

In order to address the causes of ineffectiveness of the Auditor-General and ultimately improve the audit outcomes of public entities in the NW Province the following have to be realised:

1 The Public entities must publicize and fill all key positions with skilled candidates who have the capability and experience. This will enable the entity to be able to compile the financial statements accurately and execute the financial business of the entity effectively.

2 Public entities must recognize the deficiencies particularly in finance sections and offer training programmes that will address the aptitude deficiencies. Proper training will address the knowledge gap in the public entities

3 The Managers of all public entities and the Board must rigorously screen non-execution, transgressions of enactment, and going around of interior controls, and ensure workers account and the Board should thoroughly screen non-execution, transgressions of enactment, and evading of inward controls, and hold workers responsible. Rigorous monitoring is crucial because everything that is monitored gets done.

4 All public entities must build up internal audit units, risk management supply chain management units according to the PFMA, these units are the pillar of any organisations.

5 The Chief Financial Officers must guarantee that every day, week by week and month to month audits are performed and observed to advance precise and solid in-year and year-end reporting. The in-year reporting will assist the entity to keep track of their expenditure and then in return curb fruitful and wasteful expenditure

6 Public entities must create and record administration frameworks that will advance the defending of data and guarantee that the archives are accessible to bolster the money related proclamations. This will ensure that proper record keeping is adopted by all the entities.

7 All public entities in examination with the Auditor-General must make sound survey recovery game plans to address discoveries raised by the Auditor-General. Use of these plans should be kept an eye on month to month preface by organization and quarterly commence by the official power or the board. The monthly checking will ensure that the monitoring and evaluation is done effectively by the responsible parties

5.6 Conclusion

A quantitative study was coordinated on the explanations behind the causes of ineffectiveness of the Auditor-General in effecting public sector accountability in five chosen schedule 3C and 3D public entities in the North West Province. The results of the study uncovered that the dominant part of officials in finance units of the five selected entities in the NW Province agree that the causes identified contribute to the ineffectiveness of the Auditor-General.

The research has shown that to a large extent the Auditor-General is effective in ensuring public sector accountability; however, its success is dependent on other role players doing their part, which is the management of the entity and the board.

Management and the Boards in public entities are the facilitators that can ensure that proper units exist and the recommendations of the Auditor-General are effected to improve the audit opinion.

Based on the positive results of this study, addressing the identified causes of ineffectiveness of the Auditor-General would improve the audit outcomes of public entities in the North West Province. This would also assist other entities in other provinces to ensure that such causes are addressed timeously by the entities and their senior management which would in turn produce the clean audit and inversely value for money would be achieved. The finance sector would move to towards a PFMA compliant society since this study has outlined areas to address the causes for ineffectiveness of the Auditor-General in effecting public sector accountability in schedule 3C and 3D in the North West Province.

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7 Appendices

7.1 APPENDIX 1: Questionnaire

Socio-demographic profile		**Mark x**
Gender		
	Male	
	Female	
Age		
	30 years and below	
	31 to 40 years	
	41 to 50 years	
	51 to 60 years	
	60 years and above	
Educational Qualification		
	Matric	
	Diploma	
	Bachelor Degree	
	Master's Degree	
	Doctorate	

Causes of ineffectiveness of the Auditor-General

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
AGSA understands the business of Public Entities					
Lack of leadership in public- entities causes the AGSA to be ineffective					
Corruption causes AGSA to be ineffective					
AGSA is viewed as a watchdog/witch hunt					
Financial mismanagement of public entities is one the causes of ineffectiveness of the Auditor General					
Political Interference is one of the causes of ineffectiveness of the auditor General					
The entity's objective is aligned to the prescripts of the PFMA					
There is compliance to chapter 6 of the PFMA					
Annual Financial Statements are submitted on time					
There is proper record keeping					
There is proper leadership in Public entities					
There are strong financial management skills in Public Entities					

Importance of the effectiveness of the Auditor General

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
Auditing is a significant role player in ensuring public sector accountability					
Value for money is ascertained through auditing					
Corruption is exposed and prevented through auditing					
Public Funds are accounted for due to the effectiveness of the auditor general					
Compliance to the PFMA is investigated					
Effectiveness of the auditor general would encourage public entities to monitor their funds					
An improved internal Audit would exists with the implementation of audit recommendations					
An improved supply chain management unit would improve with the implementation of audit recommendations					
An improved risk management unit would improve with the implementation of audit recommendations					
Effectiveness of the auditor general would yield improved audit outcomes					
Full implementation of audit recommendations would yield a positive outcome					

Do the causes contribute to the poor audit outcomes

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
Lack of proper monitoring and evaluation by the Head of the entity leads to poor audit outcomes					
Lack of proper leadership leads to poor audit outcomes					
High vacancy rate in public entities is a factor that contributes to poor audit outcomes					
The appointed board performs its functions fully as agreed in the contract					
Lack of submission of Annual Financial Statements contributes to poor audit outcomes					
Lack of compliance to Treasury regulations contributes to poor audit outcomes					
Lack of proper supply chain unit contributes to poor audit outcome					
Lack of proper internal audit unit contributes to poor audit outcome					
Lack of risk management unit contributes to poor audit outcome					
Lack of supply chain management unit contributes to poor audit outcome					
Lack of proper governance structures contributes to poor audit outcomes					
Lack of proper record keeping of documents contributes to poor audit outcomes					

7.2 Appendix 1: Permission to conduct research

ASSOCIATION OF MBAS ACCREDITED

School of Business & Governance

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21 September 2016

TO WHOM IT MAY CONCERN

Mrs K Motsilanyane (16608887) MBA Student

This letter serves to introduce Mrs K Motsilanyane who is presently a registered student for Masters of Business Administration (MBA) programme at the North West University School of Business and Governance (Mafikeng Campus). She is conducting a research project on **"Causes of ineffectiveness of the auditor general in ensuring public financial accountability in five selected schedule 3C and 3D public entities in the North West Province."** towards a partial fulfillment of her MBA programme.

Mrs K Motsilanyane requires permission to access information, data or even to distribute questionnaires. The research unit of the NWU School of Business and Governance do request your office for assistance to this regard.

Your cooperation will be highly appreciated.

....

Dr JN Lekunze
Research Manager
NWU School of Business and Governance

7.3 Appendix 2: Certificate of editing

Declaration

This is to declare that I, Annette L Combrink, accredited language editor and translator of the South African Translators' Institute, have language-edited the mini-dissertation by

K MOTSILANYANE (16608887)

with the title

CAUSES OF INEFFECTIVENESS OF THE AUDITOR-GENERAL IN EFFECTING PUBLIC SECTOR ACCOUNTABILITY IN SCHEDULE 3C AND 3D PUBLIC ENTITIES IN THE NORTH WEST PROVINCE

Prof Annette L Combrink

Accredited translator and language editor

South African Translators' Institute

Membership No. 1000356

Date: 12 December 2016