



The impact of irregular, unauthorised, fruitless, and wasteful expenditure on service delivery: A case of South African local government

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Abstract

In the words of Auditor General (AG) Tsakani Maluleke “the audit outcomes for the year ending June 2021 showed little improvement in the status of transparency, accountability, performance or integrity of local government”. The local government is a sphere that is closer to the people with regards to provision of services in South Africa. The reports of the Auditor General on the public finance performance in local government indicates that municipalities are struggling with regulating irregular, unauthorised, fruitless, and wasteful expenditures and there has been no progress made by municipalities about this matter. These factors mentioned above in South African local government are due to no compliance and lack of public accountability and this has negative impact on service delivery. This is problematic hence in South Africa, most of the citizens depends on the government for the basic services, due to the higher rate of unemployment and income inequality in the country. The irregular, unauthorised, fruitless, and wasteful expenditure is hindrance to sustainable public service delivery, this paper seeks to propose the strategies the government can implement to tackle public finance challenges. This paper will analyse the causes of these financial challenges and what the government can do to promote sound public finance management. The qualitative research approach, secondary data sources and review of literature was employed for the achievement of this paper objective.

Keywords: Auditor General; Citizens; Expenditure; Local Government; Service Delivery

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1. Introduction

South African local government is in crisis, and the situation is deteriorating. Most municipalities are dealing with critical difficulties, such as poor service delivery, inadequate infrastructure provision and maintenance, and poor financial management (Meyer and Neethling, 2021). According to Auditor general (2022), 51% of municipalities did not investigate irregular, 42% unauthorized, and 41% fruitless, and wasteful from the prior year. Thus, year-end balances for undesirable expenditures continue to climb. At the end of the 2020-21 fiscal year, unauthorised expenditures totaled R86.46 billion, fruitless, and wasteful expenditures totaled R11.04 billion, and irregular expenditures had accumulated for years without being addressed. According to Mishi et al. (2022), South African municipalities do have budgets that they adhere to, and the problems with irregular expenditure are caused by changes to these budgets that don't go through the proper channels and are considered financial mismanagement under the Municipal Systems Act of 2000. According to Mazibuko and Fourie (2017), efficient public financial management is at the heart of good governance, which is connected to multi-stakeholder participation, political accountability, and effective checks and balances. According to Nzama's (2019) study, irregular, unauthorised, fruitless, and wasteful expenditures have a detrimental impact on municipal performance, and the South African National Treasury gives conditional and unconditional subsidies to municipalities. Based on an analysis of budget allocation and performance reports, it is assumed that when municipal grants are granted, there is no consideration of prior financial performance. As a direct result of a lack of transparency and control, South Africa's local government is seeing rising levels of irregular spending and a decline in clean audits. Khaile et al. (2021), draw attention to the fact that South African municipalities are engulfed in a culture of noncompliance, which has had disastrous effects on the general governance and financial stability of municipalities. According to reports, this culture of non-compliance had a part in the widespread use of unauthorized, irregular, and wasteful expenditure totalling billions of Rands. According to Meyer and Neethling (2021), the Auditor-General indicated in a media release published on 1 July 2020 that the financial health of local government is in a dreadful position. According to the Auditor-report, General's just 18% (50 municipalities) of the 278 municipalities produced financial statements with no significant misrepresentation. The primary indicators of local government's poor financial health included poor financial statement quality and a considerable increase in irregular, fruitless, and wasteful spending. According to Auditor General (2022) despite the limited amounts available, municipalities do not handle their budgets attentively and carefully. The R1,96 billion in fruitless and wasteful spending incurred by 193 municipalities in 2020-21 is a symptom of inadequate financial management. R14,13 billion in wasteful and ineffective spending occurred during the previous administration's tenure. 64% of municipalities incurred unauthorised spending of R20,45 billion in 2020-21.

2. Methodology

This article delves into the underlying causes of the financial challenges faced by local governments and proposes solutions to address these issues. Given the critical role of public service delivery in South Africa, where a substantial portion of the population relies on it, effective public finance management in local government becomes imperative for ensuring sustained service delivery. To address the research problem at hand, we conducted a comprehensive literature review employing a qualitative research approach. This

methodology was chosen to gather valuable insights and a deeper understanding of the problem of irregular, unauthorized, fruitless, and wasteful expenditure in South African local government's service delivery.

3. Results

3.1. Irregular expenditure over term of previous administration in South African Local government

Irregular expenditure, according to Dzumira (2017), is defined as expenditure that is not incurred in the way required by law. Irregular expenditure, according to the Auditor General of South Africa (2017), is defined as spending that was not incurred in a manner specified by law; in other words, the auditee failed to comply with the relevant law at some stage throughout the process that resulted in the expenditure. Nzama (2019) alluded that Irregular expenditure involving a municipality is defined as spending committed by a municipality in violation of, or not in accordance with, a Municipal Finance Management Act 56 of 2003 (MFMA) obligation, and which has not been excused under section 170. It also does not comply with the provisions of the Local Government: Municipal Systems Act, the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), or the requirements of a municipality's supply chain management strategy.

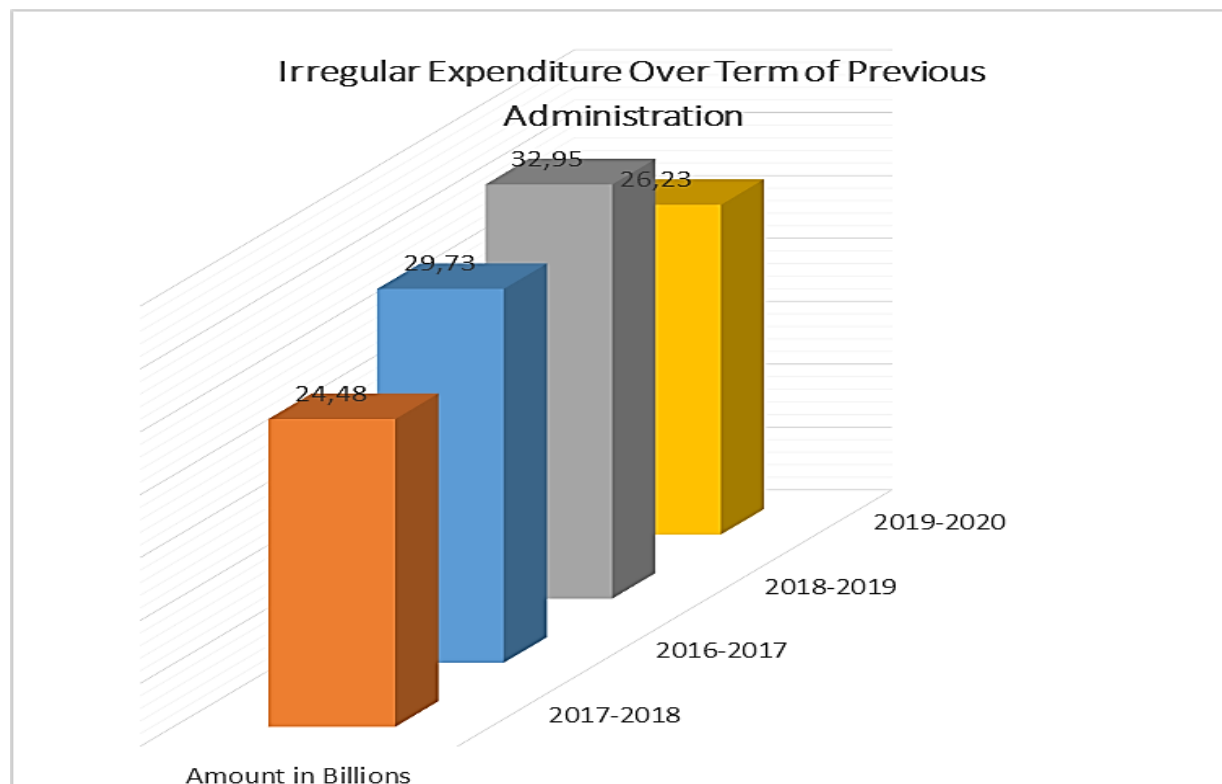


Figure 1. Irregular Expenditure over the years (Source: Auditor General South Africa, 2021)

Figure 1. depicts the irregular expenditure of South African municipal governments over time. Irregular expenditure has a detrimental influence on public service delivery since financial mismanagement is more likely when processes are followed. In the case of the South African public sector, irregular spending is frequently noticeable when purchasing products and services, and the supply chain in the South African public sector is characterized by corruption and malpractices. According to the Auditor General of South Africa (2021), R21,10 billion of the irregular expenditures incurred at the local government level in 2020–21 was due to supply chain rule violations. The true amount, however, may be much higher because 31% of municipalities obtained qualified audit findings either the amount, they disclosed was inadequate or they had engaged in improper spending but did not know the whole amount.

3.2. Unauthorised spending, fruitless and wasteful expenditure in South African local government

A wasteful and fruitless expenditure is one that was made in vain and might have been avoided with reasonable prudence. This includes fines and interest for late payments, as well as payments for services not given or things not delivered (Rispel et al., 2016). Unauthorized spending is spending that is not in accordance with the permitted budget; fruitless and wasteful spending is money that is wasted and could have been avoided if reasonable care had been taken (Dzomira, 2017). Mofolo (2016) defines fruitless and wasteful expenditure as expenditures that might have been avoided with reasonable care. This then gives a compelling justification for seeking to maximize expenditure prioritization in municipalities.

Table 1. Municipalities with highest Fruitless and wasteful expenditure in 2019-2020

Municipality and province	Amount of fruitless and wasteful expenditure
Emalahleni*, Mpumalanga	R0,33 billion
City of Tshwane Metro, Gauteng	R0,30 billion
Matihabeng, Free State	R0,28 billion
Emfuleni*, Gauteng	R023 billion
Govan Mbeki, Mpumalanga	R0,20 billion
Naledi, North West	R0,17 billion
Lekwa*, Mpumalanga	R0,12 billion
Nelson Mandela Bay Metro, Eastern Cape	R0,09 billion
Mopani District, Limpopo	R0,07 billion
Msukaligwa	R0,07 billion
Matlosana*, North West	R0,07 billion
Emalahleni*, Mpumalanga	R0,33 billion

Source: AGSA, 2020

Table 1. shows the amount of money lost by municipalities due to poor financial management, this is a major concern hence South African government has witness number of service delivery protest due to poor provision of services. Without sound public finance management, the citizens will always pay the price of not receiving services or receiving services that are not value for money. The backdrop of the literature review reveals that this fruitless and wasteful expenditure is spending that could have been avoided if reasonable care had been taken.

3.3. Causes of irregular, unauthorised, fruitless, and wasteful expenditures in South African local government

3.3.1. Poor municipal leadership

Local government's financial management is not in good shape. As evidence, consider our audit theme for 2019–20. The necessary change should be driven by moral and responsible leadership. Administrative and political leaders must take the initiative and set the tone from the top to effect change and foster an environment of accountability (AGSA, 2021). Local government is in chaos because of unethical behavior by local authorities obsessed with political party rivalries and a refusal to hold those responsible for corruption accountable. Many South African communities choose to resolve public service delivery concerns through public protests. Local government leadership seldom emphasizes public service delivery issues, and individuals found guilty by law enforcement are not totally dismissed by the ruling party, but rather redeployed to other strategic responsibilities (Mbandlwa et al., 2020). According to Kotze et al. (2020) South African local government leadership and supervision remains weak, oversight is severely poor, and a culture of noncompliance and lack of responsibility persisted. In many situations, a lack of service delivery has resulted in violent and destructive strike activities, putting leadership qualities into question (Mishi et al., 2022). In support Ramutsheli and Janse van Rensburg (2015) indicated that it is up to the political and administrative leadership of local government to make sure that government funds are used effectively to meet service delivery goals and targets. The public's more frequent and violent demands, however, raise doubts about the local government leadership's assertion that its service delivery goals have been met. Local government leadership is deficient. Capacity and accountability are lacking, and performance management does not percolate through the system. Political and administrative volatility characterizes the system. This insecurity affects performance management, and thus the organization. There is no accountability, which has a negative impact on performance. The system's application of performance management is inadequate, and political leadership is lacking (Mishi et al., 2022). The reason for the rapid decline in financial management in many municipalities is a lack of committed leadership. Municipalities' failure to implement efficient, honest, and successful financial management is due to a lack of leadership accountability, capacity, and capabilities (Mantzaris, 2014). Most frequently, illiterate communities are found in local governments where there is a lack of leadership ethics among the leadership. The people are taken advantage of and abused by local government officials. For instance, in the eThekweni Municipality, the mayor paid businesses R208 million for services that were never provided (Mbandlwa et al., 2020). A lack of leadership tone contributed to an environment ripe for embezzlement, waste, and abuse of state funds. The ongoing violation of supply chain management guidelines resulted in a considerable amount of irregular expenditure of R3,09 billion (AGSA, 2021).

3.3.2. Lack of consequence management

Municipalities have a key responsibility to ensure that their development outputs represent the needs and diversity of the people who live within their jurisdiction. However, given the current challenges, this can only be accomplished if more severe procedures are put in place to hold local government leaders and officials accountable, as accountability to communities is currently lacking between elections (Heinrich Böll Foundation, 2018). The State of Local Government Report, published in 2021 by the Department of Cooperative Governance and Traditional Affairs, portrays a bleak image of local government. According to the research, 64 of the 257 municipalities were rated as dysfunctional, 111 as at medium risk, and only 16 as stable. As a result, many people and investors have lost faith in local government's capacity to meet their demands. The recent audit results on municipalities by the auditor general indicate that little is being done to stop the downward spiral and regression of towns. This indicates a lack of consequence management as well as a lack of motivation to address the problem (South African Human Rights Commission, 2022). Municipalities still tend to do nothing when it comes to noncompliance. Even though they are required by law to ensure that there are penalties when laws are not followed, more than 60% did not (AGSA, 2021). Municipalities in South Africa are obvious targets for criminals who believe that municipal systems are weak and detection procedures are poor and easily manipulated. An absence of repercussions can be caused by poor monitoring or corruption, but it can also be caused by a lack of will or capacity to implement penalties (South African Local Government Association, 2019). The Auditor-General of South Africa (AGSA) continued to highlight the lack of accountability and consequence management in local government, which has an impact on service delivery and municipal financial management, in the 2019–20 local government general report, which was released on June 15, 2021. The demonstrated absence of consequence management undermines the MFMA and Constitution's requirements. It further mitigates the consequences of service delivery investment and economic development (Soopal, 2022). Despite persistent infractions, the Portfolio Committee on Cooperative Governance has condemned Limpopo local government for a lack of clear and meaningful consequence management. Without concurrent action, the committee believes that municipalities would continue to struggle to deliver basic services, impacting residents, particularly the poor (Parliament of South Africa, 2019). Moji et al. (2022) discovered that local councils continue to fail to investigate all cases of unauthorised, irregular, pointless, and wasteful expenditure reported in the previous year, exposing their failure to implement effective and long-term corrective actions.

3.3.2.1. Lack of consequence management noted in the consolidated general report on local government audit outcomes (MFMA 2020-21)

The consolidated general report on local government audit outcomes for the fiscal year 2020-21 reveals significant issues in consequence management across South African municipalities. The bullet points below detail specific percentages of non-compliance, instances of uninvestigated expenditure, and the broader implications of these failures on municipal audit outcomes and financial health.

- 60% of municipalities did not comply with legislation on effecting consequences
- 54% of municipalities, the non-compliance was material
- The most common findings involved irregular, unauthorised, and fruitless and wasteful expenditure not being investigated

- In total, 51% of municipalities did not investigate the previous year's irregular expenditure, 42% did not do so for unauthorised expenditure, and 41% failed to do so for fruitless and wasteful expenditure.
- The lack of consequences remains one of the key root causes of municipalities' poor audit outcomes (49%) and we continue to advocate for municipal leadership
- The irregular expenditure closing balance was very high at R28,7 billion and continued to grow significantly every year, with the current year amount being R3,99 billion. This is because irregular expenditure was not properly investigated and there were no consequences for transgressions
- An estimated 42% of all spending on procurement was irregular. At eight municipalities, more than 50% of their expenses were irregular, raising the question of whether value for money was achieved

3.3.3. Staffing and skills shortage

Due to a lack of operational and management expertise among municipal financial professionals in charge of municipal finances, most South African municipalities' yearly financial reports continue to lack credibility. This is demonstrated by documented incidents of ongoing unwise spending and municipal financial malpractices, which have hindered South African municipalities' capacity to attain clean audit findings (Enwereji and Uwizeyimana, 2019). Issues like poor management, nepotism, unskilled employees, and insufficient training are indicative of institutional capacity deficits in South African municipalities, which severely impair service delivery and the credibility of South African municipalities financial reporting. The issue is made worse by financial mismanagement and the use of underqualified employees (Mamokhere, 2022). Lack of adequately trained staff and a high turnover rate, especially among those holding key positions, make it difficult for the South African local government to establish a credible financial reporting yearly. (Mamokhere, J. and Kgobe, 2023). The average vacancy rate in municipal finance departments was 20%, with chief financial officers serving on average for 45 months. The salary expenditure for financial divisions in 2020-21 was R10.41 billion. Internal audit units in 93% of municipalities and audit committees in 96% of municipalities assessed the prepared financial statements, while national and provincial coordinating agencies sent professional consultants to help finance units and provided instruments to assure financial reporting credibility (AGSA, 2022). One of the issues affecting local government performance, according to Moji et al. (2022), is a shortage of human resources. In some cases, a shortage of employees may lead to mismanagement, errors, and violence. The proper staffing of an internal audit department, as well as effective workforce management, are critical to the performance of internal auditing. However, some officials assigned to critical positions do not meet all the requirements and lack the necessary competence. Financial reporting consultants have become permanent fixtures in municipal financial reporting procedures, according to AGSA (2022), with a total cost of R1,26 billion in 2020-21. The expense of consultants more than doubled over the previous administration's term. When the money spent on finance units and consultants is totaled, financial reporting will cost more than R11,67 billion in 2020-21. Mubangizi (2019) noted a significant skills gap in local financial and technical concerns, as well as a lack of enforcement methods to manage municipal financial operations. In 2020-21, just 7% of municipalities used consultants to fill vacancies, while 62% used consultants to offer capabilities that the finance unit needed. Due to a shortage of skills and a vacancy gap, the remaining 31% used consultants. Because these municipalities are unable to comprehend reliable financial reporting, they employ specialists on an annual basis (AGSA, 2022). To be efficient, municipalities must implement programs that foster skill development and performance-based demands. This includes offering bursary schemes to both employees and

students under the jurisdiction of the towns, changing management programs to guarantee managers and supervisors are competent, and providing councillors with training to increase their leadership talents and organizational competency. Municipalities' efficiency and financial management are determined on the skill level of its workforce. As a result, local governments are being pushed to invest in human resources and establish organizational structures that improve efficiency (Mishi et al., 2022). According to the findings of the Moji et al. (2022) study, staffing and skill shortages were recognized as difficulties regarding the selection of insufficient personnel or friends and associates in important municipal posts. Funding was a constant issue, affecting the employment and retention of skilled employees. The absence of consequence management demonstrated managers' inability to implement effective performance management inside municipalities, including the AGSA guidelines, resulting in unauthorised, unproductive, wasteful, and irregular expenditure. The shortage of skilled employee in finance section within South African municipalities contributes to irregular, unauthorised, fruitless, and wasteful expenditures as these employees lack necessary skills and expertise to execute their duties with excellence. These employees, due to a lack of expertise and skills they don't understand the policies and procedures to be followed when dealing with public finances.

4. Discussions

4.1. The impact of poor financial management on service delivery

Poor financial management procedures continued to be a problem for municipalities, which eventually hampered the delivery of services that are desperately required by citizens (AGSA, 2022). The notions of financial malpractice and service delivery are incompatible because financial malpractice in the public sector impedes the supply of services to citizens. In other words, the two conceptions point in opposing directions. However, public authorities continue to perpetrate financial malpractice, incurring irregular, fruitless, and wasteful expenditures (Baloyi and Beyers, 2019). Service delivery is the output variable used to calculate municipalities' efficiency ratings. Efficiency and delivery of services have a good link. This is so that service delivery may also get better as efficiency does. When service delivery rises at a declining rate, wasteful spending rises, which implies that rather than using the few resources available to provide fundamental services to society, these resources are spent for activities that do not support economic development and progress in communities (Mishi et al., 2022). The tax revenue wasted because of the government's irregular and inefficient spending is money that could have been used to help the government fulfil its mandate and serve the public at large. This lost cash could have been utilized to pay programs like free education for all citizens, for example. Misuse of public funds remains a big challenge for South Africa's public sector. Poor expenditure management, particularly in the public sector, stifles economic growth and service delivery. Unauthorized, irregular, pointless, and wasteful spending continues to be reported in public sector reports (Matebese-Notshulwana, 2021). According to study conducted by Enwereji and Uwizeyimana (2019), failure to achieve sound financial accountability leads to fruitless and wasteful expenditures, financial unhealthiness of municipalities, and the inability to deliver and maintain infrastructure belonging to the municipalities, all of which have a negative effect on the delivery of services. Poor financial discipline has continued to wreak havoc on municipalities' financial health, with seven (35%) expressing substantial concerns about their capacity to continue functioning as a going concern in the foreseeable future. Municipalities did not spend enough for

infrastructure asset maintenance due to a lack of financial resources, resulting in aging infrastructure, high water and energy losses, and a failure to meet service delivery objectives (AGSA, 2022).

5. Proposed remedies

5.1. Professionalisation of public service

A professional civil service is the foundation of a well-functioning public sector. Politicisation is widely seen as the fundamental hindrance to effective administrative development (Staroňová and Gajduschek, 2013). It cannot be argued that the local government is facing issues such as poor financial management due to poor leadership, skills shortages, and professionalisation of local government can provide solutions to these issues to prioritize public service delivery and ensure local government sustainability. Due to a shortage of expertise, the local government is spending a lot of public funds to bring in consultants; these funds could be redirected to service provision, which is the local government's constitutional mandate. AGSA (2022) reported that Most municipalities have enough people in their financial departments, but many lacked the necessary abilities. As a result, municipalities hired experts to do some of their work year after year. The entire cost of these consultants for the five-year period was R282 million, with a cost of R62 million in 2020-21. Municipalities did not necessarily receive value from these consultants due to their own inefficiencies. According to Mlambo et al. (2022) professionalizing the public sector can help local governments carry out their service delivery responsibilities successfully and ethically. Professionalizing government is improving public financial management and leadership via education, training, and development. New capacities are required within the public sector to capitalize on new opportunities and ensure that all civil service duties are carried out to the highest professional standards. The abilities required in the public sector today and in the future - in policy formation and analysis, organizational management, and public service delivery - place higher expectations on public employees and call for greater professionalism in public administration (Jarvalt, 2007).

5.2. Effective consequence management execution

The South African local government is not enforcing the conclusions of the AGSA investigations to hold officials accountable for violating the MFMA. Local government must hold office bearers accountable for their conduct since billions of rands are being abused in local government, which has a negative impact on public service delivery. According to AGSA (2022), the consequence management wheel has been moving slowly since investigations were either not finished or were not completed on time, or action was not taken against officials who had approved the improper expenditure. According to the AGSA (2022), the local government has continued to struggle to avoid unauthorised, irregular, wasteful, and fruitless expenditure due to noncompliance with rules and regulations, as well as a lack of consequences. According to Mishi et al. (2022), officials who are not held responsible for their actions create the idea that such behavior and its effects are normal and reasonable. Municipal governments failed to investigate all reported incidents of unauthorised, irregular, fruitless, and wasteful spending in the previous fiscal year, revealing their failure to implement effective and long-term corrective actions. Municipal managers and municipal public accounting committees must do more to not only prevent and detect unusual expenditure, but also to investigate it when it occurs and ensure that consequences are met to improve financial management and prevent potential fraud, according to

AGSA (2022). When every rand is precious and value for money must be achieved via every transaction to improve service delivery, irregular spending is unacceptable, especially when it occurs year after year.

5.2.1. Steps that local governments can take to improve consequence management

To address the challenges of consequence management effectively, local governments should take a structured approach. The steps outlined by the Auditor General South Africa (AGSA) in 2022 serve as a crucial roadmap for this purpose.

- *Investigate non-compliance:* The first critical step is for the council to conduct thorough investigations into instances of non-compliance with financial regulations. This involves identifying the specific regulations that have been violated and understanding the context in which these violations occurred. By doing so, local governments can pinpoint systemic issues and address them effectively.
- *Understand the causes:* It is imperative for the council to delve into the root causes of non-compliance. This means not just identifying what happened, but also understanding why it happened. This step involves a deep analysis of the operational, cultural, and possibly systemic issues within the local government structures that allowed for such non-compliance.
- *Identify responsible parties:* Accountability is key in effective governance. The council must take steps to identify individuals or groups responsible for instances of non-compliance. This step is crucial to ensure that those who are responsible are held accountable, which can serve as a deterrent for future violations.
- *Assess financial loss and recovery options:* A critical aspect of consequence management is to determine whether any financial loss occurred due to the non-compliance. If so, the council must assess the extent of the loss and explore options for recovering these funds. This might involve legal action or other recovery mechanisms.

Each of these steps is vital in creating a more accountable and transparent local government. By rigorously investigating and addressing each aspect of non-compliance, local governments can improve their financial management, reduce wastage, and ultimately enhance public service delivery.

5.3. Strengthening internal controls

Despite their financial difficulties, municipalities spent R238 million on financial reporting consultants in 2016-17, bringing the total cost to R989 million. Consultants were called in to assist financial departments that had inadequate internal control settings, making it impossible for them to function effectively (AGSA, 2022). The control environment in local government refers to the rules and processes (both internal and external) that local governments rely on to carry out their daily operations. It provides a setting for staff awareness and activity. The control environment sets the tone for the effective execution of internal controls. The creation of a control environment by a local government would serve as a springboard for controlling and managing fraud. In any case, the lack of a regulated environment raises the risk of fraudulent local government acts (Eton et al., 2022). These fiscal irregularities must be eliminated to avoid financial anomalies or irregularities by creating strong internal controls and matching planning with budgeting. Without a doubt, these financial mismanagements may have an influence on the ultimate purpose of the local government of delivering services

to the people (Enwereji and Uwizeyimana, 2019). Organizations employ internal control systems to guarantee that their resources are used effectively and efficiently to achieve their goals. Because internal control in the public sector cannot be separated from attempts to improve and strengthen management performance's effect on society, implementing an internal control system will boost the organization's financial accountability, allowing managers to make better decisions (Kewo, 2017). According to AGSA (2020), timely production of financial statements remained a challenge throughout the five-year period, with only 65% of municipalities submitting financial accounts on time in 2020-21, owing largely to the poor status of accounting records caused by deficiencies in internal control. Only 17% of municipalities provided good-quality financial accounts for auditing, and a further 17% received unqualified audit opinions only because they corrected all misstatements detected.

6. Concluding remarks

The current state of public finance management in South Africa Local government is alarming, because more public funds are mishandled, which has a negative impact on service delivery. Local government is a sphere closer to the local communities, in other words, the only physical vehicle for democracy and public service provision. South African local government has seen several service delivery protests, which can be attributed to poor service provision to local communities and poor financial management; thus, effective and sustainable service provision is dependent on the availability of resources. This paper argues that local governments must professionalize their operations, hold officials accountable, and strengthen internal controls to promote the effective use of public funds, which is critical to the effective and sustainable delivery of public services. The local government must consider that most citizens are poor and rely on service provision, and then work to promote a sustainable public service environment.

7. Recommendations

Considering the challenges and issues discussed in this paper, a strategic and systematic approach is required to address the shortcomings in the financial management of local governments in South Africa. The following recommendations are aimed at reinforcing the financial integrity, accountability, and effectiveness of local government operations. These measures are not only crucial for improving service delivery but also for restoring public trust and ensuring the sustainable management of public resources:

- *Investigate irregularities and conduct consequence management:* Local government administration must be proactive in investigating any irregularities in financial management. This includes implementing robust consequence management protocols to ensure accountability and deter future violations.
- *Hire qualified professionals:* The local government must prioritize the hiring of professionals with the necessary skills and expertise to ensure sound financial management. This step is crucial in improving the quality of financial decisions and operations within municipalities.

- *Encourage professionalisation of the sector:* There should be a concerted effort to promote professional standards and ethics in the local government sector. This involves ongoing training and development programs to enhance the capabilities of local government officials.
- *Implement internal controls and monitoring systems:* To safeguard the sustainability of public finances, it is imperative to establish strong internal controls and monitoring systems. These systems play a vital role in detecting and preventing financial mismanagement and ensuring compliance with relevant regulations.
- *Educate Staff on Financial Policies:* Education and awareness are key to ensuring compliance with financial policies. Local governments must invest in training staff members about policies designed to protect public finances, thereby ensuring that all actions and decisions are aligned with these policies.

By adopting these recommendations, local governments in South Africa can significantly improve their financial management practices. This, in turn, will contribute to more effective and sustainable public service delivery, which is essential for meeting the needs and expectations of local communities.

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