



Investigating the Effect of Financial Mismanagement on Municipalities Service Delivery: A Case Study of eThekweni Municipality-South Africa

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ABSTRACT

Purpose: This study investigated the effect of financial mismanagement on municipalities' service delivery with a particular case study of eThekweni Municipality South Africa and to suggest how financial mismanagement can be addressed.

Design/Methodology/Approach: Scoping review of literature methodological framework was employed followed by Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA).

Findings: This study indicates that financial mismanagement in eThekweni Municipality is one of the major concerns due to a lack of knowledgeable and skilled workers as well as political involvement from the administration. The results showed that there are various skill shortages, and it was noted that untrained people were being hired. The finding also said that poor municipal budget management is prevented by the political administration.

Implications/Originality/Value: The findings of this study have significant implications for improving the eThekweni Municipality's financial management. This article contributes to the to the current body of knowledge and deepens understanding on the root causes of financial mismanagement and effect of financial mismanagement on municipalities' service delivery, particularly in eThekweni Municipality-South Africa. The study further recommends municipality to hire suitably qualified staff with sound ethics to improve municipal financial management. This study is crucial for fraud and forensic practitioners, academia, and policymakers. It provided research agenda for future researchers.



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Introduction

It has been evidenced the Auditor General of South Africa report of the year 2023, in which it highlighted AGSA (2023), that billions of Rands are lost in fraud year on year. AGSA's (2023) report further revealed an ongoing financial mismanagement issue in local governments, with some cases worsening over the past decade. AGSA Report (2019) and Meyer and Neethling (2021) research reveal only a few municipalities have made progress in financial management practices, with poor service delivery and poverty often linked to lack of financial responsibility across government agencies including the province of KwaZulu Natal. Scholars such Holtzhausen (2016), notes that, the primary obstacle for KwaZulu Natal and its local municipalities to achieve efficient and effective financial management was the lack of technical skills. Due to problems with service delivery brought by financial mismanagement, eThekweni Municipality has previously experienced service delivery delays. Political infighting has a negative impact on decision-making and has led to protests over poor service delivery which is partly caused by financial mismanagement in this municipality's systems.

Since the attainment of democracy in 1994, the constitution of South Africa facilitated the establishment of laws and regulations that are aimed at ensuring the provision of services to all citizen in an economical, efficient, effective, and equitable manner (Madumo, 2015). Local executives as led by the mayor elected from the council is required to ensure the provision of services as provided for by the constitution. Local governments often fail to deliver on their mandate due to various reasons including poor financial management, nonpayment for services by citizens, inadequate grants received from government, undertaking of unfunded mandates from national or provincial governments (Madumo, 2015). Furthermore, the increase in the level of corruption as well as lack of accountability by executives within the three spheres of government has impacted on the service delivery and the economic growth (Fourie, 2018). Local governments' incapacity also results in failure to contribute to the economy, to reduce unemployment and to reduce the high level of inequality in South Africa (Madumo, 2015; Mathiba, 2021; Kavese & Erero, 2018;). Local government structure was created to assist citizens with access to services as provided for by the constitution, however various challenges limit municipalities from efficiently providing services to their communities. Financial mismanagement, financial constraints, lack of accountability, and corruption have been highlighted as the issues impacting local governments.

Furthermore, Soga and Vyas-Doorgapersad (2021) state that the 'Local Government Turnaround Strategy' launched the the local government was to hurry up the implementation of service delivery, financial management, and infrastructure development. Soga and Vyas-Doorgapersad (2021) observations were further confirmed in the 2019's Cooperative, Governance and Traditional Affairs (Soga & Vyas-Doorgapersad, 2021). The goal of implementing this technique was to encourage transparency and efficient municipal governance. Municipalities in the KwaZulu Natal, according to Soga and Vyas-Doorgapersad (2021), have had difficulty being effective due to their poor performance, political unpredictability, and irregular expenditure, where municipalities are continually requesting financial aid from the national government. Financial mismanagement in local governments is one of South Africa's the highest concern due to a lack of knowledgeable and skilled workers as well as political involvement in the administration of municipalities (Soga & Vyas-Doorgapersad, 2021). The empirical studies show that there are various skill shortages in the South Africa's local government (Meyer & Neethling, 2021; Mishi, Mbaleki, & Mushonga, 2022).

Empirical evidence also revealed that the issues of financial mismanagement within South Africa's municipalities lowered the standard of living of South African people quite substantially and undermined the service delivery within communities (Mathiba, 2021; Meyer & Neethling, 2021; Mishi et al., 2022). AGSA's (2023) report further confirm that there has been an increase of irregular expenditure from R22,4 billion in 2020/21 to R30,4 billion in 2021/22 fiscal years which is unacceptably high. Since financial mismanagement has been

highlighted in the AGSA reports from 2019 onward, eThekweni Municipality also has indicators of financial mismanagement. Some of the concerns raised by the AGSA during 2021/2022 over eThekweni Municipality include R21 million spent on consultant without evidence of value received, R125,59 million spent on the incomplete integrated rapid public transport network project with a contract value of R3,48 million which is not adding value to the community as well as failure to have proper infrastructure maintenance plan which impact on the supply on water and electricity. Singh (2023) confirmed that eThekweni Municipality has been investigated for various issues including financial mismanagement which impact on service delivery. AGSA identified financial mismanagement as a major cause of eThekweni municipality's failure to pass a clean audit which affect community services. This study investigates the impact of financial mismanagement on the service delivery in eThekweni Municipality South Africa. This article is structured as follows: It starts with the introduction; the next section provides synopsis of reviewed literature and theorises followed by methodological approach, while the fourth section presents the findings and discussion, and the final section presents the conclusion, contribution and recommendations

Literature Review

Theories Behind the Study

This research adopted financial controls theory, fraud risk management life cycle theory, the management and contingency theories.

The financial controls theory

The financial controls theory put forth by Bashaija et al. (2020) contend that organisations like the public government require evaluation from a few angles. The value of persons in the public sector may be judged by looking at the effectiveness or ineffectiveness of governmental impacts and outcomes. The second underlying assumption is that any institution's organizational design, operations, and transactions involve multiple participants. Thirdly, the components that protect resources must be linked to the power system to support practices and processes. The financial control theory, according to Shimpulu (2019), also believes that people's personalities and character qualities will always matter in terms of finances. Bashaija et al. (2020) state that accounting, control models, financial instruments, and associated factors must all be considered while conducting organizational activities. The author argues that to maintain the transparency of government finances, all expenses must be disclosed in the same fiscal year that they are incurred.

Despite the weaknesses stated, using research from Bashaija et al. (2020), this article makes the case that key elements of the overall control system are routine activities and relationships between participants. Additionally, disclosures about management and financial accounting control systems are presented. Ostman's financial control theory also says that institutional frameworks and monetary control systems have an influence on outcomes. Noting that the framework for each unique procedure inside an institution is ultimately provided by these systems and structures. Since the results of a particular process influence how people behave, individual procedures within the institution have a negligible influence on the broader economic structure and the governance system. According to Bashaija et al. (2020)'s idea of financial control, every known entity must periodically examine and update its internal financial control. Regarding this view, accountability is a way for organizations to make sure that their internal rules and processes are legal and represent the goals of their customers. According to Baxter et al. (2018), responsibility is a strategy for keeping an individual and groups accountable for exercising their authority, with a focus of holding individuals accountable for their involvement, responsibility, and disciplining them for their corrupt actions. As necessary components for accountability, record keeping, reporting, auditing, and oversight is required (Saputra et al., 2020). Krüger (2019), also notes that, financial responsibility entails distributing funds in a justifiable manner.

Holistic Fraud Risk Management Life Cycle Theory

This theory was propounded by Wilhelm (2004) and widely used by numerous scholars such as Mvunabandi (2023). Wilhelm (2004) states that “holistic fraud risk management life cycle theory is a dynamic and evolving process that involves deterrence, prevention, detection, mitigation, analysis, policy, investigation, and prosecution”. The Wilhelm’s (2004) study tested the theory and found out that “the possibility of significantly reduced fraud is dependent on the interdependence and interlinked components of fraud management lifecycle”. The fraud risk management in municipalities requires commitment of all stakeholders to ensure these institutions maintain their legitimacy. The interest of all those who are affected positively or negatively should be considered when making decisions to ensure these institutions are sustainable (Goyal, 2022). The fraud risk management theory is highly relevant to this study since the agents should consider interest of all those involved instead of only few individuals to effectively implement the fraud management measures.

Contingency Theory

According to the contingency theory there no single best way to manage an organisation but internal and external contextual factors of an organisation should be considered (McAdam et al., 2019). Contextual factors impacting on the organisational behaviour should be analysed to understand how the dependent variable (y) is impacted by the independent variables (x). Understanding how the dependent variables get impacted by the contextual factors would enable those charged with governance to devise right strategies that would improve performance. Strategies that considers contextual factors have a positive implications on performance (Harrison & Donnelly, 2011; Ugalde Vasquez & Naranjo-Gil, 2020). There are various contingency factors impacting on the effectiveness of organisations which include employee skills, technology, size of an organisation, commitment to ethical behaviour, external environment factors like political influence. The contingency theory is used in the current study by relating improvement in executive management effectiveness to achieving municipal control and raising the standard of services provided to citizens as indicated in the Municipal Systems Act and the constitution (Asher et al., 2015; Lawson & Morgan, 2021).

Management Theory

As allude to by Uy et al. (2023) the management theory, also known as the stewardship theory, sees management as a party that can entirely act on the interests of all stakeholders within the system. According to Jensen and Meckling (2019) and Rashid (2016), the steward (government administration) will do all in its power to serve the interests of the principal (society). However, there are times when a steward is unable to fulfil the expected role, leading to stewardship issues like betrayal, the individualisation of collective identity, and the temporary nature of the interrelationship between principal and steward. Principals usually use corporate governance to address agency issues while attaining the desired performance to ensure the legitimacy status of an organisation is maintained while agents are required to consider the interest of all stakeholders to remain legitimate (Jensen & Meckling, 2019).

These theories were purposively chosen as they are highly relevant for this study, since it seeks to investigate the effects of the failure by agents to effectively manage finances in a municipality which impact on the trust on these municipalities by citizens. It provides recommendations on the fraud risk management life cycle that can be used to manage fraud which is contingent upon the internal factors (lack of skills, bribes, favouritism) and external factors including political influence. These theories will also be potential push factors for municipalities to fulfil constitutional mandates.

Constitutional Duties of Municipalities

The Constitution of the Republic of South Africa CRSA (1996) highlights that “Chapter seven of the constitution of the Republic of South Africa provides for three categories of municipalities, Category A to Category C which are formed on the advice of a provincial legislation”. The CRSA (1996) also indicates that “Category A municipalities, also referred to

as metropolitan municipalities, have an exclusive municipal executive and legislative authority in their area and this category is applicable to eThekweni Municipality, while Category C municipalities, also referred to as district municipalities, have an executive and legislative authority in an area that includes more than one municipality, further to CRSA (1996) stipulates that the last category is category B municipalities, also referred to as local municipalities, which have executive and legislative authority in their area”.

The CRSA (1996), abundantly clarifies that “municipalities have autonomy when it comes to governing their own affairs with the co-operative government provision of the South African constitution and their legislative as well as executive authority vested in the municipal council”. Municipalities are required to structure and manage their administration including budgeting and planning processes to give priority to the basic needs of their communities and to ensure the social and economic development of communities are promoted. Furthermore, the CRSA (1996), shows that “municipalities have the following objectives as provided for by the constitution: (1) to provide a democratic and accountable government for local communities; (2) to ensure services are provided to local communities in a sustainable manner; (3) to provide a safe and healthy environment; and (4) to encourage communities and local organisations to participate in local government matters”. On other hand local communities have a duty to ensure they promptly pay their fees, levies, property rates and other taxes imposed by municipalities and to ensure compliance with by-laws imposed by municipalities. This is to ensure that municipalities function effectively and efficiently.

Institute of Directors South Africa, IDSA (2016) notes that “the legislative and executive authority of municipalities is vested in the municipal council, and King IV Report on corporate governance provides 16 principles under sector supplements for municipalities to ensure ethical culture, good performance, effective control, and legitimacy”. The Institute of Directors South Africa (2016) provides the principles that guide on what municipalities should strive to achieve to ensure good governance which include, among others, applying ethical and effective leadership. These principles are not fully applied by municipalities. Municipalities face challenges ranging from poor management, lack of accountability and good governance, lack of skilled staff, poor human resource capacity as well as political intervention. These challenges are briefly discussed hereunder.

Poor Management and Unethical Behaviour in the Municipal Environment

As stated by Mbatha (2020), public confidence in municipalities is low due to poor service delivery which makes these institutions to fail in fulfilling their constitutional duties. This is partly caused by corrupt politicians and government representatives who behave unethically resulting in municipalities struggling to gain the trust of the community members as they put their interest ahead of the communities’ interest (Ndlovu et al., 2020). Unethical behaviour by municipal officials is typically caused by insufficient leadership which cause poor financial management and thus poor service delivery to the communities. These agents fail to uphold the legitimacy of municipalities and they have failed to implement the fraud risk management lifecycle. Stakeholders’ interests have not been considered in these institutions and local communities have lost trust on municipalities which have impaired on their legitimacy.

Accountability and Good Governance

Municipalities should prioritize community needs, foster a culture of public service and accountability, prevent fraud and corruption, and provide information on municipal services and management, including responsible individuals (Ijeoma et al., 2018). A municipality requires both internal and external auditors to function effectively and to comply with the principles of good governance. Honesty and effective governance are regarded as essentials for obtaining the intended monetary results (Mbara, 2019). Implementing excellent governance can assist municipalities with financial management and in safeguarding their funds (Harelimana, 2017). These studies show communities are not participating in municipal structures to hold municipalities accountable for failing to deliver on promises, resulting in increased lack of accountability and governance.

Unskilled Staff

Kalonda and Govender (2021) indicate that local governments in South Africa lack appropriate levels of expertise which hinder them from implementing applicable legislations and ensuring proper financial management. Local governments struggle with solid financial management due to lack of qualified officials and internal capacity issues. Low budgets lead to reduced productivity, and difficulty in capacity expansion. In its report, AGSA (2023) on municipalities, it is evidenced that “municipalities’ inadequate financial management abilities frequently lead to poor financial responsibility” this was also confirmed by Mbatha and Mutereko (2022). Chinyama and Sibanda (2020) made comparable observations, asserting that inadequate financial management practices and noncompliance with municipal finance laws result in annual qualified audits for local governments in South Africa. Certain municipalities have received qualified audit reports from the AGSA, indicating a lack of expertise in financial, performance, and compliance with legislations which further indicate a failure in managing community resources.

Poor Human Resource Capacity

The ability of municipal managers to ensure there is appropriately skilled staff is limited by poor human resource capacity which is under the leadership of a municipal manager (Mvuyana et al., 2021). The capacity to manage talent is a skill that local governments frequently lack, making it difficult to locate municipal finance experts who can effectively push the development agenda (Nzewi et al., 2016). Since there is a lack of competent and effective human resource staff, poor performance management occurs and the hiring of employees with no skills to perform tasks. The failure to recruit talented staff is also caused by political hand meddles in municipal management (Bwowe, 2015). This implies that any municipality with no robust recruitment policy and division, lack or weak financial oversight are all robust triggers on the failure of service delivery to the South Africa’s community which compromise legitimacy status of these institutions.

Political Intervention

The study that was conducted by Singo et al. (2022) pointed out the challenges that local governments face when there is political influence in decision making processes. Conflicts between the city manager and the city mayor are frequent because both positions are responsible for making sure that high-quality services are provided (Thornhill, 2016). In its local governance report in 2019, the AGSA highlights that “political conflicts can lead to a lack of accountability, which potentially and negatively affects municipal financial management, while the State of Local Authorities report issued in 2020 by the AGSA states that “the inability to exercise control over local resources and the challenge of ensuring financial responsibility are the primary causes of these disputes”. These disputes result in financial management in municipalities (AGSA, 2019).

Empirical Review

Milán-García et al. (2022) researched the cost-effectiveness of municipalities, whereas Wende et al. (2020) looked at the cost-effectiveness of municipal services and found that the cost of labour is one of the significant expenses of municipalities. It is well recognized that the cost of labour is an input variable that lowers a firm's profitability and efficiency if no equivalent or extra value is contributed by the employees. Therefore, municipalities that are successful in decreasing operational expenses are more effective since they can support important community services (Voorn et al., 2017). Furthermore, size of the population and its contribution to GDP affects a municipality's ability to raise money, hence local community’s size, and contribution to GDP is a significant factor in assessing municipality’s success. Some communities are not paying for water, electricity, and for other services consumed, which impacts on the ability of the municipalities to function properly, including repairing its infrastructure.

Ouertani et al. (2018) found that richer nations perform and operate more efficiently in the public sector as communities can pay for services they consume. Institutional considerations as

well as demographic factors are also having a significant impact. This is so because it seems that lower industry efficiency and higher government spending as a percentage of GDP are associated with efficiency of local government. Mishi et al. (2022) also observed that most municipalities are more successful when they are large since the efficiency of service delivery depends on the breadth of activities from which municipality generates revenues. As a result, the budget was one of the inputs used in the literature published by these researchers.

The study that was conducted by Singh (2023) targeted the managers, department of human resource, finance department, Mayor, and Councils from the eThekweni Municipality. The study noted that managers, department of human resource, finance department and eThekweni Mayor and Councils are aware of internal financial mismanagement as well as poor community service delivery. Allegations of fraud and corruption on senior officials coupled financial mismanagement result and lack of consequence management result in poor service delivery, irregular and wasteful expenditure, fraud and corruption, and the hiring of non-qualified individual (Makwakwa, 2023). According to this study, managers, the financial department, mayors, and councils have a responsibility to make sure funds are managed effectively and that there is a high degree of accountability and transparency in all actions (Makwakwa, 2023). The AGSA reports indicate that the eThekweni Municipality received unqualified audit report on financial audit and disclaimer with findings on compliance with legislations over the past five years. This is an indication of inability to manage the municipality effectively and efficiently which impact on the delivery of the constitutional mandate by this municipality and thus on its legitimacy status.

Methodology

Scoping review of literature methodological framework was adopted in reviewing highly relevant literature to meet the research objectives. According to Munn et al. (2018), “this method was initiated by Arksey and O'malley (2005) widely cited and used by scholars such as Sucharew and Macaluso (2019). Scoping review, according to Munn et al. (2018) “focuses on attaining transparency and completeness in reporting all the decisions made at each stage of systematic reviews and meta-analyses”. In addition, Liberati et al (2009) state that “PRISMA (especially the PRISMA-Protocol) guides the development and reporting of systematic review procedures (protocols)”. To prevent any potential bias of the articles gathered, the systematic literature review process needs to be handled correctly (Knobloch, 2011). This control of bias is carried out using a systematic method, such as PRISMA, during the identification, collation, and evaluation of publications that fulfil the specific criteria (Shamseer, 2015). As suggested by Liberati et al (2009) “identification, screening, eligibility, and inclusion are the four stages of the process with thorough literature search for this investigation to find articles that included systematic reviews”. The four steps followed is fully detailed in the figure 1 below.

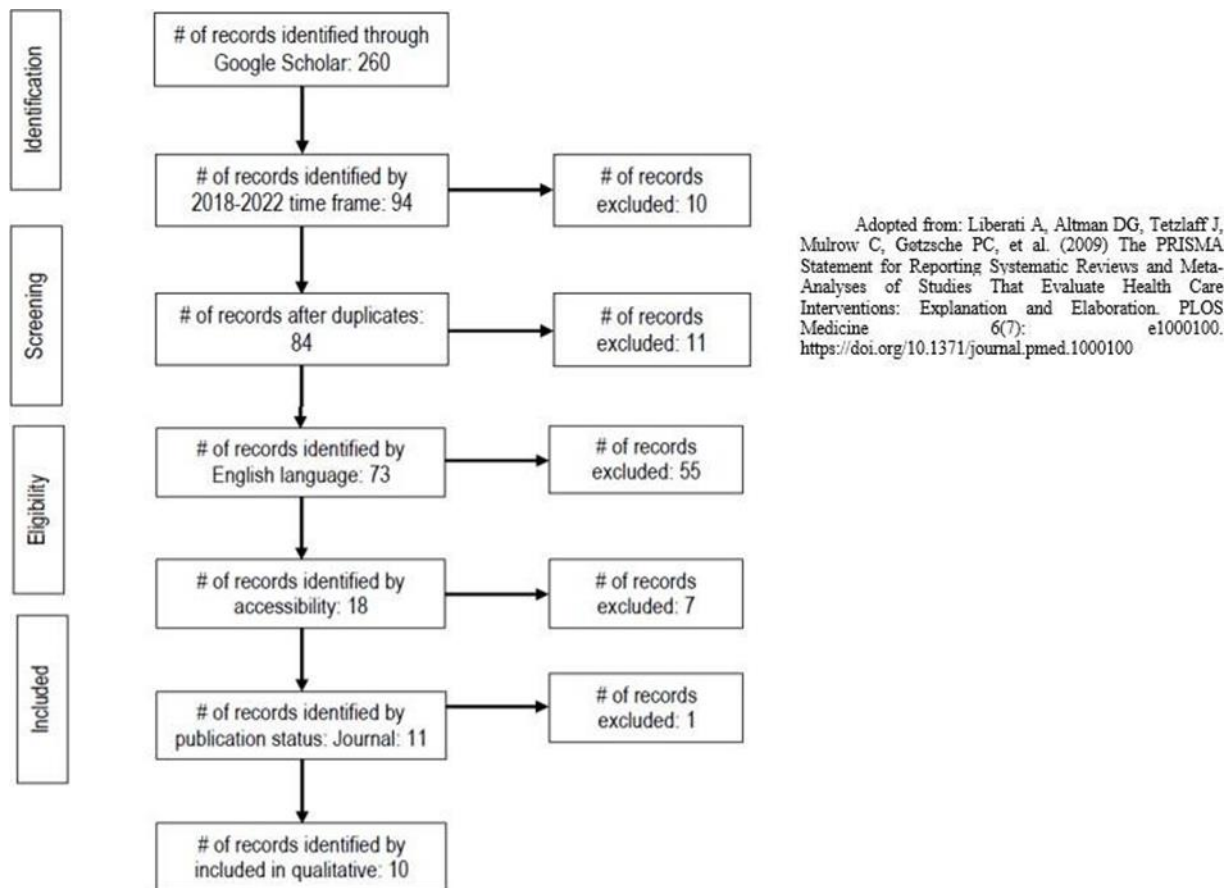


Figure 1: Information flow between the various stages of a systematic review
Source: Adapted from (Rajkoomar et al., 2022)

Searching, Screening, and Collection

Google Scholar was utilised as the study's main database search engine to discover relevant literature study to assist with the investigation of the phenomenon under consideration. This search engine was used as it has excellent features that enable users to enter their favourite functional terms, the portion of the document where they were used, and the year of publication. Based on inclusion and exclusion criteria, it also contains statistics and full-text versions. To locate relevant reviews, we used Google Scholar's advanced search function. The study utilised search terms like Financial Management and Best Practices of public institution and based the inclusion criteria on the article titles. This process generated a total of 260 results. Then, by limiting the publication year range to the years 2018 through 2022, we decreased the number of articles to 94. By taking these actions, researchers were able to focus the research search of publications and get a more relevant group of reviews from recent years. The study only included articles that were published in English, which led to the identification of 18 relevant articles. Only 11 articles from these 18 articles were used by the researchers since they were unable to obtain the seven articles that were deleted. Then, just 10 papers remained after removing one study that was not conducted in Africa. Table 1 shows the eligibility criteria that determined the articles' inclusion and exclusion criteria for this study.

Table 1. Inclusion and Exclusion Criteria of the Systematic Review

Eligibility Criteria	Inclusion	Exclusion
Time Frame/ Years	2018-2022	Below 2018
Language	English	Other Languages
Electronic Databases	Google Scholar	Other Sources/Inaccessible Studies
Publication Status	Published in Journals	Unpublished
Demography	Africa	Outside Africa

In this study, the guidelines were followed while documenting the analytic procedure and

inclusion criteria. We looked for related works using Google Scholar. To fast gather publications that are most relevant to the study and that are recent, advanced search options were used where the title of the article and the years from 2018 to 2022 were used as input. The systematic flow was followed while documenting the analysis procedure and inclusion standards for this investigation.

Data Analysis Strategies

Thematic analysis was chosen because it was thought to be the best method for investigating the viewpoints and first-hand knowledge of role players with reference to the various reasons of financial mismanagement in local government as stated by Braun & Clarke (2019). This analytical method is to classify, analyse, and report themes present in the data (categories, designs, etc.). Thematic analysis is a method of interpretation that involves systematically looking for patterns in data to provide the most accurate description. Themes were able to arise because of this process without expressly producing theory. Data was analysed and reduced using thematic analysis as a strategy

Key Findings and Discussion

The results are fundamentally based on the review outcome of the prior published studies in the area of study's concern.

Table 2: KEY FINDINGS AND DISCUSSION

Author(s) & Year	Title	Discussion or overview
Dlamini and Reddy (2018), and Masuku and Jili (2019).	Local government and the states skills deficit and inability of the legislation.	Local government skills deficit and the inability to implement financial management legislation and finance development programmes is rife.
Mbandlwa, Z., Dorasamy, N., & Fagbadebo, O. M. (2020) and Moodley (2019).	Leadership challenges in the South African local government system. Local government performance and the critical issue of poor service delivery in South Africa.	lack of leadership and the recruitment of incompetent people to crucial positions in the financial sector is a big problem. Poor municipal performance and inadequate service delivery to communities it an issue in public sector
Mbatha, N., & Mutereko, S. (2021) and Shava and Chamisa (2018)	The Political and Administrative Dichotomy: Critical Considerations for Financial Management in South African Local Government.	criticized the corruption that results from conflicts between politics and administration, emphasizing how it harms municipal budgets and undermines public service offerings.
Maqoko, Z., & Asmah-Andoh, K. (2019), Mngomezulu (2020), Vilakazi and Adetiba (2020), Leonard (2018).	Overcoming the Uneasy Political and Administrative Interrelationship for Effective Governance in a Municipality	conflict between politicians and administrators

Source: Authors' compilation (2024)

The systematic literature review is briefly presented below, trying to achieve the study's objective. The presentation and discussion of the results are organised in the three themes. Thus, section 4.1 to 4.3 discusses the relevant themes that were derived from the reviewed articles. The themes are discussed under the following headings: (1) Lack of Skill and Knowledge (2) Political Interference, (3) Political and Administrative.

Lack of Skill and Knowledge

The articles indicate that management, staff, and employees lacked the abilities, information, and experience required to monitor municipal finances. They lacked the requisite financial skills, knowledge, and competence. This is recognized as the primary instance of financial mishandling in local governments. The major reason for misuse of fund is a shortage of

understanding of financial guidelines and other rules. The administration's and management's not understanding law, financial principles, and financial policies are variables that lead to misuses of funds in local municipalities. Some of the managers and financial officials lack knowledge of finance and accounting. Maqoko and Asmah-Andoh (2019) emphasised that managers and payroll are legally committed even if they are unclear about their financial commitments.

Applying the eThekweni Municipality as a case study, the skills and expertise necessary for efficient development of strategic plans and execution of municipal operational plans and budgets are not adequate (Dorasamy et al., 2020). This includes inadequate financial management skills to implement financial management related legislations based on Municipal Financial Management Act and other legislations applicable to local governments. According to Mbandlwa et al (2020), eThekweni Municipality has many employees in the financial management division, yet the implementation of laws and other programs is difficult owing to the lack of necessary abilities. These issues affect many South African towns, and they frequently arise from poor leadership and the appointment of incompetent individuals for important roles in finance. Dlamini and Reddy (2018) analysis indicates that the lack of appropriate financial management skills have a negative impact on audit outcomes for South African local governments. This is also noted in the case under consideration.

Research and ASGA reports on eThekweni municipality indicate consistent non-compliance with legislations which is indicated to be partly caused by lack of skills competency necessary to improve the state and financial management of the municipality. These claims may also be pointing to the municipality's financial management status. Masuku and Jili (2019) who reveal that hiring untrained individuals to hold important roles in the municipality result in negative audit outcomes, lends weight to this. The deployment of bureaucrats, when there is political interference in the administration of municipalities which is supposed to be under the leadership of municipal manager, contributes to shortage of appropriately skilled workers. Dlamini and Reddy (2018) who claim that the lack of an effective human resource department under the leadership of the municipal manager, to carry out talent recruiting programs to implement council resolutions hurts the effectiveness of local government, further supports these ideas. This may lead to a discrepancy between municipalities' goals and the law governing municipal finances. Expenditure on consultants, incomplete public transport network project as well as lack of clear infrastructure maintenance plan are some of the examples indicating the impact of lack of appropriate skills which impact on service delivery and on legitimacy status of the municipality.

Political Interference

In South Africa, several municipalities struggled to preserve good governance practices due to the politics-administration problem (Maqoko & Asmah-Andoh, 2019). Mngomezulu (2020) recognized in his study the difficulties that local towns face when there is political authority involvement with local government decision-making. The mayor and municipality manager are the two offices that frequently engage in conflict since they are both responsible for ensuring successful service delivery (Moodley, 2019). Regarding the findings, political conflicts diverts the attention of the council from exercising oversight role on the executives and administrative arm of the municipality which then impact on the intended outcomes and impacts as indicated by (AGSA, 2019). Political conflicts in municipalities occur when there is coalition of different political parties constituting a municipal council. These political conflicts also impact on the financial accountability in municipalities and thus proper use of resources. Shava and Chamisa (2018) and Leonard (2018) revealed that there is political influence in financial management and procurement systems of municipalities which impact on service delivery and achievement of intended outcomes and impacts. Consistent failure to achieve clean audit outcomes indicates a failure and lack of commitment by the council to exercise effective oversight and to implement AGSA recommendations including ensuring financial control techniques for effectively using taxpayer's money. More studies are required to investigate the impact of political deployment to important positions in local governments.

Political and Administrative

The politics and bureaucrats divide are pervasive in South African local governments, as suggested in the literature. This is a particularly complicated problem since municipal administrators and elected officials must collaborate closely throughout the whole policymaking and service-delivery implementation process. The politics and bureaucrats divide in public administration of local governments, according to Vilakazi and Adetiba (2020), impacts partly on the effective management municipalities. Mbatha and Mutereko (2021) criticized that the corruption is the results from conflicts between politics and administration, emphasizing how it harms municipal budgets and undermines public service offerings. Although the financial control theory encourages the establishment of enabling systems to protect public funds, political management disagreements create gaps making municipal finances susceptible to theft.

The study's findings show that the political-administrative situation in the eThekweni Municipality prevents adequate municipal budget management. Political meddling in the administration impact on proper administration of municipality when management is bullied to making decisions that are not in the public interest. Although there is a line separating the political office of the mayor from the office of municipal administration, evidence suggests that political meddling has turned local governments into a plague for municipal financial management. Despite the connection occasionally being restrained for the sake of service delivery, it's devastating impact on intended outcomes and impact results in a permanent legacy. Mbatha and Mutereko (2021), claim that conflicts in local government are caused by managers who have diverse political allegiances, which in turn affects their judgment and obstructs numerous procedures at the local government level. The connection between council and municipal officials should be properly managed in order to achieve and deliver on the municipality's constitutional mandate and to ensure proper financial management. To support the growth of municipalities, Maqoko and Asmah-Andoh (2019) further argue that there should be an alignment between the council and communities that they represent to ensure accountability and service delivery. Therefore, it can be concluded from these discussions that for eThekweni Municipality to excel in municipal finance management, the relationship between the council, local community, municipal manager and other administrative officials must be handled in a professional manner where the leaders and community effectively work together to protect municipal finances and improve service delivery.

Some of the elements of the control theory for this study seem to conflict with the analysis of the findings for this investigation. This study promotes institutions within the public sector that should play different functions to generate an output, the idea seems to integrate well in terms of supervision mechanisms for solid financial management. The findings have made it abundantly evident that the presence of the Municipal Public Accounts Committee and Oversight committees have not provided the sought after results including how eThekweni Municipality handles its budget. The control theory emphasizes the need for institutions and organizations to work together with different stakeholders, including communities, to ensure efficient and effective management of municipalities. This includes considering the context within which the municipality operates as advocated by the contingency theory.

Conclusion, Contribution to The Science and Recommendations

The evidence from scholars and the AGSA revealed that the issue of financial mismanagement affects South African local governments. This study investigated the effect of financial mismanagement on local governments' achievement of strategic goals with a particular case study of eThekweni Municipality and to suggest how financial mismanagement, unauthorised, wasteful, and fruitless expenditure can be addressed. Scoping review of literature methodological framework followed by PRISMA was employed for the current study.

The study's results show that management staff and employees lacked the abilities, requisite financial skills, information, and experience required to monitor municipal finances. This

contributed to poor audit outcomes in the municipality. The inability of the municipal manager to ensure appropriately skilled staff is indicated to be contributed by political meddling. The study further reveals that, the politics-administration divide is also pervasive, lack of sense of morality, professional ethics and integrity which impacts on the legitimacy of the municipality. Political disagreements within the council delays service delivery where there is ineffective council that ensures accountability and meeting of the agreed upon outcomes and impacts. This study reveals that financial mismanagement in eThekweni Municipality is due to disagreements in governance systems and unethical staff that ensure the implementation of the recommendations of the AGSA.

This article contributes to the to the current body of knowledge and deepens understanding on effect of financial mismanagement on municipalities' service delivery, particularly in eThekweni Municipality-South Africa. This study further contributes to the science by shedding light on root causes of financial mismanagement within eThekweni Municipality. It also provides further discussion regarding what public accountants can do to prevent financial mismanagement practices. It recommends the presence and dominance of oversight committees, increase public participation and objective municipal manager to address financial mismanagement. Employing qualified individuals with sound ethics is crucial for efficient municipal finance management. The study also emphasizes the importance of respecting competency requirements and avoiding political pressure. Municipalities should balance the interest of all stakeholders including communities, council, bureaucrats and other stakeholder in decision making to ensure they deliver quality services as indicated in the constitution and as indicated by Municipal Systems Act. The municipal councils, the mayors, committees, including audit committees, and municipal managers and other oversight bodies should work together to ensure full implementation of the AGSA recommendations pertaining to financial statements, performance information and compliance with legislations. This study used systematic literature review. Future research could use alternative methods to overcome limitations associated with systematic literature review methodology.

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