



A CONCEPTUAL GOVERNANCE FRAMEWORK FOR NON-PERFORMING DISTRICT MUNICIPALITIES IN SOUTH AFRICA

GÜNEY AFRİKA'DAKİ DÜŞÜK PERFORMANSLI İLÇE BELEDİYELERİ İÇİN KAVRAMSAL BİR YÖNETİŞİM ÇERÇEVESİ

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ABSTRACT

Municipalities are an essential sphere of government, as they provide basic services to local citizens. They are expected to function optimally to meet this mandate. However, due to challenges with governance, the performance of most municipalities in South Africa is disappointing. To improve their performance and address the governance challenges, this study proposes a conceptual governance framework for these non-performing municipalities in South Africa. The Delphi Technique was implemented to obtain views from municipal governance experts on measures that could become the cornerstones of a framework to improve these municipalities' performance. The results

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indicate that the conceptual governance framework needs to focus on leadership as one cornerstone of governance, to be followed by strengthening the financial management unit and its personnel, the supply chain management unit and its personnel, and the asset management unit and its personnel. This finding was obtained from the responses received through engagement with municipal governance experts, which indicated the appointment of suitably qualified and experienced individuals as key measures for improving governance in district municipalities. The proposed governance framework could be used by district municipalities as a point of reference towards effective and efficient governance performance.

ÖZ

Yerel düzeyde vatandaşlara sağladıkları temel hizmetler nedeniyle belediyeler, yönetimin önemli bir alanını oluşturmaktadır. Bu hizmetleri yerine getirmek için en iyi şekilde işlev görmeleri beklenir. Ancak, yönetimle ilgili zorluklar nedeniyle, Güney Afrika'daki çoğu belediyenin performansı hayal kırıklığı yaratmaktadır. Performanslarını iyileştirmek ve yönetime dair sorunları aşmak için bu çalışma, Güney Afrika'daki iyi performans göstermeyen belediyeler için kavramsal bir yönetim çerçevesi önermektedir. Delphi Tekniği, bu belediyelerin performansını iyileştirmek için bir çerçevenin temel taşları olabilecek önlemler konusunda belediye yönetimi uzmanlarından görüş almak için uygulandı. Sonuçlar, kavramsal yönetim çerçevesinin yönetimin temel taşlarından biri olarak liderliğe odaklanması gerektiğini, ardından mali yönetim, tedarik zinciri yönetimi ve varlık yönetimi birimleri ve personelinin güçlendirilmesi gerektiğini göstermektedir. İlçe belediyelerinde yönetimi iyileştirmek için temel önlemler olarak uygun niteliklere ve deneyime sahip kişilerin atanması gerektiğini gösteren bu bulgu, belediye yönetimi uzmanlarıyla yapılan görüşmelerden alınan yanıtlar ile elde edilmiştir. Önerilen yönetim çerçevesi, ilçe belediyeleri tarafından etkili ve verimli yönetim performansına yönelik bir referans noktası olarak kullanılabilir.

Keywords: Governance; district municipalities; performance; audit outcomes; South Africa

Anahtar Kelimeler: Yönetim; ilçe belediyeleri; performans; denetim sonuçları; Güney Afrika

INTRODUCTION

The requirement for good corporate governance applies to the public sector, from government and governmental departments through to municipalities (local government) (Nzama, Sithole & Bozkus Kahyaoglu, 2023). This sphere of government is crucial as it is closest to the citizens. Consequently, its failure impacts service delivery negatively. Lack of governance shows impedance in municipalities from meeting their mandate. According to reports, most municipalities in South Africa (SA) are non-functioning and lack corporate

governance implementation, leading to struggles in delivering quality service (Ngoepe & Ngulube, 2013; AGSA, 2022). There is also the perception that municipal officials face governance challenges due to a lack of understanding of the King codes and the application of available legislation (Mkhabele, 2014).

Most SA municipalities struggle to achieve clean audit outcomes, suggesting a lack of prudence in financial management and sound governance. These struggling municipalities are on district and local levels (AGSA, 2017, 2020a & b, 2021, 2022) and poor governance and maladministration are noted as reasons for the non-achievement of clean audit outcomes (Motubatse et al., 2017). Furthermore, the broader structures of municipalities are also a possible cause of municipalities' inability to achieve clean audit outcomes (Nzama, 2019). Motubatse et al. (2017) posit that governance, leadership qualities, and financial management are the main factors that need focusing on for clean audit outcomes.

Previous studies on municipal governance focused mainly on how governance failure affected the breakdown of municipalities and were often limited to one specific municipality or province. Accordingly, limited literature exists on guidance for non-performing municipalities to improve their performance (Mkhabele, 2014; Masegare, 2016; Nelson, 2016).

Thus, there are a limited number of studies on a possible framework that may be applied to improve performance in non-performing municipalities. This study aims to develop and validate, via expert consensus (Delphi Technique), a governance framework that (1) integrates King IV principles with municipal audit findings and (2) offers actionable guidance to district municipalities for achieving clean audit outcomes. Furthermore, the study contributes to the improve performance in non-performing municipalities by developing a conceptual framework, which is expected to provide a guideline and point of reference for effective and efficient governance, through extension of corporate governance theory to the public sphere by mapping King IV principles onto municipal structures. Secondly, can we apply a streamlined two-round Delphi for framework validation in a public-sector context? A prioritized action plan for district municipalities, with ranked measures to guide phased implementation. Lastly offer Recommendations for legislators to amend MFMA and Systems Act guidelines to incorporate competence criteria.

The paper is organised as follows: the next section will provide a brief literature review, followed by a section describing the research methodology and presenting the findings, and lastly, the conclusion and areas of further research are highlighted.

1. A BRIEF OVERVIEW OF THE LITERATURE ON MUNICIPALITIES IN SA

There are two hundred and fifty-seven municipalities in SA (RSA, 2000). There are three municipal categories: metropolitan, district, and local (Nzama, 2019). Metropolitan municipalities are found in urban areas, rewarding staff better and thus, attracting superior skills (RSA, 2000). Metropolitan municipalities create and deliver all local services in their region, whilst local and district municipalities share these tasks and the legislative-executive authority. District and local governments are primarily located in semi-rural and rural regions. Remuneration levels and attracting skilled staff are a challenge for these municipalities. The transformation of local government has probably been the most crucial mission since 1994. Significant progress has been made; however, more must be done before all municipalities can be considered completely operational (COGTA, 2009; Nzama, 2019). Most districts and local municipalities are still not receiving clean audits (AGSA, SA has 2017; Nzama, 2019; Nzama & Sebola, 2021).

SA has passed legislation to govern municipalities, as they are closest to the people. As a result, the new legislation seeks to meet the needs of the people. Municipalities are subject to several laws, including the Municipal Financial Management Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Municipal Structures Act (Act 117 of 1998). These statutes, according to Nealer and Raga (2007) and Mchunu and Dlamini (2020), serve as a social contract between SA citizens and the municipalities.

The Municipal Finance Management Act (MFMA) (Act 56 of 2003) aims for comprehensive and cost-effective administration of municipal and other local sphere finances, as well as sound treasury standards and measures for local government (RSA, 2003). The Municipal Systems Act (Act 32 of 2000) was passed to provide municipalities with critical concepts, methodologies, and procedures enabling municipalities to move forward with the social and economic upliftment of local communities, while ensuring affordability of vital

services. The Act establishes a straightforward and enabling framework for progressive local government, as well as one for local public administration and human resource development; and another for service delivery agreements and municipal service districts (RSA, 2000). The Municipal Structural Act (Act of 1998) establishes standards shaping the type of municipality that may be established in the given area, defining the types of municipalities within each category, ensuring appropriate division of functions and powers among municipal categories, regulating municipal internal systems, structures, and office bearers. Municipalities, according to Section 83 of the Act, also have objectives related to Section 152 of the Constitution, which include yearly evaluations of the community's requirements and processes. Most SA municipalities struggle to perform well and achieve clean audit outcomes irrespective of the existing legislation.

There are four critical areas needing attention for municipal performance to be improved, including Governance, Financial Management and Reporting, Supply Chain Management (SCM), and Asset Management. The following sub-sections give an overview of these areas and their effect on municipal performance in SA.

1.1. Governance

A call for good Governance to improve the possibility of obtaining clean audit outcomes has been suggested in literature. For example, Motubatse et al. (2017) suggest that municipal stewards should practice good governance and be transparent, as these actions might result in the attainment of clean audit outcomes. Good governance is also an area of consideration for municipal and governmental performance (Thomas, 2010; Khale & Worku, 2013; Masegare & Ngoepe, 2018; Nzama et al., 2023), and even in some instances a prerequisite for municipal leadership in other countries, such as Ghana (Ofori & Hinson, 2007). In King IV, a municipal supplement was issued to promote good governance, which is paramount to the success of municipalities (IoD, 2016).

A call by the SA Auditor General (AGSA) for active citizenship is in line with Section 16 of the Municipal Systems Act 32 of 2000, suggesting that there should be a culture of participatory governance. This may result in increased accountability and transparency, as well as improved performance and achievement of clean audits (Speer, 2012; Stuurman, 2019).

Proper governance is imperative for municipalities' success (Speer, 2012; Mofolo, 2020; Nzama & Sebola, 2021). Thus, when proper governance is missing, municipalities may become dysfunctional, negatively affecting stakeholders due to poor or non-performance. AGSA (2022: 25) posits that where there is poor governance, for example, when the municipality has "ineffective technology governance, that municipality will be vulnerable enough to allow abuse or misuse of information technology projects that exceed the budget and time targets, which may result in mismanagement of finances and expenditure that is not justifiable."

Moreover, governance is a key success factor in literature (Nzama et al., 2023). Grindle (2004) states that when governance is in place, few questions will need answering, as all will be aligned with a good foundation. The questions such as "What needs to be done?", "When must it be done?" and "How must it be done?" will be answered with governance in place (Grindle, 2004).

1.2. Financial Management and Reporting

Poor expenditure management is constantly reported in AGSA reports, irrespective of legislation guiding how financial resources should be managed. For example, Sections 78 and 171 of the MFMA 2003 prescribe that municipal finances should be managed appropriately (RSA, 2003). However, repeated findings relating to poor expenditure management within municipalities are noted with concern.

These findings relate to unauthorised, fruitless, wasteful, and irregular expenditure (Nzewi, 2017; AGSA, 2021, 2022), which indicate poor financial management processes in municipalities (Laubscher, 2012; Nzewi, 2017; Glasser & Wright, 2020; Mathiba, 2020; AGSA, 2022).

The AGSA (2022) report indicates that municipalities with capacitated and competent finance units achieved unqualified audit outcomes. For the municipalities to have Financial Management and Reporting, finance departments must employ competent, skilled, and experienced individuals. Therefore, municipalities must recruit skilled and experienced staff (Munzhedzi, 2016). Lack of expertise in municipalities is concerning, resulting in consultants being hired at exorbitant costs (Laubscher, 2012). Municipalities are challenged with a lack of record-keeping, under-collection of revenue, inadequate billing methods, failure to implement and monitor budgets, and the failure of meeting

financial commitments (Laubscher, 2012; Ngcobo, 2018; Glasser & Wright, 2020; Ryan, 2020; AGSA, 2021; AGSA, 2022). These challenges are due to recruiting and appointing unqualified and incompetent individuals within financial divisions (Laubscher, 2012). Accordingly, when unqualified staff members are hired due to cronyism, nepotism, or cadre deployment, poor performance usually follows (Laubscher, 2012; Matlala & Uwizeyimana, 2020).

AGSA (2022) states that over R20 billion in unauthorised expenditure was incurred for the 2020/21 financial year by 64% of municipalities, indicating that the council did not provide municipalities' monies or that their spending was unaligned with the prescribed conditions of specific grants. The non-cash-related unauthorised expenditure indicates poor budget management. Furthermore, irregular expenditure amounting to R21 billion was incurred in the 2020/21 financial year; thus, indicating that municipalities did not comply with the SCM legislation. Furthermore, in the 2020/21 financial year, R1,9 billion in fruitless and wasteful expenditure was incurred by 193 municipalities (AGSA, 2022). Municipal officials tend not to comply with legislation and policies when there is a lack of internal control and monitoring (Mantzaris & Ngcamu, 2020). Thus, strengthening internal control assists in preventing material irregularities and losses, as well as damage to the reputation of municipalities (AGSA, 2022).

1.3. Supply Chain Management

The structure of the SCM system has been investigated in literature, with studies indicating that decentralised structures result in irregularities and increased fraudulent acts (Thobakgale & Mokgopo, 2018). This suggests that centralised structures in the SCM may assist in mitigating problems, such as fraud, corruption, and capacity issues (Munzhedzi, 2016; Thobakgale & Mokgopo, 2018; Mathiba, 2020).

SCM in municipalities is often challenged due to corruption, fraud, and poor contract and performance management (Mofolo, 2015; Munzhedzi, 2016; Mathiba, 2020; Mofolo, 2020). Most of these challenges are due to nepotism and lack of skilled employees (Peters & Van Nieuwenhuyzen, 2012; Mofolo, 2015; Munzhedzi, 2016; Mantzaris, 2017; Mathiba, 2020).

For the SCM to function competently, municipalities should embrace recommendations from literature and legislation. According to Sections 110 and 111 of the Municipal Financial Management Act of 2003, a proper SCM structure

should be in place for municipalities to function proficiently (RSA, 2003). Section 57 of the Municipal Systems Act also indicates the responsibilities of the municipal managers in performing their duties under SCM. Contractual appointments of municipal managers, as prescribed in the legislation, is also of concern, as these managers are not appointed permanently (Mofolo, 2015).

Mofolo (2015) further argues that when municipal managers are appointed for short periods, they often lack the motivation of ending off their term efficiently, as they might believe they cannot be held accountable should they make decisions that affect the municipalities negatively. The contractual appointment also results in instability and a lack of continuity at municipalities (Mofolo, 2015).

National Treasury has provided guidelines for financial and SCM positions regarding minimum higher education qualifications, work-related experience, managerial and occupational competencies, as well as financial and SCM competencies. Thus, it is imperative to hire suitably qualified individuals in SCM for proper municipal functioning. Sections 32, 80, and 83 of the Municipal Systems Act of 2000 recommend that there should be service level agreements between municipalities and suppliers for accountability purposes (RSA, 2000). The Public Finance Management Act requires the SCM department to adhere to the five components of SCM (RSA, 1998; Bizana et al., 2015). The AGSA (2022: 33) report indicates that “there is a correlation between a good performance management system and service delivery. However, this weakens when incorrect measures and targets are used”. It is imperative to have proper and effective performance management systems in place to improve performance.

However, irrespective of the legislation, municipalities still do not comply with Section 56 (Peters & Van Nieuwenhuyzen, 2012; Mofolo, 2015). Significant occupied roles lack the capacity and expose a shortage of knowledge, expertise, and skills (Mantzaris, 2017). There is also a lack of performance monitoring and evaluation (Mofolo, 2020). To ensure that employees working in the SCM are performing at their best, regular education and training should be provided. This allows for knowledge revision, employees staying up to date on legislative changes, and ensuring awareness of any new developments (Ambe, 2012; Mundzhezi, 2016; Enwereji & Uwizeyimana, 2019).

National Treasury issued a Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM) on 1st October 2020, which came into effect 1 July 2021 (NT, 2020). This framework addressed the challenges of the Standard for Infrastructure Procurement, and Delivery Management adopted in 2012 (NT, 2020). This frameworks' limitations focused on implementation in cities as it became the Cities Infrastructure Delivery Management Toolkit. The latest LGFIDPM was developed providing minimum requirements for effective infrastructure delivery and procurement management (NT, 2020).

The framework for this infrastructure procurement outlines the minimum requirements for municipal planning and implementation. However, the competence, skills, and experience of the parties involved in the procurement function are not stated in this framework and the measures to evaluate the effectiveness are not emphasised. National Treasury might have envisaged these challenges as they cautioned and advised the municipalities considering adopting this LGFIDPM to first review their standing before adopting the framework (NT, 2020).

1.4. Asset Management

Record keeping and up-to-date asset registers are essential for the effective performance of municipalities. In the 2020/21 financial year, "municipalities could not account for their assets as registers were not updated with assets purchased, under construction, disposed of, stolen, or vandalised (AGSA, 2022: 17). Furthermore, AGSA (2022) indicates that in some cases, like that of the City of Tshwane, where the expectation exists of a pool of competent and suitably qualified employees, large amounts of funds (R919 million) were spent on consultants to produce a compliant fixed asset register. However, material corrections still needed to be made on the work prepared by the consultants. This is indicative of the first measure of appointing suitably qualified and competent staff members in Asset Management, which is the foundation of a successful, effective Asset Management system.

According to Section 96 of the Municipal Financial Management Act (MFMA) of 2003, municipalities must ensure that proper safeguarding of assets and effective maintenance are in place (RSA, 2003), as the lack of safeguarding assets can result in financial losses, which adversely affects municipal performance (Ngcobo, 2018).

Municipalities should have an effective Asset Management strategy with a detailed plan for asset disposal management (Ngcobo & Ramsamooj, 2017). Ngcobo and Ramsamooj (2017) added that disposal activities should focus on optimising financial returns on functionally inadequate or under-utilised assets, including funds available for subsequent capital reinvestment. There are, however, concerns over the disposal of assets that are no longer needed by municipalities or those that have reached the end of their lifespan (Thornhill & Cloete, 2014; Tshilo & Van Niekerk, 2016; Mathiba, 2020). Due to poor record-keeping and asset registers not being updated, it is difficult for municipalities to record their asset status in terms of disposal, depreciation, acquisition, or under construction.

The journey towards improved audit outcomes in many of these municipalities has proven intangible. This is apparent in the Auditor General's report, indicating that most districts and local municipalities are still not receiving clean audits (AGSA, 2017; AGSA, 2020a or b). AGSA (2020a) denotes that 79% of municipalities need urgent interventions due to poor financial health. Thus, local municipalities are responsible for all municipal functions not assigned to the district, particularly local service delivery (RSA, 1996). Given this, this study's focus was limited to district municipalities.

2. METHODOLOGICAL APPROACH

Authors of this work compiled a list of measures necessary for the improved performance of municipalities. This list was used to collect data using the Delphi Technique. A conceptual governance framework for non-performing municipalities was developed from two rounds of the Delphi Technique.

This municipal framework is a valuable tool for all municipalities, especially those struggling with overall performance. It will act as a guiding tool towards clean audit outcomes and overall good governance of municipalities.

The study followed a quantitative approach in data analyses via the Delphi method. Data was collected from public sector governance experts, specifically local government administration. The Delphi approach is a series of chronological rounds of questionnaires combined with controlled feedback to obtain reliable expert consensus (Linstone & Turoff, 1975; Vergotine, 2012). The Delphi approach is used to offer questions to subject specific experts

eliciting information and opinions from these participants for problem-solving and decision-making (Dunham, 1998; Vergotine, 2012). The results from the chronological questionnaires are bound to be different. Thus, they are used to address lack of consensus or an imperfect state of knowledge (Vergotine, 2012).

The Delphi Technique is appropriate for resolving complex policy matters, consisting of three rounds (Turoff, 1970; Kezar & Maxey, 2016; Fink-Hafner et al., 2019; Mirata et al., 2020; Jairath & Weinstein, 1994; Vergotine, 2012). The first round consists of unstructured, open-ended questions for participants to comment on the subject matter under investigation. These results are qualitatively analysed. The second round of the Delphi process includes rating and ranking methodologies to quantify the first round. The third round of the Delphi process includes a summary of the expert's final agreement sent to all experts who participated in the previous round. Consequently, the experts are offered a final opportunity for commenting and indicating agreement with the results prior to the conclusion of the Delphi process. However, for this study, the first activity was to compile a list of measures that could be implemented for improved performance at municipalities. This was followed by two rounds of the Delphi method, soliciting responses from governance experts.

The study was limited to two rounds as the researcher suggested measures to improve municipal performance. The format used enabled the use of two rounds (Fink-Hafner et al., 2019; Schmalz, Spinler & Ringbeck, 2021). This spoke to activities usually covered in the first phase of the Delphi process, as indicated in literature (Jairath & Weinstein, 1994; Vergotine, 2012). Thus, the study employed content analysis to identify measures from the annual reports, which were then included in the first round of Delphi as measures that may assist municipalities. As multiple data sources were consulted during the data collection process, the authors used validity strategies and triangulation. These questionnaires were piloted with experts prior to the data collection stage.

2.1. Round One: Delphi Process

The list of proposed measures was availed to the experts. These were requested to confirm whether the statements were essential and could drive non-performing municipalities to improve their performance. The participants (experts) were asked to:

- Indicate if they agreed that the suggested measures/statements (from literature review and content analysis) could assist non-performing municipalities in improving their performance; and
- Recommend other measures/statements that need to be in place for municipalities to improve their performance (not already covered in the checklist).

2.2. Round Two: Delphi Process

In the second round, participants were given feedback on the results from round one. This round assisted in the validation of the governance framework developed for non-performing municipalities. The participants were asked the following: Rank the measures/statements in order of importance that need to be put in place.

2.2.1. Population

The universe for this study was municipalities. The population consisted of experts, including representatives from AGSA, SALGA, audit committee members, academics, and consultants.

2.2.2. Sample

The study applied purposeful sampling as the selection method, which is appropriate for both qualitative and quantitative approaches, aiming to collect rich data from expert participants in the field (Vergotine, 2012). The sample of experts included academics with similar research interests as this study, current and former members of the municipality's audit committees and local government. It also comprised of representatives from the Auditor General SA (AGSA) and the SA Local Government Association (SALGA), who had thorough knowledge of the requirements for municipalities to improve their performance.

The questionnaires were disseminated via Google Forms, and consent forms were completed beforehand. The study's approval and ethical clearance was attained from the university where it was conducted. The ethical number is SAREC20211105/01. Permission was provided by the organisations from which the experts were attained, except for academics and audit committee members who participated in their personal capacities.

3. FINDINGS

There were two rounds to the Delphi Technique, as they have different purposes. When conducting the Delphi Technique, the acceptable response rate is not standardised, as it is subjective and depends on many factors, including research purpose, the type of statistical analysis, how the questionnaires are administered, and how close the research is to the participants (Denhere, 2019).

3.1. Delphi Round 1 Results – Response Rate and Participants Characteristics

Table 1 illustrates the participants’ response rate from the first round of the Delphi Technique. Academics, audit committee members, AGSA, consultants, and SALGA were among the seven target groups. A minimum of nine participants were expected from each group, with these nine based in SA’s nine provinces, as the request for permission to conduct research within these organizations was for them to assist in the identification of colleagues who had worked closely with municipalities to participate in this study. The number of participants was chosen to correspond with the number of provinces in the country. As a result, a preference for one person per region was required to represent the entire country. This did not apply to audit committee members, consultants, or academics because they were influenced by different factors. Academics were chosen based on their research interests in governance in the public sector, yielding a list of 21 academics. The questionnaire was distributed to the Forum of Audit Committee Members. This was not a small group of people; however, a minimum of nine was required. Finally, the researcher prepared a list of 17 municipal consultants; thus, 83 participants were expected to partake in the study. Among the 83 targeted participants were two organizations that declined to participate in the study. Five groups participated in the study, and the overall response rate from the 83 questionnaires is presented in Table 1. The questionnaire was open on Google Forms from 28 February 2022 to 3 April 2022.

Table 1: Delphi Round 1: Response Rate and Demographic Characteristics of the Participants

	Total questionnaires administered	Total questionnaires completed	Total questionnaires not returned
Number	83	76	7
Percentage	100	92%	8%
	Frequency	Gender Percentage	Cumulative percentage
Female	27	35.5%	35.5%
Male	49	64.5%	100%
	Frequency	Race Percentage	Cumulative percentage
Asian	4	5.3%	5.3%
Black African	50	65.8%	71.1%
Coloured	4	5.3%	76.3%
White	18	23.7%	100%
	Frequency	Age Percentage	Cumulative percentage
18-34	4	5.3%	5.3%
35-49	40	52.6%	57.9%
50-64	26	34.2%	92.1%
65 and above	6	7.9%	100%
	Frequency	Academic qualification Percentage	Cumulative percentage
Postgraduate degree	59	77.6%	77.6%
Undergraduate degree	15	19.8%	97.4%
Diploma	1	1.3%	98.7%
High school	1	1.3%	100%
	Frequency	Work experience Percentage	Cumulative percentage
5-10 years	4	5.3%	5.3%
11-15 years	13	17.1%	22.4%
15 years and above	59	77.6%	100%
	Frequency	Group – Participants' association with organisations Percentage	Cumulative percentage
Academics	23	30.2	30.2
AGSA	11	14.5	44.7
Municipal Audit Committee Member	18	23.7	68.4
Municipal Consultant	18	23.7	92.1
SALGA	6	7.9	100

Source: Researcher's own compilation

Table 1 reveals the demographic characteristics from round one of the Delphi process. The gender, age, qualification, race, work experience, and organizations' association were probed. This was to verify and confirm the participants' diversity and that they qualify as experts.

Notably, most governance experts in the public sector are males, which is not representative of SAs demographics. The table illustrates that of the 76 participants that contributed, 27 were female, and 49 were male. Of these participants, 50 were Black, thereafter Whites followed at 18. Asian and Colored groups had four participants each.

Furthermore, the age range starts at 18 to 65 years and above. The highest number of participants (40 out of 76) fell into the 35-49 age group, followed by 26 participants in the 50-64 age group, six were in the 65 and above range, and only four represented the group 18-34. The small number of participants in the 18-34 age group was expected, given that the survey targeted experts. While the distribution of the participants by age group was not surprising either, it was interesting to note that there were responses from all age groups. This means that the study was reasonably soliciting opinions from diverse age groups, providing greater insight.

Furthermore, the table shows the level of education. Of the 76 participants, the majority (59) held postgraduate degrees, followed by 15 with undergraduate degrees, only two had high school certificates and another had a diploma. The participants' qualification distribution provided excellent insight into the calibre of the experts and the role they play in improving the performance at municipalities.

The participants' work experience ranged from five to 15 years and above. Notably, 59 (77.6%) participants had 15 or more years of experience in governance. Furthermore, 13 participants had experience between 11-15 years, and only four participants (5.3%) had experience between 5-10 years. The participants' experience distribution aligns with the intentional bias towards more seasoned experts. This is critical in soliciting valuable responses based on experience in the field and should arguably reveal a truer reflection of the issues being studied.

The participants were associated with and representative of the five groups, namely academics, AGSA, municipal audit committee members, municipal consultants, and SALGA. Of the five groups that participated, most participants (30.2%) were from academic organizations. Remarkably, the response rate was above the target, as questionnaires were shared with the Public Sector Audit Committee Forum and some members of this forum also serve as academics and municipal consultants.

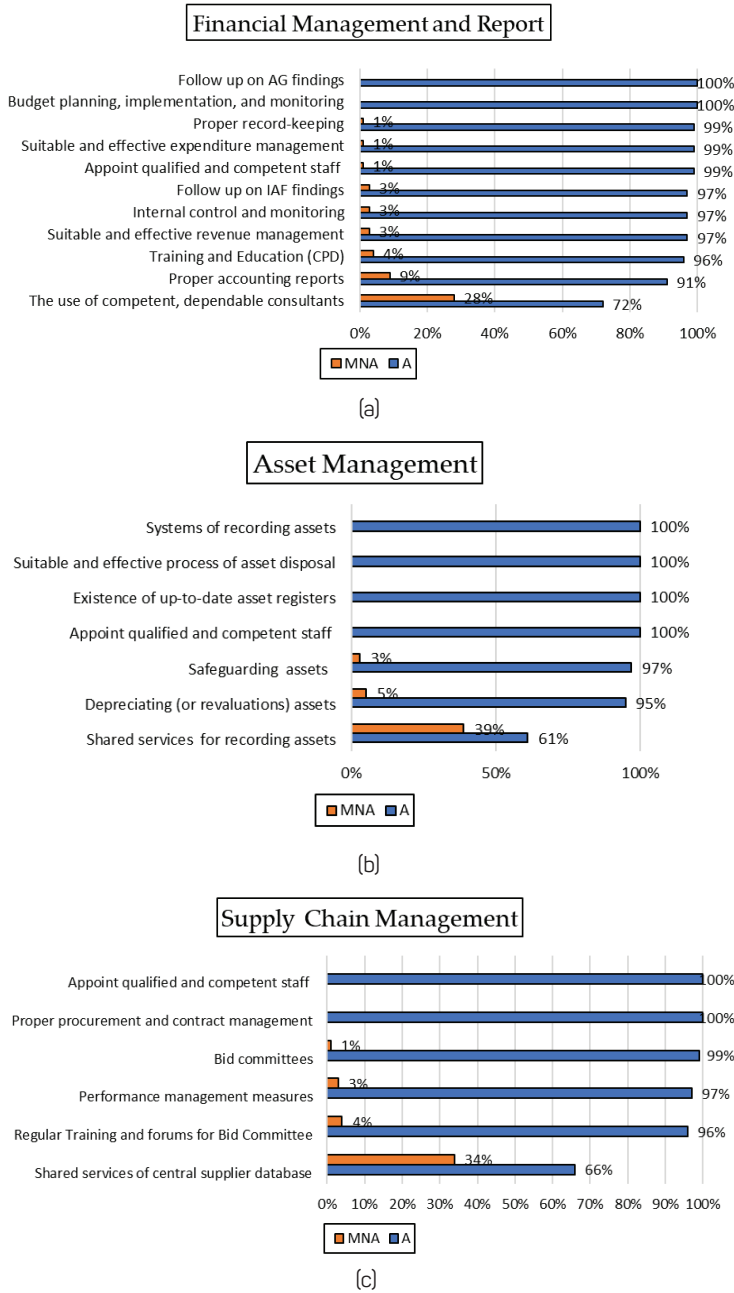
The academic group was followed by municipal audit committee members and municipal consultants, each with 18 (23.7%) participants. Eleven participants (14.5%) represented AGSA. The smallest number of participants, namely six (7.9%), represented SALGA.

When voting on these measures, a threshold of 80% agreement was considered "consensus" among the experts. This threshold was determined based on prior Delphi method investigations (Swedo et al., 2021), as well as research stating that at least 80% agreement is required to ensure content validity from a group of 10 or more experts. Therefore, all items with a score of 80% and above were considered applicable.

3.1.1. Measurements for the Governance Framework for Non-performing Municipalities

The panel of experts rated 42 measures whether these may or may not assist municipalities in improving their performance. As presented in Figure 1, Delphi round one results indicate that all experts accepted 92.3% (39 out of 42) of these measures to potentially improve municipal performance. A further 50% (21 out of 42) were accepted at a consensus of 95% to 99% by the experts, and 14% (6 out of 42) of the measures were accepted at 80% to 94% by the experts. These experts rated only three measures below 80%. These three measures were removed. Therefore, 39 measures remained in the second round and the experts were expected to rank these 39 measures according to their level of importance.

Figure 1: Rating of Measures that may enhance Municipalities' Performance



Source: Authors own conceptualization

Figure 1(a) illustrates the measures identified as “Assist” or “May Not Assist” for non-performing municipalities in improving their performance in the Financial Management and Reporting arena. Herein, 11 measures were identified that may be considered for non-performing municipalities to improve their performance. Interestingly, all – bar one – of these measures were viewed highly, as measures that could assist municipalities in improving performance. Even the one measure (i.e., “the use of competent, dependable consultants”) that did not receive a percentage response above the 80% threshold received a reasonably high percentage of 72%. Nonetheless, this measure was not added due to the below-threshold percentage response. As such, 10 measures identified as may “Assist” non-performing municipalities in improving their performance were of interest and were included in the second round. Of these 10 measures, two were rated at 100%. The other eight measures were rated between 91% and 99%.

Hiring consultants to improve performance has its advantages and disadvantages, which may explain why experts rated this measure below 80%. AGSA (2022) highlights overreliance on consultants, with little skills transfer or capacity building. Some municipalities fail to conduct needs analyses, maintain records, or oversee consultants’ work, leading to limited value. AGSA (2022: 44) reports that “there was no supporting documentation of the work conducted by consultants in the Free State province”.

In some cases, 121 municipalities that used consultants to assist in preparing their financial misstatements were reported to have submitted financial statements “which contained material misstatements, which required correction to achieve better outcomes” (AGSA, 2022: 61). AGSA (2022) specifies that the overreliance on consultants may negatively impact the municipalities’ audit outcomes. Thus, not using consultants, might result in more favourable audit outcomes.

In some cases, consultants complete basic functions that should be performed by the municipalities’ finance employees. The Auditor General (Ms. Tsakane Maluleke) suggested that “consultants should be used for technical tasks and not basic accounting function” (AGSA, 2022: 8). Hiring expensive consultants, while there are employees in the finance departments of some municipalities was noted as challenging (Laubscher, 2012). Removing “the use of competent and dependable consultants” from the proposed framework

may benefit non-performing municipalities. Conversely, the non-consideration of consultants may result in municipalities focusing on employing suitably competent, qualified staff in the four focus areas.

Figure 1(b) illustrates the measures identified as may “Assist” or “May Not Assist” non-performing municipalities in improving their performance in the Asset Management area. Seven measures were identified as measures that may be performance-improving. Most measures (i.e., six out of seven) were rated above the set threshold of 80%, and as such, six of these measures may “Assist” non-performing municipalities to improve the Asset Management area. Interestingly, four measures received a maximum rating of 100%, and the other two measures received ratings of 97% and 95%, respectively. The measure - “shared services (between the district and its local municipalities) for recording assets” - was rated 61%, and thus, not further included.

Figure 1(c) indicates the measures identified as “Assist” or “May Not Assist” for non-performing municipalities in improving their performance in the SCM area. In SCM, six measures were identified that may be considered for non-performing municipalities to improve their performance. Out of these six measures, five received significantly above-threshold ratings, ranging from a minimum of 96% to 100%. The measure rated below the set threshold at 66% was the “shared services of central supplier database for the district and its local municipalities, and thus, not further included.

Figure 1(d) defines the measures identified as “Assist” or “May Not Assist” for non-performing municipalities in improving their performance in the Governance area. Here, 18 measures were identified that could improve non-performing municipalities’ performance. Remarkably, all 18 measures were rated above the set threshold of 80% and were included in the second round.

3.2. Delphi Round 2 Results- Response Rate and Participants Characteristics

Table 2 highlights the responses achieved in the second round of the Delphi Technique. Seventy-six (76) questionnaires were administered to the five groups of participants from the first round. Forty-three (43) responses were obtained in the second round after multiple follow-ups and the survey being open from 3 April 2022 to 28 April 2022. The response rate obtained in the second round was a disappointing 57%. Nevertheless, the study proceeded with the analysis based on the 57% response rate.

Table 2: Delphi Round 2: Response Rate and Demographic Characteristics of the Participants

	Total questionnaires administered	Total questionnaires completed	Total questionnaires not returned
Number	76	43	33
Percentage	100%	57%	43%
	Frequency	Gender Percentage	Cumulative percentage
Female	13	30.2%	30.2%
Male	30	60.8%	100%
	Frequency	Race Percentage	Cumulative percentage
Asian	3	7%	7%
Black African	25	58.1%	65.1%
Coloured	4	9.3%	74.4%
White	11	25.6%	100%
	Frequency	Age Percentage	Cumulative percentage
18-34	2	4.7%	4.7%
35-49	22	51.2%	55.8%
50-64	14	32.6%	88.4%
65 and above	5	11.6%	100%
	Frequency	Academic qualification Percentage	Cumulative percentage
Postgraduate degree	35	81.4%	81.4%
Undergraduate degree	8	18.6%	100%
	Frequency	Work experience Percentage	Cumulative percentage
5-10 years	1	2.3%	2.3%
11-15 years	5	11.6%	14%
15 years and above	37	86%	100%
	Frequency	Group – Participants' association with organisations Percentage	Cumulative percentage
Academics	11	25.6%	25.6%
AGSA	8	18.6%	44.2%
Municipal Audit Committee Member	13	30.2%	74.4%
Municipal Consultant	10	23.3%	97.7%
SALGA	1	2.3%	100%

Source: Researchers' own compilation

Table 2 shows that of the 43 participants from the second phase, 13 were females (30.2%), and 30 were males (69.8%). Thus, most governance experts in the public sector are males. This was the same observation from the first round.

Furthermore, 25 participants were Black African, translating to 58.1%, followed by Whites at 11 respondents, translating to 25.6%, Coloureds at four and Asians at three. The racial distribution in this round is almost the same as in the first.

Additionally, the participants ranged in age from 18 to 65 years, and above. The age distribution is similar to that of the first round. The age group 35-49 had the highest number of participants at 22 (51.2%); followed by the group 50-64, with 14 respondents (32.6%). The third-largest group was aged 65 and above, with five respondents, and lastly, the 18-34 group with two respondents.

Table 2 further shows the respondents highest qualifications. Of the 43 contributors, the majority (81.4%) held postgraduate degrees, whilst only eight held undergraduate degrees, i.e. 18.6%.

The distribution in this round is again similar to that of the first round. Table 2 clarifies that respondents' work experience ranges from five to 15 years, and above. Again, the highest number of participants (37 out of 43) had worked 15 years or more. Five participants had worked between 11-15 years, and only one respondent had work experience from 5 to 10 years. The work experience distribution revealed is in line with the expectation of this study due to the focus on experts in governance.

The table clarifies that the participants of the second round were associated with five groups: academics, AGSA, municipal audit committee members, municipal consultants, and SALGA. The majority (13) represented municipal audit committee members (30.2%); academics followed with 11 respondents (25.6%). The municipal consultants represented 10 respondents (23.3%). AGSA was ranked fourth with eight participants (18.6%), and lastly, was SALGA, with only one respondent (2.3%).

Table 3: Ranking of Critical Areas

Ranking	Area	Participant Score
1 st	Governance	76.7%
2 nd	Financial Management and Reporting	55.8%
3 rd	Supply Chain Management	55.8%
4 th	Asset Management	74.4%

Source: Researchers' own compilation

Table 3 delineates the ranking of the critical areas that would assist non-performing municipalities in improving their performance. The areas were ranked between one and four, as per the importance of the measures. Governance was ranked first (76.7%) as important for performance improvement in municipalities. This was followed by the Financial Management and Reporting area, ranked at 55.8%, as second most important area of improvement. SCM was the third most crucial area at 55.8% and Asset Management was ranked fourth at 74.4%. These critical areas lay the foundation for the subsequent discussions below, leading to the layout of the framework.

It is not surprising that the Governance area ranked first amongst the four areas as it will assist non-performing municipalities in improving their performance.

Table 4: Delphi Round 2: Results on Ranking Governance Area Measures

Rankings	Area	Participant Score
1 st	Appointment of competent, skilled, and experienced leaders (municipal managers and other managers)	51.2%
2 nd	Capable political leadership that can provide oversight	26.8%
3 rd	Number three is missing...	
4 th	Municipal leadership embeds a culture of high ethical standards	17.1%
5 th	Transparency and public participation for checks and balances	12.2%
6 th	Suitable and effective performance management system (employee performance linked to municipal performance)	14.6%
7 th	Adequate and effective audit committees	12.2%
	Filling of vacant (acting) key positions with competent candidates	12.2%
	Ethical assessment before an appointment	12.2%
8 th	Adequate and effective internal audit functions	15%

Rankings	Area	Participant Score
9 th	Enforcing a culture of zero tolerance for unethical behaviour and holding those who do not comply accountably	12.8%
10 th	Transparency and public participation for checks and balances	12.8%
11 th	Adequate and effective internal audit functions	10.5%
	Clear separation of duties and collaboration within teams and divisions	10.5%
12 th	Adequate and effective risk committees	15.8%
13 th	Embrace the combined assurance model	21.1%
14 th	Investment into suitable and functioning Information Communication Technology (ICT)	21.1%
15 th	Establish Municipal Public Accounts Committee	18.4%
16 th	Comply and embrace the District Development Model	13.2%
17 th	Comply and embrace the District Development Model	37.1%
18 th	Establish a Financial Misconduct Board (to address mismanagement of funds)	28%

Source: Researchers’ own compilation

Table 4 elucidates the ranking of measures that would assist non-performing municipalities in improving their performance within Governance. This ranking was between one and 18, as per their importance. However, only the top five measures were considered for the focused analysis in developing the governance framework for non-performing municipalities. The analysis is limited to the top five ranked measures based on the importance of enabling non-performing municipalities to implement the governance framework in phases. When non-performing municipalities implement these critical top five measures in all areas affecting performance, a good foundation may be set. The highest ranked measure was the “Appointment of competent, skilled, and experienced leaders (municipal managers and other managers)”, favoured by 51.2% of the participants. The “Appointment of competent, skilled and experienced leaders” measure is a good foundation for proper governance in municipalities. The AGSA (2022: 68) report asserts that for the “sustainable improvement of audit outcomes, There should be a committed and stable political and administrative leadership that is experienced, competent and actively involved in creating a strong control environment as a tone on top. In the same AGSA (2022) report, municipalities with an unqualified audit outcome were mostly under the leadership of Chief Financial Officers who had been in that position for a minimum of three years. Thus, experience and competency play a role in the municipalities’ performance.

Principle seven of King IV recommends municipalities have an appropriate balance of knowledge, skills, experience, diversity, and independence to discharge their governance role. The second-ranked measure was “Capable political leadership that can provide oversight”. This was ranked so by 26.8% of the participants. Unsurprisingly, this measure followed the “Appointment of skilled, competent and experienced management” as it may be impossible for leaders to provide proper oversight if they are not competent and do not have the skills to do so. “Municipal leadership embeds a culture of high ethical standards” was fourth at 17.1%. Ethical leadership is paramount for the success of municipalities, and council members are expected to embrace this culture within their municipalities (Laubscher, 2012; Mantzaris, 2017; Mofolo, 2020). Lastly, the fifth-ranked measure was “Transparency and public participation in checks and balances”, ranked at 12.2%. Public participation is critical in promoting good governance for this specific measure (Stuurman, 2019; Mathiba, 2020).

Table 5: Ranking of Critical Measures under the Financial Management and Reporting

Rankings	Area	Participant Score
1 st	Appointment of suitably qualified and competent staff in the finance	76.7%
2 nd	Adequate and effective internal control and monitoring	27.9%
3 rd	Suitable and effective expenditure management	23.3%
4 th	Suitable and effective revenue management	20.9%
5 th	Suitable and effective budget planning, implementation, and monitoring (IDP and SDBIP)	23.3%
6 th	Proper record-keeping	20.9%
7 th	Proper preparation and publishing of accounting reports	27.9%
8 th	Regular education and training for staff in key roles (Continuous Professional Development)	27.9%
9 th	Suitable and effective process of following up and implementation of AGSA findings and recommendations	41.9%
10 th	Regular education and training for staff in key roles (Continuous Professional Development)	46.5%
	Suitable and effective process of following up and implementation of internal audit function findings and recommendations	32.6%

Source: Researchers’ own compilation

Table 5 shows the ranking of measures that would assist non-performing municipalities in improving their Financial Management and Reporting performance. The ranking was between one and 10, as per their importance. However, only the top five measures were considered for the focused analysis in developing the governance framework for non-performing municipalities. The highest-ranked measure under Financial Management and Reporting was the “Appointment of suitably qualified and competent staff in finance”, at 76.7%.

The third-ranked measure was “Suitable and effective expenditure management”, at 23.3%. Furthermore, legislation (RSA, 2003) recommends that “[t]he Council and Council Committee should investigate whether the unauthorised expenditure is fruitless and wasteful, and has been authorised.”

Table 6: Ranking of Critical Measures under the Supply Chain Management

Rankings	Area	Participant Score
1 st	Appointment of suitably qualified and competent staff in Supply Chain Management	76.7%
2 nd	Proper procurement and contract management	37.2%
3 rd	Suitable and effective bid committees	39.5%
4 th	Suitable and effective performance management	44.2%
5 th	Regular training and forums for Bid Committee members	60.5%

Source: Researchers’ own compilation

Table 6 shows the ranking of measures that would assist non-performing municipalities in improving their performance in the SCM arena. These measures were between one and five, as per their importance. The first measure was “Appointment of suitably qualified and competent staff in SCM”, ranked at 76.7%.

The second measure was ranked at 37.2%, and was “Proper procurement and contract management”. Municipalities struggle to introduce proper procurement processes and management of contracts. In the AGSA (2022: 35) report, “inadequate procurement and payment practices, unfair procurement practices, as well as inadequate contract management are still prevalent”. Poor contract management has significant repercussions as it increase poor expenditure management. As such, proper processes must ensure that the

performance of non-performing municipalities improves. For this reason, the ranking of the measure is in line with literature.

The “Suitable and effective bid committees” measure was third-ranked measure at 39.5%. Sections 41 and 111 to 119 of the MFMA suggest that a bidding process be in place, making the process fair, equal and simultaneous access to information for all stakeholders (RSA, 2003). However, some municipalities do not have appropriate bidding committees, or conduct themselves fraudulently by colluding with bidders or using incorrect procurement processes concerning threshold values for quotations and competitive bidding (Thobakgale & Mokgopo, 2018).

When the bidding committee is not functioning or is non-existent, this has a negative effect on the performance of municipalities.

The fourth-ranked measure was “Proper and effective performance management”, at 44.2%. The last ranked measure was “Regular training and forums for bid-committee members”, at 60.5%.

Table 7: Ranking of Critical Measures under the Asset Management

Rankings	Area	Participant Score
1 st	Appointment of suitably qualified and competent staff in asset management	76.7%
2 nd	Suitable and effective systems of recording assets	37.2%
3 rd	Existence of up-to-date asset registers	44.2%
4 th	Suitable and effective process to safeguard assets	39.5%
5 th	Suitable and effective process of asset disposal	48.8%
6 th	Suitable and effective process of depreciating (or revaluations) assets	53.5%

Source: Researchers’ own compilation

Table 7 clarifies the ranking of measures that would assist non-performing municipalities in improving their performance in the Asset Management area. The ranking was between one and six, as per their importance. However, only the top five measures were considered for the focused analysis in developing the governance framework for non-performing municipalities. The analysis is limited to the first five ranked measures based on importance.

4. THE PROPOSED CONCEPTUAL GOVERNANCE FRAMEWORK IN DISTRICT MUNICIPALITIES OF SA

In the first round of the Delphi method, experts showed a strong consensus of identifying measures that might assist municipalities in improving their performance. In the second round, there was further strong consensus (50% +), with the weakest consensus being just above 20% for the top five measures in each focus area. From each focus area, the top five measures were used to develop a governance framework for non-performing municipalities. The measures were limited to ensure that the focus and implementation process was not too broad and not too lengthy to implement, as this could enable easy evaluation of the impact of the adoption of the proposed framework.

As an agent of the municipalities, the council should embrace their responsibilities, provide capable leadership, consist of a pool of competent, skilled, and experienced members, and embrace an ethical culture within their municipality. The foundation of governance and improved performance in municipalities are the study's four focus areas, namely Governance, Financial Management and Reporting, Supply Chain Management, and Asset Management. Thus, these four areas need to be capacitated by suitably competent, experienced, and skilled individuals. These measures scored above 76% in three areas - except for governance, which was at 51%. This indicated that suitably qualified employees would improve performance. The fifth measure identified in the governance area of transparency and public participation resulted in legitimacy of the municipality and would resolve agency theory issues. When the community is aware, they can hold those in charge accountable. The same measure is also recommended in Section 16(1) of the Municipal Systems Act 32 of 2000. Public participation is necessary to promote good governance, accountability, and transparency, which may assist municipalities in obtaining clean audit outcomes (Stuurman, 2019).

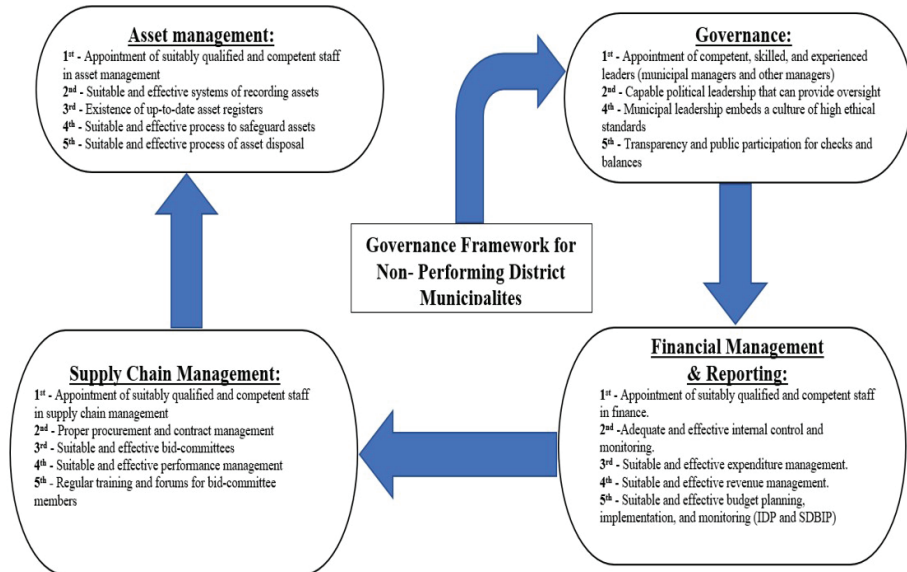
The municipal council and management should be aligned with the committees they serve and other stakeholders. The municipal council should adopt their role and perform its duties with the motive of good governance (Motubatse et al., 2015). These stewards must provide effective and efficient services that meet the needs of their principals without exception (Nzimakwe & Mpehle, 2012; Motubatse et al., 2017). Thus, the stewards must be competent,

skilled, and experienced, including embracing an ethical municipal culture when performing duties, as proposed by the top five governance measures. Stewards are expected to demonstrate good stewardship and accountability by taking care of the entrusted resources.

In applying the institutional theory, mimetic pressure may be applied to non-performing municipalities to mimic those municipalities that have managed performance improvement. Thus, with this developed governance framework, non-performing municipalities may adopt measures used by performing municipalities to turn around their negative performance. In the form of the resource dependency theory, the measure of "The use of competent, dependable consultants" only received 72%, and was thus, removed.

In addition, reflection must occur regarding the notion that "Appointment of suitably skilled, competent, and experienced staff" was chosen in all four areas. This suggests that municipalities should rely on their resources by insourcing and not outsourcing. Municipalities should also have adequate and effective internal controls and monitoring. This will assist in claiming adequate revenue, expenditure, and budget management, assisting municipalities in being autonomous and displaying healthy revenue resources and financial management.

Figure 2: A Governance Framework for Non-Performing Municipalities



Source: Researchers own conceptualisation

The study's main objective was to develop a governance framework for non-performing municipalities. Through a literature review and the Delphi Technique, a framework was developed for non-performing municipalities. As in Figure 2, the developed framework has four critical areas, namely Governance, Financial Management and Reporting, SCM, and Asset Management. These areas are ranked according to importance, especially for current non-performing municipalities. The non-performing municipalities need this framework to ensure that the identified critical areas are implemented.

Municipalities must have good governance to improve performance. The framework suggests that the top five measures must be implemented for proper governance. These include: municipalities appointing competent, skilled, and experienced leadership; having capable political leadership providing oversight; embracing a culture of high ethical standards; and ensuring transparency and public participation for the checks and balances. Five critical measures must be implemented to ensure proper Financial Management and Reporting. The most critical measure is the appointment of suitably qualified and competent staff in the finance division, followed by the implementation of adequate and effective internal control and monitoring, suitable and effective expenditure management, proper and effective revenue management, and suitable and effective budget planning, implementation, and monitoring. When these measures are implemented, Financial Management and Reporting can significantly improve, contributing to the overall municipal improvement.

Municipalities must also focus on SCM. Here, the framework reveals the most critical measure in achieving sound SCM is the appointment of suitably qualified and competent staff. This is critical, because SCM can be strengthened when competent employees adhere to policies and legislation. This will guarantee proper procurement and contract management by adhering to standard contract and operating procedures; suitable and effective bid committees understanding policy affecting their duties; appropriate and operational performance management; and regular training and forums for bid committee members.

The fourth crucial area to be focused on, is Asset Management. The framework suggests five critical measures to strengthen and improve Asset Management. Most critical is appointing qualified and competent staff in this division. Municipalities must also ensure they have suitable and valuable IT

systems for asset recording assets completeness and accuracy. Registers must be updated, safeguarded and disposed of appropriately. All these interventions would ensure sound Asset Management, which will improve the municipalities' overall performance.

Implementing these measures is essential for improving municipal performance and service delivery. The measures suggest the framework need not be implemented in phases. Implementation can occur concurrently. However, timeframes or targets for specific implementing bodies would be pre-determined for successful implementation.

CONCLUSION

The study's main objective was to develop a governance framework for non-performing municipalities. The literature review and the results defined a governance framework for non-performing municipalities. From the Delphi first round, 39 measures were proposed to improve municipal performance, which were also used for the second round of the data collection phase. Experts were required to rank the measures according to importance based on given focus areas. The results of the second round were analysed and used to construct the governance framework for non-performing municipalities.

The study was limited to district municipalities. This framework will assist users in identifying areas to prioritise in creating high-performing municipalities. Furthermore, the framework will guide non-performing municipalities on which measures to prioritise in each critical area ensuring improved performance.

Future studies can extend to focus on all non-performing municipalities in SA. This could strengthen the conceptual framework to be generalizable across all forms and levels of municipalities. Further more the study may propose empirical validation of framework impact (e.g., pre/post audit-outcome comparisons) and cross-country applicability.

The main contribution of this research is the governance framework for non-performing district municipalities, developed by considering the literature, legislation, and experts' opinions. The framework assists users in identifying areas that are to be prioritized for transforming municipalities into high-performing municipalities. Furthermore, the framework may serve as a

guide for underperforming municipalities regarding the measures that must be selected under each critical area to improve performance. The study contributes to the importance of agent competency.

In all critical areas that need to be considered for improved municipal performance, the "appointment of competent, skilled and experienced personnel" is highly ranked. This indicates that municipal managers, senior managers, and general managers serving as agents in municipalities would need to be competent, skilled and experienced for them to be able to serve their principal to an optimal level. Therefore, for future studies in the public sector using agency theory, there might be need to consider competency expectations from all parties serving as agents. Institutional Theory – From content analysis, it was evident that municipalities whose performance improved during the study period had similar measures in their annual reports. Municipalities will be under coercive pressure to comply with legislation and other relevant policies, which might improve performance. As such, non-performing municipalities may apply the mimic pressure to mimic the performing municipalities for improvement to take place. The study also shows that public participation is crucial for improved performance as it promotes good governance and accountability.

The study benefits policy makers and most communities, as they are critical stakeholders. When district municipalities improve their performance, the lives of these communities will improve. Furthermore, the study benefits the municipalities' overseers, such as AGSA, COGTA, SALGA, National Treasury, and provincial departments. These stakeholders' functions will enhance performance by overseeing well-functioning municipalities to comply with legislation and thus, perform better. To ensure the effective implementation of the governance framework, oversight institutions such as AGSA, SALGA, and COGTA should mandate competency-based appointments in line with Sections 57 and 83 of the Municipal Systems Act. This would involve enforcing minimum qualification and skills requirements for senior managers, conducting objective vetting processes, and integrating competency assessments into performance contracting. Furthermore, municipalities should be required to incorporate governance-related key performance indicators (KPIs), such as levels of public participation, audit response rates, and internal control assessments into their Service Delivery and Budget Implementation Plans (SDBIPs), with SALGA providing standardised indicators and support.

To promote accountability and track progress, AGSA and COGTA should require municipalities to submit annual reports on the adoption and institutionalisation of the governance framework, including governance scorecards and self-assessments verified by internal audit. Additionally, COGTA and National Treasury should link conditional grants and funding incentives to compliance with governance reforms, including the implementation of ethical leadership structures and performance monitoring systems. Finally, SALGA and provincial COGTA departments should establish support units dedicated to assisting municipalities with the rollout of governance frameworks, offering training, conducting annual governance audits, and facilitating peer learning. These policy measures would enable oversight bodies to move the framework from theory into practice, driving tangible improvements in municipal performance and public trust.

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