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**Oversight Mechanisms and Service Delivery: A Case Study of Municipal Public
Accounts Committee Oversight of Electricity Services in Raymond Mhlaba Local
Municipality**

by

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ABSTRACT

South Africa, as a post-apartheid state is still grappling with socio-economic inequalities such as poverty, unemployment, and inequality. Local government is mandated to play a developmental role and has a responsibility to redress these socio-economic inequalities at grassroots level. According to the Constitution of South Africa, the local government sphere is obligated to adopt and practice good governance. Whilst good governance means different things to different people, this study argues that good governance is characterised by transparency and accountability, and the use of public resources in an accountable and sustainable manner in order to ensure the progressive realisation of the needs of the municipal residents. This study explores the relationship between oversight and service delivery by examining the Municipal Public Accounts Committee's oversight of electricity services in Raymond Mhlaba Municipality (herein referred to as RMM) in South Africa's Eastern Cape Province. It makes use of a case-study research design to inform its data collection and analysis. Officials responsible for electricity service provision and councillors responsible for overseeing the performance of electricity services in RMM were interviewed. These interviews were analysed together with a document analysis of RMM, and a review of relevant local government legislation. The research findings indicate that the Municipal Public Accounts Committee (herein referred to as the MPAC) in RMM failed to engage in effective oversight due to (1) a lack of familiarity with the municipality's plans for electricity services, (2) a lack of familiarity with the targets for revenue collection and expenditure management for electricity services, and (3) a lack of rigorous oversight and monitoring of the municipality's spending and implementation of targets set out in its electricity plans. This study, therefore, reflects the realities of non-effective oversight in municipalities in the Eastern Cape and proposes a model which can improve some of the dire oversight practices which are prevalent in rural municipalities such as RMM.

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LIST OF ACRONYMS

AGSA - Auditor-General of South Africa

Clr - Councillor

DMRE - Department of Mineral Resources and Energy

CoGTA - Cooperative Governance and Traditional Affairs

FBE- Free Basic Electricity

FBS- Free basic services

GDU - Governance and Development Unit

HRM - Human Resource Management

IDP - Integrated Development Plan

INEP - Integrated National Electrification Programme

IoDSA-The Institute of Directors South Africa

MBRR - Municipal Budget Reporting Regulations

MFMA - Municipal Finance Management Act 56 of 2003

MPAC - Municipal Public Accounts Committee

MPRM - Municipal Public Resource Management Model

MSA - Municipal Structures Act 117 of 1998

mSCOA - Municipal Standard Chart of Accounts

MSyA - Municipal Systems Act 32 of 2000

MTREF- Medium Term Revenue and Expenditure Framework

NT - National Treasury

PSA - Public Servants Association

RMM - Raymond Mhlaba Municipality

RUESC - Rhodes University Ethical Standards Committee

SALGA - South African Local Government Association

SCOPA - Standing Committees on Public Accounts

SDBIP - Service Delivery and Budget Implementation Plan

CHAPTER ONE

SERVICE DELIVERY IN THE SOUTH AFRICAN CONTEXT

1.1 Introduction and Background to The Study

Service delivery is a complex and difficult task, particularly in the South African context. Prior to 1994, public infrastructure in the country was not built to be inclusive of all races, and the process of restructuring the entire system to meet the needs of the whole population has proven to be a daunting task for a government which is generally considered to be under-capacitated (Public Servants Association, 2015: 6). Even though progress has been made in many areas since the onset of democracy, significant problems remain, particularly in former townships and rural areas. Continued weak service delivery has undermined people's trust in government and has bred anger in underserved municipalities (*Ibid*: 7). Before delving into the discussions highlighted in this thesis, it is important to briefly define what governance and accountability entail. Lekala (2019: 30) in his thesis highlights that, even with the many definitions and categorisations of governance, such as political, administrative, economic, and civic governance, it can be agreed that governance is always geared towards societal goals and each stakeholder has a responsibility. Governance, in essence, is argued to be "any mechanism through which ordered rule is maintained, the central features being the ability to make collective decisions and the ability to enforce them" (Heywood, 2007, cited in Lekala, 2019: 25).

To provide a more succinct definition, the World Bank (1992) defines governance as the mechanism through which power is used in the management of a country's socio-economic resources for development. Local governments, therefore, become the "facilitators" or rather, the "enablers" that make the realisation of people's needs possible (Lekala, 2019: 23). After all, governance and government should not be detached from the people. In the South African local government context, accordingly, good local governance exists to advance the vision of a developmental local government that is meant to benefit the people as envisioned in the Constitution. An explanation of how governance works in the context of local government will be further explored in Chapter 2 of this thesis.

Now that all the key terms have been defined, this chapter sets out the context of service delivery and notes some of the challenges faced by the local government¹ sphere in South Africa. Thereafter, it provides an outline of the key objectives of the study, and the research methods followed to address these research objectives. Lastly, it provides a brief outline of the chapters to follow.

1.2 Problem Statement: Service delivery in the context of local government in South Africa

The South African government has three spheres: National, Provincial, and Local Government. Municipalities constitute the local government sphere, which is the sphere closest to the people and the site of service delivery. Metropolitan and some local municipalities usually represent large, urbanised regions which may encompass multiple cities and towns, or may represent primarily rural and peri-urban areas (Mutymbizi *et al.*, 2020: 2). Since 1994 various policies and legislative reforms have been developed to guide the functions of municipalities (*Ibid*: 3). Section 152 of the *Constitution of South Africa* (1996) sets out the objectives of local government. It requires that local governments must: (1) provide an accountable and fair government for local communities; (2) ensure that provision of services to communities is sustainable; (3) promote a safe and healthy environment; and (4) encourage public participation in matters of local government. To achieve these objectives, the Constitution sets out the developmental duties of municipalities, key of which is enshrined in Section 153(a), which obliges municipalities to “structure and manage their administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.” In addition to what the Constitution outlines, Masuku and Jili (2019: 1) argue that local municipalities have the obligation to create income opportunities for people, especially the poor, with the aim of contributing towards poverty reduction and the realisation of people’s needs.

The “Batho Pele” principles introduced by the South African government in 1997 align with the above-mentioned principles of the Constitution of South Africa. “Batho Pele” in Sesotho means, “putting people first” (Department of Public Service and Administration, 2014: para. 3). This framework was introduced as a means of transforming public service in South Africa and to overcome the previous inequalities in service provision entrenched under the

¹ In the South African Context, any reference to local government is a reference to municipalities.

apartheid regime. In addition, the *Batho Pele* framework sought to provide a people-centred form of service delivery which strives towards pursuing excellence in service delivery and sets out principles that speak to openness, transparency, and value for public resources (*Ibid*, para. 4).

In light of the above, this study looks at municipal oversight over electricity service delivery which is a South African local government function. The reasoning behind the focus on electricity is because basic services such as electricity play a significant role in the improving the quality of life of municipal residents. Furthermore, besides its social benefits, electricity provision is also a driving factor in the economy. Investments, economic growth and job creation are some of the socio-economic development elements which depend on electricity provision (National Treasury, 2008: 109). Local government plays an important role in the provision of electricity in South Africa. The following sections of the *Constitution of South Africa* (1996), among others, refer to the subject: Schedule 4B lists electricity and gas reticulation as a local government responsibility; Section 153 places the responsibility on municipalities to ensure the sustainable provision of services (including electricity reticulation) to communities. as well as the promotion of economic and social development; and the provision of services like electricity are an important source of funding for local government, and in many municipalities, a key source of ‘own revenue’.

1.2.1 Electricity Provision in South Africa

Electricity provision consists of three phases namely, generation, transmission, and distribution. Generation is the process by which electricity is produced; transmission is the transportation of electricity that has been generated in power stations to local networks for distribution via high voltage, long-distance power lines to the load centres; and distribution is the actual delivery of electricity to final consumers (National Treasury, 2008: 110). Electricity generation and transmission together constitute electricity supply, and in South Africa, this is largely the function of Eskom (although, more recently, in some cases, municipalities have been granted their own limited generation capacity). The distribution function, however, is shared between municipalities and Eskom (National Treasury, 2008: 110).

Municipalities in this regard, play a huge role in setting the terms of access to energy and they do this through the Free Basic Electricity programme (herein referred to as FBE). This means that the way a municipality manages electricity distribution (i.e., how it sets tariffs) determines

whether households are actually able to access affordable, clean, and safe energy (Ledger, 2021: 21). In terms of the FBE policy, it is each municipality's responsibility to identify households within its boundaries which qualify for indigent status, to keep a record of these households and to then ensure that they receive the free basic services (*Ibid*: 26).

Africa only produces a small percentage, about 3%, of globally generated electricity (National Treasury, 2008: 111). South Africa generates around two-thirds of the total amount of electricity produced across Africa, making it the largest supplier of electricity on the continent. South Africa is particularly reliant on coal for electricity generation, where close to 90% of all electricity in South Africa is generated using fossil fuels/coal (*Ibid*: 111-112). In the context of Raymond Mhlaba Municipality (RMM) which is the focus of this study, the electricity network has been reported as being in poor condition. Furthermore, it has been observed that there is a dire need for the municipality to implement the projects listed in the RMM Electricity Master Plan from 2017 (Raymond Mhlaba Municipality Electricity Master Plan, 2017: 4).

Kraai *et al.*, (2017: 65) define oversight as, “the active interaction of a legislature with the executive and administrative branches of government in order to improve the delivery of predefined government priorities”. Why is the concept of oversight important? Ledger (2021: 31) points out that South Africa's policy to redress poverty and inequality through programmes like the FBE has crumbled and that, surprisingly, none of those accountable for the implementation of this policy seem to have noticed. For example, legislated oversight departments like Cooperative Governance and Traditional Affairs (CoGTA), National Treasury and the Department of Mineral Resources and Energy (DMRE) are all responsible for a portion of the FBE programme however, no one is entirely responsible for overseeing the whole value chain of free basic services (FBS). The consequence of the abovementioned is that key parts of the value chain slip through the cracks of certain departments because of the lack of effective oversight. Unfortunately, this happens at the detriment of the poorest households (*Ibid*: 34).

In reflecting on the above, this dissertation argues that, in the specific context of municipalities, there needs to be rigorous municipal oversight to ensure that officials from the RMM Department of Electricity can account for the implementation of any of their project targets, including FBE. This, in turn, would lead to improved consequence management; for every unmet target, the Department of Electricity would have to account for the effective use

of public resources for electricity service provision and the Municipal Manager would need to take the appropriate corrective action.

To provide background context for this study, RMM was established through an amalgamation of the former Nkonkobe and Nxuba Local Municipalities on 3 August 2016 (Raymond Mhlaba Municipality, 2018: 1). It is a rural municipality neighbouring Makana Local Municipality, Blue Crane Local Municipality, Amahlathi Local Municipality, Ngqushwa Local Municipality, Enoch Mgijima Local Municipality, and Buffalo City Metropolitan Municipality (*Ibid*: 2). The municipality has the following satellite offices: Middledrift, Hogsback, Alice, Seymour, Adelaide, and Bedford (*Ibid*: 3). A map of the RMM municipal area is provided below:



Diagram 1: Map of RMM and neighbouring local municipalities²

Mutyambizi *et al.*, (2020: 3) point out that, since 1994, the provision of basic services in South Africa has been a key developmental priority and that there has been significant progress made in service delivery. Grants such as the Municipal Infrastructure Grant (MIG) – which aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, and community lighting – are examples of the South African government’s progress (*Ibid*: 5). Such efforts are commendable and show the

² Extracted from: Municipalities of South Africa. (2012-2021). Available from: <https://municipalities.co.za/map/1233/raymond-mhlaba-local-municipality> [Accessed 04 March 2021].

importance that the government gives to reaching the masses with these services. However, it is argued that, despite this progress, basic service delivery protests have continued to rise in post-apartheid South Africa. Dissatisfaction with service delivery and the resulting negative perceptions of municipal management have often been cited as the reason for the increase in service delivery protests within South Africa (*Ibid*: 4-5).

More specific information on municipal service delivery protests can be drawn from the Municipal IQ Hotspots monitor, which shows a significant increase in protests over the past 20 years.

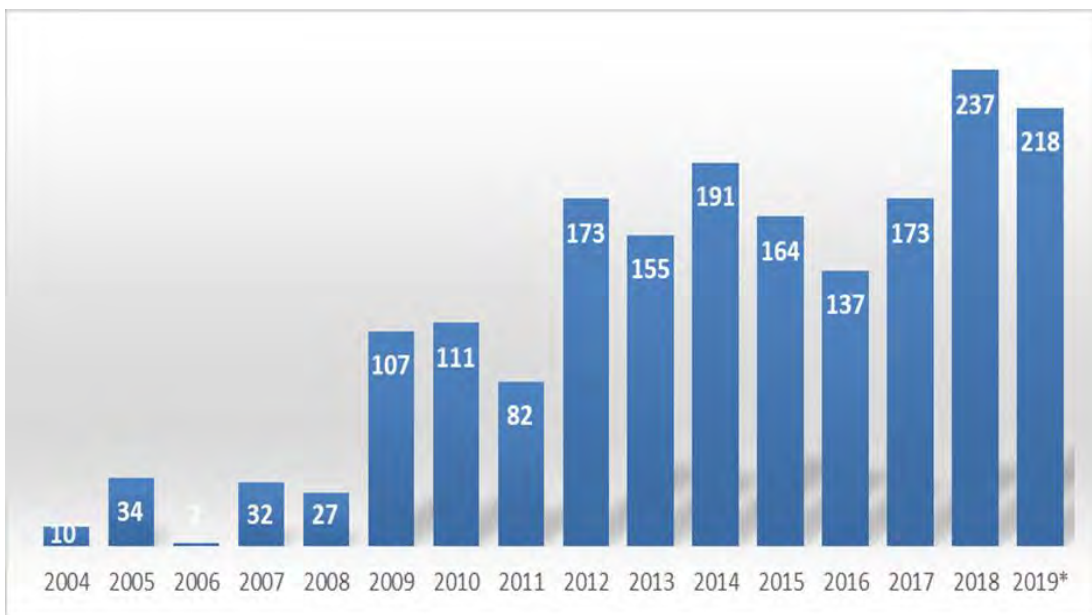


Diagram 2: Municipal service delivery protests 2004–2019³

Given this context, this study has a particular interest in municipal oversight over electricity service delivery. As mentioned in the introductory section, the objective of the study is to understand the role played by municipal oversight bodies, with specific reference to the Municipal Public Accounts Committee (MPAC) in RMM. To understand the relationship between MPAC’s oversight role over electricity service delivery in RMM, this research tested the application of the Municipal Public Resources Management Model (herein referred to as MPRM model).

The MPRM model, which is not merely an analytical model, but a normative model, asserts that to successfully convert available public resources into municipal services that meet the

³ Extracted from: Municipal IQ Hotspots monitor. (2020). Service delivery protests and their patterns. Available from: https://www.municipaliq.co.za/index.php?site_page=article.php&id=52 [Accessed 01 March 2021].

priority needs of municipal residents, a series of public resource management processes have to be implemented effectively (Allan, 2019: 3). The MPRM model focuses on nine processes as follows:

1. Needs assessment
2. Strategic planning
3. Resource mobilisation planning
4. Resource allocation planning
5. Revenue collection
6. Expenditure management
7. Performance management
8. Preventative and corrective action and;
9. State oversight

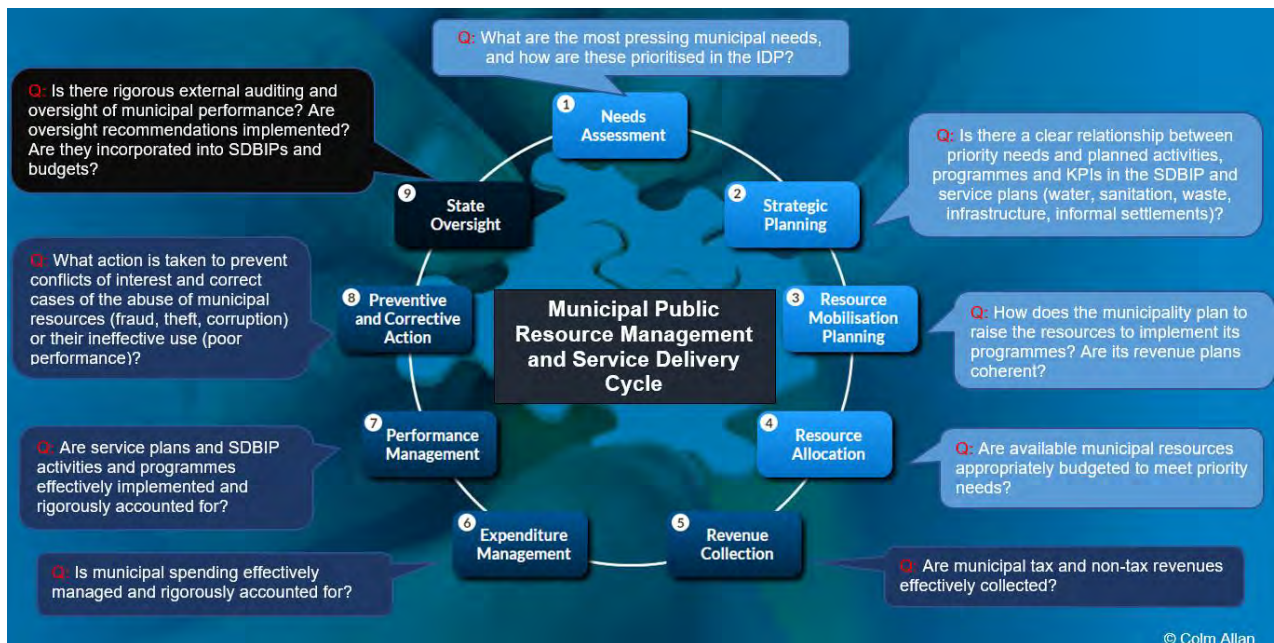


Diagram 3: The Municipal Public Resource Management Model⁴

The processes illustrated in the model above can be grouped into three phases which are explained in the next chapter. These phases are as follows: (1) the planning phase consisting of needs assessment, strategic planning, resource mobilisation planning and resource allocation; (2) the implementation phase consisting of revenue collection, expenditure management, performance management, and preventative and corrective action; and (3) the

⁴ Sourced from Allan, C. In: Reynolds, J. & Van der Walt (eds.) (2019). *Strategy: Debating Politics Within and at a Distance from the State*. Makhanda: Neil Aggett Labour Studies Unit (NALSU), pp. 85-88.

oversight phase consisting of the state oversight process (Allan, 2019: 4). In short, the MPRM model is built on the assumption that the effective translation of the municipality's available resources into services that meet residents' needs cannot happen if only one (or even a selection) of the nine processes are implemented effectively.

Due to time constraints, this research was not able to cover each of the nine processes in detail. Instead, it focuses on two of the processes under the planning phase, namely the resource mobilisation planning process (which determines revenue targets) and the resource allocation process (which sets out spending targets). It also focuses on two corresponding processes under the implementation phase: the revenue collection process (the goal of which is to implement the revenue targets set in the resource mobilisation planning process) and expenditure management (which seeks to implement the spending targets set in the resource allocation process). Lastly, the study looks at the final MPRM process, state oversight, in order to establish whether the RMM MPAC has performed its oversight role effectively. The rationale behind choosing these specific processes was to investigate whether the MPRM model provides a coherent basis for explaining service delivery and oversight challenges encountered in RMM.

The aim of this study is to make an insightful contribution to debates on local government oversight and service delivery. It attempts to test the analytical applicability of the MPRM model, and its ability to assist municipal oversight bodies to exercise more effective oversight over service delivery. The study sets out to test whether MPAC members could use the MPRM model to ask key questions about the effective implementation and governance of each process and to hold the municipal executive and administration accountable for their performance in ensuring the effectiveness of each process (*Ibid: 51*).

Furthermore, the study sets out to test whether this MPRM model could assist with the tracking and monitoring of expenditure against the municipal budget, and whether it could be used to strengthen corrective measures by holding those responsible for service delivery accountable. Part of the intention of the study is to help establish whether the MPRM model provides a more holistic understanding of how oversight contributes to municipal service delivery.

1.3 Objectives of The Study

This research is centred on the following research question: is the MPAC exercising effective oversight over electricity services in RMM?

According to the MPAC Guide and Toolkit (National Treasury and Cooperative Governance and Traditional Affairs, 2018: 45-46), an effective MPAC can be identified by several attributes or characteristics which are as follows: it should be non-partisan; have a good working culture; have a high public profile; have capacitated staff; be able to self-evaluate; and should have a comprehensive mandate. Section 29 of the Local Government Structures Amendment Act⁵ (2021: 18), makes provision for the establishment of MPACs and provides clear roles to be exercised by the committee. These include, reviewing the Auditor-General's reports and comments of the management committee, and audit committee. Most importantly, the role to make recommendations to Council is also covered.

In addition to the main research question, this study sought to answer the following subsidiary questions:

1. Was the MPAC familiar with the content of the RMM's plans for electricity services (e.g., the Electricity Master Plan, the Service Delivery and Budget Implementation Plan, and the budget)?
2. Was the MPAC familiar with the targets for revenue collection and expenditure set out in RMM's plans and budget?
3. Was the MPAC able to rigorously oversee RMM's success in tracking revenue collection and spending against the targets set out in its plans (e.g., the Electricity Master Plan, Service Delivery and Budget Implementation Plan or the annual budget) for electricity?
4. Was the MPAC able to make appropriate and feasible recommendations for corrective action based on its findings?

To answer the above questions, this study used the MPRM model as a middle-range theory to investigate the concept of effective oversight within the local government sphere. The MPRM model acts as a middle-range theory, which draws from critical realist underpinnings. What this mid-range theory entails and an overview of what this theory entails is set out in chapter two of this study. The following section of this chapter outlines the methodological orientation of this research.

⁵ *Local Government: Municipal Structures Amendment Act*, No. 3 of 2021. Available from: https://www.greengazette.co.za/notices/local-government-municipal-structures-amendment-act-3-2021-commencement-of-act_20211011-GGN-45305-00037-01 [Accessed: 30 July 2022]

1.4 RESEARCH METHODOLOGY AND DESIGN

This study follows a retroductive approach to research. This means that it seeks to discover underlying mechanisms which, in particular contexts, explain observed regularities (Malhotra, 2017: 173). According to Bhaskar (cited in *ibid*) the logic behind this approach is to build hypothetical methods of structures and mechanisms that are assumed to produce empirical phenomena. In essence, this research approach includes working backwards from the data to a possible explanation of why the identified phenomena unfold in the ways in which they do.

In line with this research method, this study builds on a hypothesis which proposes that the various processes of the MPRM model are co-dependent and that they need to be implemented sequentially in order to translate available municipal resources into services that meet the needs of municipal residents. When applying the hypothesis to the practical context of the state of electricity service provision in RMM, the argument advanced in this study asserts that if effective oversight processes were followed by the MPAC, plans to alleviate the electricity debt and losses would be monitored and the electricity services management would be held accountable. This in turn, would ensure that electricity service delivery is implemented effectively.

The research design of this study gives an overview of the methodological strategies used to test the hypothesis put forward, the ethical considerations that had to be met, as well as the limitations encountered during the execution of the study.

1.4.1 Case study approach

The study made use of a case study design. A case study is a research approach used to generate an in-depth and multi-faceted understanding of a complex issue in its real-life context (Crowe *et al.*, 2011: 2). Case studies are a widely used research design adopted across a wide variety of disciplines, particularly in the social sciences. As much as this approach can be defined in a variety of ways, the above-mentioned authors highlight a central tenet, which is the need to explore an event or phenomenon in-depth and in its natural context. It is for this reason that this research design is sometimes referred to as a “naturalistic” design; this is in contrast to an “experimental” design (such as in a randomised controlled trial) in which the investigator seeks to exert control over and manipulate the variables of interest (*Ibid*: 3).

This approach uses small samples to examine a real-life phenomenon (*Ibid*: 2), therefore, meeting the needs of this study. The intention was to zoom in on a specific committee – MPAC – and on officials directly involved in electricity service provision, in their natural contexts to obtain an in-depth understanding of their performance. This focus simplified the selection of the research sample for the thesis, as it limited potential interviewees to those with direct involvement in electricity service provision and those responsible for exercising oversight of electricity financial management and service delivery.

1.4.2 Sampling techniques

To answer the above research questions, it was necessary to select a sampling technique capable of clearly defining the target population for the study. Selecting a suitable sampling technique can take two forms, namely random or non-random sampling. Random sampling is usually associated with experimental designs and quantitative research. Non-random sampling, such as purposive sampling on the other hand, is often associated with case study research design and qualitative research (Taherdoost, 2016: 20-21).

The criteria used to purposefully select this interview sample was based on the direct involvement of the interviewee with either the MPAC or electricity services in RMM. I purposefully chose two municipal officials who are part of management in the Electricity Services Department of RMM. The adoption of a ‘purposive sampling’ approach for the selection of interview respondents was also motivated by the small group of potential participants. The RMM MPAC consists of only six councillors, and two support staff. The RMM Electricity Services Department has less than four senior staff members. The small sample population made a randomised approach ineffective. The list of interviewees who were purposefully chosen to be interviewed is reflected in table 1 below. As a result of the small numbers of political representatives sitting on the committee, which would make it easy for them to be identified and the sensitive nature of the interview data, pseudonyms were used to ensure the identity of the participants and to ensure their anonymity. This allowed the participants to establish rapport with the researcher and enabled them to express themselves more freely.

Interviewee (Pseudonyms used for interviewees)	Male/ Female	Role	Highest qualification	Interview Date
Cllr Mthunzi Keleni	M	MPAC member (Governing party)	Bachelor's degree in Public Admin and Industrial Psychology	14/10/20
Cllr Patricia Miyo	F	MPAC member (Governing party)	Grade 12	19/10/20
Cllr Nonie Thabi	F	MPAC Senior Councillor (Governing party)	Grade 12 and certificate in marketing	19/10/20
Cllr Sidwell Cingo	M	MPAC member (Governing party)	Grade 12 and some short HR development courses	19/10/20
Cllr Norma Latsha	F	MPAC member (Opposition party)	Grade 12	20/10/20
Cllr Leroy Baker	M	MPAC member (Governing party)	Diploma in Purchasing Management	17/11/20
Mr Lindani Rala	M	MPAC Support	Bachelor's degree in Public Admin	18/11/20
Mr Xola Ncetani	M	Senior manager in Engineering and infrastructure unit	Bachelor of technology in Civil Engineering	20/11/20
Mrs Sihle Stofile	F	A senior manager from Engineering and infrastructure unit	Diploma in Electrical Engineering	20/11/20

Table 1: List of the purposefully selected sample of participants for the study (Pseudonyms have been used for purposes of preserving the anonymity of interviewees).

1.4.3 Data collection methods

In the quest to answer the study's central research question, triangulation was used. Carter *et.al.*, (2014: 545), draw from Patton's (1999) definition which views triangulation as the use of multiple methods or data sources in qualitative research in order to develop a comprehensive understanding of phenomena. Carter *et.al.*, (*Ibid*) further suggest that triangulation can also be viewed as a qualitative research strategy that can enhance validity through the convergence of information from different sources.

There are four main types of triangulation: (a) method triangulation; (b) investigator triangulation; (c) theory triangulation; and (d) data source triangulation (*Ibid*: 546).

Method triangulation involves the use of multiple methods of data collection about the same phenomenon (Polit & Beck, 2012). This type of triangulation, frequently used in qualitative studies, may include interviews, observation, and field notes. Investigator triangulation involves the participation of two or more researchers in the same study to provide multiple observations and conclusions. This type of triangulation can bring both confirmation of findings and different perspectives, adding breadth to the phenomenon of interest (Denzin, 1978: 121).

Theory triangulation uses different theories to analyse and interpret data. With this type of triangulation, different theories or hypotheses can assist the researcher in supporting or refuting findings (Carter *et.al.*, 2014: 545-546).

Finally, data source triangulation (the approach which was used in this study) involves the collection of data from different types of people, including individuals, groups, families, and communities, to gain multiple perspectives and validation of data.

As highlighted above, in the specific context of this study, data triangulation was used to provide a more holistic perspective on the research question: "is MPAC exercising effective oversight over electricity services in RMM?" This study sought to answer the research question through collecting data from participant interviews and analyses of municipal governing legislation and official documents/guidelines. This was deemed appropriate because it was able to transcend any weaknesses or limitations of the use of individual data sources. For instance, information obtained from interviewees was combined with information from municipal documentation sources, (including official planning and reporting documents), as well as

legislation governing municipal financial management and service delivery. The below subsections discuss how this was achieved.

1.4.3.1 Documentation analysis

The data collection method used in this study was two-fold and consisted of a documentation analysis and a semi-structured telephonic interview. First, the documentation analysis was undertaken to evaluate how the selected MPRM processes are being implemented in RMM. A comparison was made between the normative MPRM model for each process, informed by the current legislative framework, and what is actually happening in each of these processes in RMM.

Legislation such as the Constitution of South Africa of 1996, the Municipal Finance Management Act No. 56 of 2003 (MFMA), and the Municipal Systems Act No. 32 of 2000 (MSyA) were reviewed to understand how the legislative framework regulates and guides local governance to work. In addition, official planning, and reporting documentation was reviewed. A key part of the documentation analysis for this study involved an analysis of the RMM monthly Section 71 financial analysis report for the fourth quarter of the 2018/2019 financial year. This allowed for an evaluation of the financial performance of the municipality for the selected financial year before conducting the interviews.

Other supplementary source documentation such as the municipality's Annual Report, the Auditor-General's report, the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP) were also reviewed to evaluate the municipality's electricity service performance prior to conducting the interviews. All of these source documents assisted with providing information on determining the municipality's revenue and expenditure projections for electricity against what was actually collected or spent by the municipality. The document analysis allowed for a holistic understanding of whether the municipality's electricity revenue or expenditure projections were realistic or not. Findings from the selected municipal source documents were then used to inform the interview schedules.

1.4.3.2 Telephonic semi-structured interview and email questionnaires

After conducting the document analysis, the findings were used to inform the semi-structured interview questionnaire with councillors, MPAC support staff and officials. The

interviews were conducted via email and telephonic interactions with interviewees. This data collection method proved to be an effective way to gain answers to the research questions and subsidiary questions listed above (Hewson *et al.*, 2003: 27-30; Mogalakwe, 2006: 221). Telephonic semi-structured interviews were used as a secondary method of data collection for those who were unable to respond in writing via email and enabled the researcher to directly engage with the participants' perspectives.

According to Fritz and Vandermause (2018: 1640) collecting data through emails, or what they refer to as 'email interviewing', is convenient because it is not location bound, and it is time-efficient because it does not need further transcription. Furthermore, this method of collecting data may increase the depth of response due to the participant's ability to respond at a later time when thoughts are well-formed (*Ibid*: 1642). The use of email interviews was beneficial for this research in the case of the municipal officials interviewed, who had several commitments to attend to and were quite difficult to get hold of. This data collection technique, essentially, allowed for the officials to respond within the given timeframe (about a week) at their own convenience, which is what most of the officials preferred.

As an alternative to the emailed interview questions, telephonic semi-structured interviews were also used. According to Mathers *et al.* (1998: 3-4), telephone interviews can be a very effective and economical way of collecting data in cases where the selected participants are all accessible via the telephone. In the case of this study, telephonic interviews were suitable for both councillors and officials. Telephone numbers were easily identified, and timed appointments were set up thereafter. The telephonic interviews were also particularly useful when the respondents to be interviewed lived in different geographic areas, as was the case with the RMM interview participants. The use of this data collection method was also necessitated by the onset of the Covid-19 pandemic during the applied research period (between February 2020 and December 2020).

One of the main disadvantages of telephone interviews, however, was the difficulty of incorporating visual aids and prompts. However, the selected participants were familiar with the content of the research as the researcher had previously worked with them during a year-long internship in which the researcher was employed as an MPAC Researcher intern in RMM in 2019.

As highlighted by Holt (2010: 115-118), semi-structured interviews might seem similar to ordinary conversations, but they differ from a conversation in that the researcher had a clear objective, which in this case was to learn about the participant's perspectives and experiences.

This study utilised semi-structured interviews instead of a structured interview method. This is because semi-structured interviews involve a series of open-ended questions based on the topic areas I wanted to cover (Mathers *et al.*, 1998: 2). This allowed for greater flexibility in questioning the respondents and provided them with “substantial freedom to express their opinions concerning important issues” (Greenstein *et al.*, 2003: 72). Moreover, the open-ended nature of the questions defined the topic under investigation but provided opportunities for both interviewer and interviewee to discuss some topics in more detail. Thereafter, the telephonic interviews were recorded and later transcribed in preparation for data analysis.

As mentioned, remote interviews were necessitated by the Covid-19 pandemic, which required the maintenance of physical distancing and did not allow for any face-to-face interaction as that would have presented a risk of exposure for both the researcher and the interviewees. The complete interview schedule can be found in Appendix B of this study.

1.5 Data Analysis and Synthesis

According to Creswell (2009: 184), the process of data analysis includes making sense of the information supplied by the participants by scanning the data collected once it is organised and summarised. In this way, themes and links are identified as part of a thematic analysis. In the context of this study, legislative provisions which inform each of the MPRM model processes chosen for examination in this study were first consulted. The purpose of engaging with the legislative provisions was to understand the normative expectation for how each process should work. Thereafter, to verify whether the stipulations of the legislative provisions were actually being implemented in RMM, a document analysis of the relevant municipal plans and reports was done. The use of the document analysis formed a base from which follow-up questions were drafted in preparation for the semi-structured interview schedules. This process enabled the researcher to ask follow-up questions which were informed by the findings drawn from the document analysis.

Lastly, the recorded interviews were transcribed to identify common themes and the rest of the data was processed in such a way that common themes and patterns were identified and contrasted. This was achieved through the triangulation of the findings of the legislative analysis, document analysis as well as the semi-structured interviews with the purposefully selected councillors and officials.

1.6 Ethical Considerations

The participants were assured that they would experience no harm, like sharing of their personal information to other municipal personnel, would happen at any point during the data collection and analysis process. Participants were informed about what the research entailed and were subsequently asked to confirm their consent by signing an informed consent form as required by the Rhodes University Ethical Standards Committee (RUESC). To ensure that participants freely expressed themselves, they were informed that the interviews would be conducted in a confidential manner and pseudonyms would be used when writing up the findings to protect the participants should they feel uncomfortable with being identified by name. This was to ensure that there was strict control of personal information and that interviewees such as councillors, for example, who have political affiliations, were able to express themselves freely (Behi & Nolan, 1995: 713).

Furthermore, this research study was approved by RUESC as part of the Governance and Development Unit's (GDU) broader research programme. The GDU's entire *MPAC Strengthening Research Programme*, including the proposed master's degree research undertaken by the author at RMM, was approved by RUESC.

The interviewees were also informed that the data gathered might be used at a later stage, for instance, during presentations at workshops or conferences, but that all recordings would be safely and securely stored on a digital hard drive. To prevent a case where the storage devices get lost or stolen, a password-protected Google Drive folder was created and used as an alternative way of safeguarding the data. A copy of the informed consent form as well as a copy of the semi-structured interview questionnaires can be found attached as appendix A and B respectively at the end of the study.

1.7 Reliability and Validity

In general, validity is an indication of how sound one's research is (Smith & Noble, 2015: 33). More specifically, validity applies to both the design and the methods of research. Validity in data collection means that the findings of the research truly represent the phenomenon one is claiming to measure (Smith & Noble, 2015: 34). Internal validity in the context of this study would be a measurement or rather the evaluation of the degree to which some outcome can be

said to be caused by some mechanism being studied. An example relevant to this study would be the argument which maintains that the lack of capacitation, skills and tools needed to exercise effective oversight over electricity services in RMM can be said to have ‘caused’ an ineffective MPAC. On the other hand, external validity refers to the generalisability of the research findings. With regard to issues of measuring external validity, this study asserts that the causal mechanisms identified in this study can be generalised to a certain extent (depending on the similarity of the context), as they are likely to have a similar impact in similar (rural) municipalities as the one being scrutinised in the study.

Mouton (1996: 154) discusses some of the methodological strategies which can be used to minimise the effects of the threats to internal validity. These are as follows: triangulation (use of multiple methods of data collection), ensuring anonymity, and establishing a rapport with the respondents (*Ibid*: 154-156). In this study, Mouton’s points have all been addressed. To ensure that issues of reliability and validity of the data in this research, triangulation was used, as data were obtained from both municipal source documents, legislative analysis, and interviews. This approach was adopted to strengthen the causal relationship being tested in this study. Interviewees were guaranteed anonymity in the signed informed consent form, and rapport was established with the respondents by reminding them of their previous working relationship with the researcher

1.8 Limitations of the Study

The fieldwork for this study was undertaken following a pre-arranged schedule of meetings (which were to be conducted remotely) with the identified participants within RMM. As indicated in Table 1, the interviews were conducted by gathering data from MPAC councillors and support staff, as well as the relevant municipal officials. The biggest limitation was the Covid-19 pandemic, which resulted in the need to change from face-to-face semi-structured interviews to telephonic semi-structured interviews and email questionnaires. This meant that some observable factors such as body language could not be read like in the case of a face-to-face interview. Body language for instance, would have given the researcher more depth to how the participants respond to the questions asked. Due to the above-mentioned challenges and time constraints, the researcher struggled to get hold of all the interviewees as planned. This was especially noted with municipal officials, as some had been working remotely from home.

The researcher for instance, had intended to secure at least 13 interviewees which would have included the Internal Audit Manager who the MPAC worked closely with, the Chief Financial Officer, the Mayor and lastly, the Municipal Manager. Although sufficient information was gathered from the participants interviewed, a significant consequence of not being able to interview all the intended interviewees is not getting varied perspectives from different stakeholders in the municipality. I believe this would have provided a much more in-depth conversation to unpack in the data collection.

Another significant limitation that came about in the study was the issue of accessing up to date documents. For example, the Electricity Master Plan accessed was for the year 2017, and as a result the concern was that it might not apply in RMM during the year being investigated (2018/19 financial year). However, this did not prove to be detrimental to the study as some of the data collected from the officials' interviews verified that what the Electricity Master Plan noted as areas of concern were still red flags in the municipality the time this study was being conducted.

1.9 Dissertation Outline

The introductory chapter outlines the approach of enquiry taken by the study which is a retroductive approach to the study. The chapter further accounts for how the data which informs this study was collected, analysed, and interpreted. In addition to this chapter, this dissertation contains four additional chapters, as follows:

Chapter Two engages with the theoretical and conceptual overview of the study which is largely inspired by the critical realist philosophy of Roy Bhaskar, who advocates for a 'stratified ontology' which emphasises the importance of discovering the underlying causal mechanisms which explain the regularities we can observe as humans. This chapter further engages the existing literature with the aim of capturing recurring themes and identifying gaps where they exist insofar as local governance, accountability and oversight are concerned. Furthermore, it explains how the application of the MPRM model plays a role in filling the identified gaps.

Chapter Three provides an analysis of the research findings. The findings are a combination of an engagement with the data received from the municipality's document analysis, the questionnaire, and interview findings from the selected participants stipulated in

Table 1. This chapter primarily focuses on the relationship between the third and fifth MPRM processes, namely resource mobilisation planning and revenue collection, and the extent to which RMM MPAC applies exercises effective oversight of these processes.

Chapter Four is an extension of the preceding chapter in the sense that it is also dedicated to discussions and analysis of the research findings; however, it does so by primarily focusing on the relationship that exists between the fourth and sixth processes of the MPRM model, namely resource allocation and expenditure management. Again, the focus is on whether the RMM MPAC exercises effective oversight over these processes.

Chapter Five concludes some of the key discussions and findings which were identified by analysing the implementation of the final process in the MPRM model: state oversight, in the context of RMM. At the same time, it reviews the study findings in relation to the central research question: “Is the MPAC exercising effective oversight over electricity services in RMM?” It further provides key recommendations that scholars may want to be cognisant of or may want to consider for future engagement with similar studies.

CHAPTER TWO

SEPARATING ‘WHAT EXISTS’ FROM HOW KNOWLEDGE IS PRODUCED: ROY BHASKAR’S REALIST THEORY OF SCIENCE

2.1 Introduction

This chapter begins by outlining the theoretical background of the study and by setting out the philosophical underpinnings of the study, which are drawn from critical realism. Next, it explains the mid-range theory, the Municipal Public Resource Management (MPRM) model which draws its assumptions from a critical realist philosophy. A mid-range theory which is in the form of the MPRM in this particular study, is a theory which stands between macro-theories, which try to explain everything, and micro-theories which try to explain only one specific micro context. It is a testable theory which can put forward a hypothesis from which the findings will be tested against. An elaboration of this will be done further under the explanation of the MPRM. This chapter provides a critical review of the existing literature on municipal governance, accountability, and service delivery, by scrutinising the various arguments proposed by different scholars against what the chosen mid-range theory (the MPRM model) asserts. In essence, the chapter provides an argument for how my study expands existing knowledge, thus contributing to a fuller understanding of the research topic.

2.1.1 A Stratified Ontology

Moon & Blackman (2014: 1170-1171) point out that philosophy provides the general principles of theoretical thinking, which are used to obtain both knowledge of reality, as well as an indication of how it should be interpreted. The above-mentioned authors point to the importance of two main branches in philosophy namely, ontology and epistemology. Ontology or “the study of being” is concerned with what exists in the world from which human beings can acquire knowledge (*Ibid*: 1173). Epistemology is concerned with all aspects of scope and methods of acquiring knowledge such as, a) what constitutes a knowledge claim b) how can knowledge be acquired or produced, and c) how the extent of its transferability can be assessed (*Ibid*: 1174).

The main assumptions of this study are drawn from a philosophical orientation known as critical realism. Critical realism is defined as a series of philosophical positions on a range of matters including ontology, causation, structure, persons, and forms of explanation (Archer

et al., 1998: xv). The philosophical assumptions of critical realism are largely influenced by the work of Roy Bhaskar.

Bhaskar, who is a prominent scholar behind this philosophy as mentioned above, asserts that critical realism is a branch of philosophy that is concerned with how people think about the real world and the 'observable' world (Bhaskar, 2008: 13). He asserts that the 'real' world exists independently from human perceptions and constructions (Bhaskar, 2008: 14; Gorski, 2013: 658). He maintains that just as unobservable structures cause observable events in the experimental or natural sciences, the social world can be understood only if people understand the structures that generate observable events and patterns of behaviour in the social sciences (Bhaskar, 2008: 15).

To provide some background on this school of thought, Bhaskar began by reflecting on the conditions necessary for science to produce knowledge about the natural and social worlds. In Chapter one of, one of his earliest and most influential books, '*A Realist Theory of Science*' Bhaskar sets out the basis for the critical realist understanding of natural science. He concludes that for experimental science to make sense we must separate ontology and epistemology. And within ontology, we must assume that events are ontologically separate from our observations and experiences of these events, and events themselves must be ontologically separate from the unobservable generative mechanisms which are responsible for 'causing' or generating these events. In his subsequent book, *The Possibility of Naturalism* (1979), he proceeds to apply the insights of his understanding of natural science to the social world. In this book, Bhaskar emphasises that the social sciences, like natural science, are concerned with providing explanations for the ways in which unobservable generative mechanisms or social structures are responsible for enabling or constraining observable social events and patterns of behaviour (Bhaskar, 1979: 77).

Emerging in the post-positivist crises between the natural and social sciences back in the 1970s and 1980s, critical realism represented a broad alliance of social theorists and researchers (Mouton, 2007: 492). These social theorists aimed to develop a post-positivist approach to social science which in turn, would provide a new way of thinking. An alternative paradigm proposed by these social theorists was one that would transcend both positivism and hermeneutics. The rejection of positivism (which is concerned with observable regularities) is based on a rejection of its Humean approach to causality (where one observable event cannot be said to 'cause' another observable event, but rather it must be said that one event forms a constant conjunction with another event. In other words, scientists can only say that one event

followed another event and cannot say that the first event ‘caused’ the second event). On the other hand, interpretivism focuses on the meanings that motivate people to act in the ways that they do and uses a hermeneutic approach to interpret these meanings (*Ibid*: 492-494).

Bhaskar maintains that, because critical realism can distinguish between what exists in the world from what we have to say about it, or our theories about it, this helps us to avoid what he calls the “epistemic fallacy” (Bhaskar, 2008: 20). The epistemic fallacy collapses ontology (questions about what exists in the world) into epistemology (questions about how we know about what exists, and what criteria we can offer to say one theory provides a more accurate explanation of what exists than a competing theory) (*Ibid*: 20).

Critical realism argues for a stratified ontology or ontological depth (Bhaskar, 1998: 12) rather than a ‘flat ontology’ which reduces reality to a constant conjunction of events (Sayer, 2000: 43). Drawing from his reflections on experimental science, this stratified ontology can be separated into domains of the *real*, the *actual* and the *empirical* (Bhaskar, 1998: 12). The *real* includes the unobservable generative mechanisms (structures and powers) which generate observable events in the natural and social worlds. The *actual* domain includes the events that occur, whether these are observed or not (*Ibid*: 21). The *empirical* is where observations and experiences can be made by the observer. Finally, Bhaskar (*Ibid*: 22) argues that in the social world, social structures exist independently from the patterns of routinised behaviour that they generate and are, for the most part, unobservable.

I found this school of thought relevant to this study because Bhaskar’s notion of a stratified ontology enabled a more in-depth analysis of the MPRM processes. Using this approach, I was able to acknowledge structural issues at work within municipalities that might not be observable. With this in mind, choosing a critical realist approach offered new opportunities for me to investigate the complex processes happening within the municipal public resource management system more holistically. I aimed to produce a well-rounded, complete explanation of municipal electricity service provision in RMM by employing the MPRM model. I used the MPRM model as a mid-range explanatory theory to help explain the effectiveness of electricity service provision and oversight within RMM. In doing so, I used a triangulation approach to explore my research questions (listed in Chapter 1). This, in turn, enabled me to attempt to produce in-depth causal explanations for the municipal public resource management, accountability and oversight issues encountered in RMM.

2.1.2 The Municipal Public Resource Management Model

My choice of critical realism as a philosophy of social science and of the make-up of the social world informed my choice of mid-range theory (i.e., the MPRM model) and guided my choice of methodology in exploring my research goals. This will be explained in the discussion below. The MPRM model is based on the Social Accountability Monitoring and Evaluation (SAME) framework which was developed by Colm Allan, the director of the Governance and Development Unit (GDU) at Rhodes University in 2015.⁶ This model has been used as the foundation for undertaking a programme which was piloted with the aim of strengthening municipal public accounts committee oversight in South Africa's Eastern Cape Province, commencing in 2019. The MPRM model was developed as a tool to explain and change the regular pattern of ineffective municipal service delivery in most of South Africa's municipalities. The model is of the understanding that the regular patterns of thinking and behaviour by municipal officials and councillors within MPRM processes is the cause of the ineffective delivery of municipal services, including but not limited to water, electricity, and sanitation. The ineffectiveness of these services can be observed indirectly through the absence of the promised outputs to municipal residents.

Public resource management in the context of this study is defined as the process of pre-planning, scheduling, and allocating resources to maximise efficiency (Hansen, 2018: para. 3). Hansen argues that by establishing effective processes for resource management, service delivery outputs and outcomes will be maximised, as will oversight over the use of the resources required to produce these outputs and outcomes (*Ibid*, para. 4). When applying this argument to the context of local government, good financial governance is achieved when these processes produce responsive public services through public spending that is affordable, transparent, and accountable, and which funds governments' priorities without wastage or corruption (Cole, 2015: 1). This approach is important because it builds transparency regarding how available resources are used, and promotes efficiency, which speaks to the optimisation of available resources (Hansen, 2018, para. 8).

The MPRM model, by using a process of retroduction, hypothesises that in order for municipalities to convert their available public resources into services that meet the priority needs of their communities, a range of efficient and accountable public resource management processes have to be implemented. The MPRM model proposes nine separate but systemically

⁶ (See <http://sameindicators.com/same.html>).

interdependent processes (Allan, 2019: 3). When implemented effectively and accountably, the MPRM model argues that these processes lead to more effective and accountable local government service delivery. As explained in Chapter One, the nine processes included in the model can be grouped into three phases: the planning phase, implementation phase and oversight phase (*Ibid*: 3).

The planning phase consists of four processes: the needs assessment process; the strategic planning process; the resource mobilisation planning process; and the resource allocation process. In the planning phase, municipalities are expected to accurately assess and prioritise the needs of their communities (*Ibid*: 4). They are then expected to draw up plans that identify the activities required to progressively realise the priority needs that have been identified. These activities are then grouped into programmes within the municipality's strategic plans and attached to performance indicators in order to track their implementation (*Ibid*: 4). The planning phase also includes proposed methods of gathering the resources (or revenue) needed to pay for the implementation of the planned programmes within the resource mobilisation planning process. The final process in the planning phase is the resource allocation process, which involves setting targets for how projected revenues will be spent. The municipal budget is an important tool in this phase because it sets out plans for how much revenue municipalities will collect or receive, as well as their plans for how much money municipalities will spend (*Ibid*: 5).

The second phase in the MPRM model is the implementation phase. It consists of the revenue collection process, the expenditure management process, the performance management process, and corrective action process. The implementation phase is concerned with putting the various plans produced during the planning phase into action. This involves the collection of planned revenues and the spending of budgeted funds (using targets set during the resource mobilisation and resource allocation processes). It also involves the implementation of the activities and programmes identified within strategic plans, within the performance management process (*Ibid*: 2). In this phase, to ensure accountability, the municipality is expected to report on its revenue collection, its spending against its budget and its performance in implementing its planned activities, programmes, and services (*Ibid*: 3). This reporting takes the form of monthly, quarterly, mid-year and annual reports capturing the municipality's financial as well as its non-financial performance and is intended to form the basis for recommending corrective action, when necessary (*Ibid*: 3).

The last phase of the MPRM model is the oversight phase and it consists of the state oversight process. This process is referred to as “state” oversight because the process is undertaken by state bodies in the context of this research. In other instances, oversight could well be undertaken by a variety of civil society (or ‘non-state’) actors. In municipalities, key oversight bodies such as the Auditor-General (who performs external audits), the Audit Committee (which oversees internal audits) and the MPAC play a key role in holding those managing public resources to account for their performance in progressively realising the needs of municipal residents (*Ibid: 75*).

Another way of understanding the interaction of the processes within the MPRM is by breaking the model into two elements namely: the ‘forward-looking’ processes and the ‘backward-looking’ processes (EMPAC, 2021, para. 2). The first four processes are ‘forward-looking’ as they involve planning, and are illustrated in the diagram below:

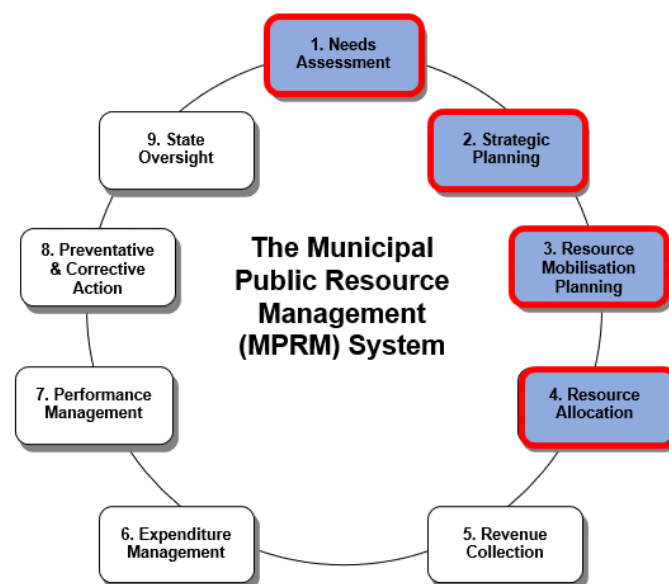


Diagram 4: Diagram illustrating ‘forward-looking’ processes of the MPRM model⁷

The highlighted processes are ‘forward-looking’ because, according to the EMPAC (2021, para 2), they begin before a municipality starts implementing any activities, and before services are actually delivered and money is spent. The MPRM model asserts that municipalities can only succeed in meeting their resident’s needs if they: 1) accurately assess what those needs are (needs assessment process); 2) draw up plans with activities to meet their priority needs and

⁷ Extracted from the EMPAC online course available from: <https://ruconnected.ru.ac.za/mod/page/view.php?id=434663>, login required.

cost these plans (strategic planning process); 3) draw up plans to mobilise the resources needed to implement priority activities (resource mobilisation planning); and lastly, 4) allocate the necessary resources to priority activities within their budgets (under the resource allocation process).

The ‘backward-looking’ processes are the implementation-related processes of the MPRM model as shown on the diagram below (EMPAC, 2021, para 3), and they take place only after the municipal plans have been drawn up.

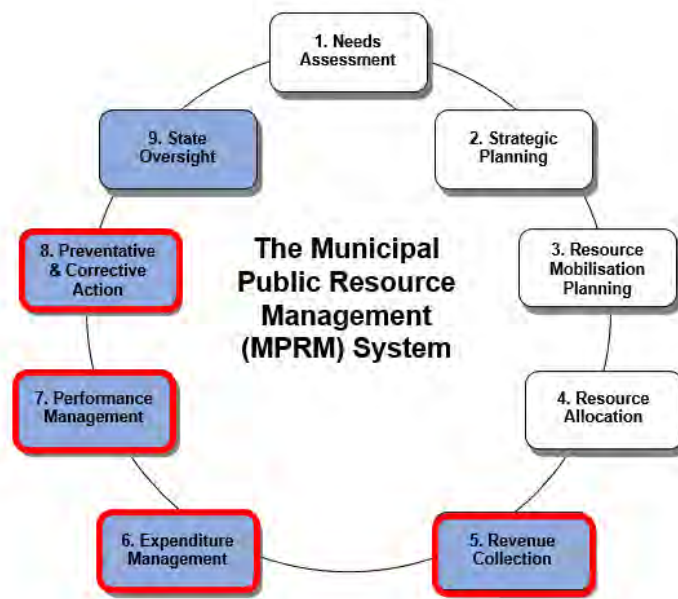


Diagram 5: The ‘backward-looking’ processes of the MPRM model⁸

The MPRM model, in the context of these processes, asserts that in order for municipalities to successfully meet the needs of their residents the municipality must: 1) collect the necessary revenues to pay for the implementation of their operational plans (revenue collection); 2) spend available funds effectively, control spending, and report accurately (expenditure management); 3) ensure that their staff (officials or service providers) effectively implement planned programmes and deliver planned services and manage risks to their programmes, and justify their performance (performance management); and 4) continuously monitor conflicts of interest, financial misconduct and cases of the ineffective use or abuse of public resources and take corrective action (preventative and corrective action) (EMPAC, 2021: para 4-5).

⁸ Extracted from the EMPAC online course available from: <https://ruconnected.ru.ac.za/mod/page/view.php?id=434663>

It is important to note that MPAC is not directly responsible for overseeing the ‘forward-looking’ processes but is obligated to monitor and oversee the effective implementation of the four ‘backward-looking’ processes of the MPRM model which have been highlighted above. Even though the MPACs oversight responsibility is limited to overseeing the implementation-related processes, this study argues that this is not possible unless MPAC councillors are cognisant of the plans the municipality has in place, and its revenue and spending targets, in order to know whether they are being implemented or not.

When bringing this line of argument back to the context of this study, which looks at whether the MPAC in RMM is exercising effective oversight over electricity services, this means that the MPAC would have to have knowledge of how the municipality has planned to collect necessary resources by looking at documents such as the IDP, SDBIP, and the Electricity Master Plan in order to address the identified needs with regards to the electricity services.

As mentioned above, I have chosen to treat the MPRM model as a middle-range theory and part of the objective of my research was to test its application to electricity service provision in RMM. The MPRM model draws from critical realism’s commitment to explain observable events as the outcomes of underlying and unobservable social structures (Bhaskar & Danemark, 2006: 22). However, the underlying social structures which are held to shape observable events, as pointed out by critical realists, are viewed as being concept, and activity-dependent and only relatively enduring (Bhaskar & Danemark, 2006: 279; Sayer, 2000: 48). In other words, the repeated patterns of behaviour by social agents, which we refer to as social structures, are not set in stone. They can be changed. And the way in which they can be changed is by changing the concepts (thinking) of agents as a precursor to changing their behaviour (*Ibid*: 49).

Informed by this understanding of social structures, the MPRM model argues that if one wants to understand society, one needs to consider the underlying, context-specific, social structures which shape social interaction and give rise to existing patterns of behaviour (*Ibid*: 49). Applied in the context of local government, this research approach seeks to look into the various underlying MPRM processes that underpin local government service delivery which either enable or constrain effective and accountable public service delivery, by shaping the way local government councillors and officials conceptualise their roles and subsequently shaping the way they act (i.e., their behaviour).

The MPRM model is treated as an explanatory and normative model for how the government could convert available public resources into services that meet priority human needs. In these terms, this research seeks to explore whether this MPRM model assists in explaining service delivery issues at a municipal level in South Africa, and whether it helps us to understand how we can organise municipal public resource management processes in ways that make them more effective and more socially accountable.

The point of this research, therefore, is to explore how these MPRM processes (which are viewed as an instance of social structure) interact with the respective municipal officials and councillors who are responsible for reproducing them. The critical realist school of thought guides my choice of methodology which seeks to explore both the ‘observable’ and the ‘unobservable’ influences that shape social events and patterns of behaviour. Simply put, this means that my choice of methodology will be able to provide an explanation of why social structures (which are unobservable) can either enable or limit municipal officials and councillor’s ways of doing things. I acknowledge that there is very little literature around this specific model and its relations to the broader theoretical framework. I similarly acknowledge that it might be subject to some criticism. However, I believe that this is the whole point of conducting this research using this model to test its applicability for my study. It will enable me to explore some of its strengths and limitations through my research. This, I believe, will add some value to the little body of work that exists around local government service delivery, oversight, and accountability.

2.2 Assessing Mechanisms of Municipal Oversight In South Africa

The advent of democracy in South Africa dramatically changed the regulatory framework for local government. In a democratic South Africa, municipalities derive powers directly from the Constitution. As noted earlier, according to section 152(2) of the *Constitution of South Africa* (1996), municipalities are mandated to ensure democratic and accountable government. To give effect to this constitutional mandate, several laws were introduced to regulate various aspects of local government: a) the Municipal Finance Management Act 56 of 2003 (MFMA), b) the Municipal Systems Act 32 of 2000 (MSyA), and c) the Municipal Structures Act 117 of 1998 (MSA).

Section 42(3) and Section 55(2) of the Constitution make provision for a separation of powers between the legislature, executive and judiciary at the national and provincial levels,

with appropriate checks and balances to ensure accountability, responsiveness, and openness. The notion of the separation of powers refers to the principle of specific powers and functions that are allocated to each arm of the state: namely, legislative authority (Parliament and provincial legislatures), judicial authority (courts) and executive authority (cabinet) (Kibet & Fombad, 2017: 349). The importance of this principle is that each arm of the state serves as a ‘check and balance’ over another, which is a core element of constitutionalism and democracy all over the world (*Ibid*: 350). This principle seeks to regulate the concentration of power in the executive and seeks to facilitate political accountability (*Ibid*: 350; Endoh, 2015: 69).

The notion of the separation of powers can be traced back to the philosophical and political theory of classical liberalism, mainly formulated during the French Revolution and in the American Declaration of Independence (Van der Walt, 2015: 1). The idea of the fragmentation of power is what laid the foundation for the principles of “Trias Politica” which is the separation of power, usually between the legislative, executive and judiciary (*Ibid*: 1-2). In addition, highly influential political philosophers of the Age of Enlightenment such as the French philosopher Montesquieu proposed that strong legislative control is necessary over the executive authority, but that this control should be limited by legislation (Held 2006, cited in *Ibid*, 2015: 1-2). In essence, the controlling function of the legislative authority would ensure that the executive branch of government is held accountable and responsible for their actions and inactions. The separation of power, according to Montesquieu, is the cornerstone to guard against the abuse of state powers and to ensure the protection of civil liberties.

It is from the liberal traditions highlighted above that the concept of ‘oversight’ emerged. This concept contains multiple dimensions, which include political, administrative, financial, ethical, legal, and strategic elements. However, the basic function of oversight is to detect and prevent abuse, arbitrary behaviour, or illegal and unconstitutional conduct by the government (Fessha 2008, cited in *Ibid*, 2015: 1-2). At the core of this function lies the mandate to protect the rights and liberties of citizens, and to hold the government accountable for how the taxpayer’s money is spent (*Ibid*: 1-2).

In the South African context, oversight and accountability are constitutionally mandated functions of legislatures that require the legislature to scrutinise and oversee the executive action of any organ of the state. (National Assembly, 2009: 8). This is to foster

accountable, efficient, responsible, ethical, and transparent governance (Van der Walt, 2015: 48). In this thesis, the term ‘oversight’, as defined by the National Assembly, has been used. The National Assembly’s definition is as follows: Oversight is, “the watchful, strategic, and structured scrutiny exercised by legislatures, including Parliament, in respect of the implementation of laws, the application of the budget, and the strict observance of the Constitution” (National Assembly, 2009: 9).

Another commonly used accepted definition of oversight in the South African context is offered by Senay and Besdziek, who define oversight as, “the proactive interaction initiated by a legislature with the executive and administrative organs of a sphere of government that encourages compliance with constitutional mandates” (Senay & Besdziek, 1999: 3).

Government oversight institutions from all levels have a role and responsibility to conduct oversight over the execution of the government’s constitutional mandate (Jali, 2018: 12). The core mandate of the government is to provide essential goods and services to the people in a manner that promotes equality and seeks to redress the historical injustices of the past. In the execution of such duties, the government is mandated to be transparent and accountable for the use of public monies by providing clear and consistent feedback to the public-on-public expenditure (Jali, 2018: 11-12).

Jali (2018: 13) argues that this mandate of upholding accountability in South Africa has been institutionalised with the establishment of Standing Committees on Public Accounts (SCOPA) for National and Provincial legislative bodies, respectively. More recently, MPACs have been established in order to exercise oversight at the municipal level. The purpose of the establishment of the MPAC is to oversee the executive and its delegated entities in executing the policies and objectives set by the municipal council, as well as to oversee the municipal administration, headed by the municipal manager (*Ibid*: 11-13; National Treasury, 2018: 5).

2.2.1 Governance and Accountability in the Context of Local Municipalities

The Institute of Directors South Africa (herein referred to as IoDSA) (2016: 43) argues that governance in the local government context should assume collective responsibility for steering the direction of the institution (i.e., the municipality), approving policy and the planning, overseeing, and monitoring of implementation, and ensuring accountability for the institution’s performance. This is where accountability fits in, because for whatever decisions

that are taken by the government, there needs to be some justification as to why those decisions were taken, as well as people who can be held accountable for those decisions.

In the context of government, accountability is referred to as the bedrock of any temporary government, as it includes the obligation to answer for the execution of responsibilities (*Ibid*: 9). Effective accountability and effective oversight, therefore, result in improved good governance, effective management of public finances and in the long run, effective service delivery.

The chosen local municipality for this particular study, RMM, is a public institution led by a democratically elected municipal council. RMM, like other municipalities in the country, derives its existence from Chapter 7 of the Constitution (The Constitution, 1996: 83), which charges local governments with a developmental mandate and equips each municipality with a set of constitutionally protected powers. The provincial government is tasked with supervising and supporting the roles of municipalities (*Ibid*: 83-85).

The RMM Council comprises councillors who are democratically elected according to the electoral system that combines constituency (60% local representatives) with proportional representation (40% party system) (RMM Annual Report, 2018/19). Councillors are responsible for ensuring good governance, accountability, and transparency, as well as for overseeing the delivery of tangible services to residents. RMM has made significant contributions to extending basic services to the remote and marginalised communities within its municipal boundaries. However, I agree with Okafor et al., (2015: 54) who argue that the challenges facing municipalities in the Eastern Cape remain daunting. The quality and effectiveness of oversight structures in municipalities as a whole are said to be questionable due to issues of the mismanagement of public resources (*Ibid*: 55).

Smith (2000: 27) suggests that the role of local government is to act as a defence mechanism against arbitrary government power, by preventing an unhealthy concentration of power in central government. He observes, however, that local government in South Africa is, unfortunately, prone to corruption. Smith observes that local governments in most parts of Africa have been described by studies on corruption as a “conspiracy against the public, an institution that is riddled with bribery, nepotism, politics and corruption” (Smith, 2000: 28). Over the years, however, as more documentation on corruption in central governments has accumulated, Smith (2000: 29) suggests that it has become evident that corruption is a problem for all levels of governments even at a global level.

The Local Government: Municipal Structures Act, 1998 (hereafter referred to as the Structures Act) prescribes that, “a municipality, taking into account the extent of its functions and powers, the need for delegation and the resources available, may establish committees” (Municipal Structures Act, 1998). Specifically, Section 79 (1)(a) of the Structures Act provides for the establishment of “one or more committees necessary for the effective and efficient performance of any of [the municipal council’s] functions.” In essence, the MFMA gives councils including RMM Council a number of financial management oversight tasks, and the adoption of the “oversight report” is one of those tasks. According to MFMA Circular 32 (2003: 2), Council then delegates that function to the MPAC as a committee of Council.

MPACs perform an oversight function and must submit oversight reports to Council for adoption and action in accordance with Section 129 of the MFMA. In the preparation of its reports, there are several due processes MPACs must follow, including an analysis of technical reports, an investigation of irregularities in the municipal finances and performance, as well as the submission of appropriate recommendations thereafter. The work of MPACs is therefore intended to contribute to building a local government that is clean, efficient, responsive, and accountable (National Treasury: 2018: 12).

National Treasury and Cooperative Governance and Traditional Affairs (CoGTA) observe that for a long time the oversight role within municipal councils has been played by opposition parties who thrived on policing the governing party and, in the process, exposing maladministration and corruption. This robbed municipal councils of an opportunity to fully understand the justification for, and the rationale behind, an accountable local government and the purpose it serves. It also robbed municipal councils of an opportunity to build the practical capacity for meaningful oversight among MPAC councillors because rigorous oversight became seen as a role to be played by opposition parties (National Treasury, 2018: 6).

The National Treasury also observed that past research on municipal oversight has shown that even when MPACs are in place, committee members often do not understand their role or often lack the basic skills necessary to ensure a robust committee engagement and scrutiny of the activities and decisions taken by the executive and the administration (2018: 13). Furthermore, they maintain that with every local government election, MPACs experience a turnover of members and the new members often arrive with inadequate oversight experience, expertise, or skills (*Ibid*: 14).

2.2.2 The Significance of Municipal Service Delivery in South Africa: Looking at Electricity Service Provision

Observations made by Kota (2019: 89) and Koma (2010: 115) regarding municipal service delivery show that, even though funding by the state is made available to municipalities, there is an ongoing problem of the mismanagement of public funds.

A considerable amount of literature on local governance and accountability in South Africa (Davids *et al.*, 2019; Kanyane, 2014; Morudu, 2017; Reddy, 2016) shows that there are challenges faced by municipalities when it comes to providing effective municipal services, and when it comes to municipal executives and administrations being held to account for their performance in managing these services. Koma (2010: 115) notes that most municipalities in South Africa experience inadequate financial management capacity. Furthermore, Koma (2010: 116) maintains that about 60% of the 257 municipalities in South Africa cannot properly account for what goods and services they provided with the revenue they received. Schaeffer and Yilmaz (2008: 14) concur and suggest that this challenge could be overcome by putting in place strong and effective financial controls as well as accurate reporting of the spending of public funds.

A review of South African municipalities conducted by the Department of COGTA (2018: 8-11), showed that 32% were 'almost dysfunctional' and 31% 'completely dysfunctional'. This means that almost two-thirds of municipalities in South Africa were deemed not to be functioning properly. The poor situation in most municipalities described by COGTA (2016: 10) shows that much still needs to be done to achieve the goals set out for municipalities by the Constitution.

Evidence of these challenges can be witnessed in the number of service delivery protests in municipalities across South Africa, which are fuelled by the dissatisfaction of communities with municipal service delivery (Auditor-General, 2019; Netswera, 2014). In this thesis, I acknowledge these challenges, which are widely recognised in the literature around municipal governance and service delivery. I do, however, make the argument that the existing literature does not, to my knowledge, provide a holistic explanation of the links between municipal public resource management and current governance and accountability issues. This is because the existing literature does not provide a clear mid-range theory or model of how the MPRM and accountability model should work, nor does it explain the key role played by oversight within its available models/explanations of municipal service delivery failures. By

contrast, I argue that the MPRM model, which will be tested as part of this research study, offers a coherent way of linking municipal public resource management with questions of governance, accountability, and oversight.

The research will scrutinise electricity service delivery in RMM because of the following observations: firstly, in December 2019, Eskom, which is the bulk electricity service provider to RMM, announced its decision to begin interrupting bulk electricity supply to the municipality (Eskom, 2019: para. 1). This decision was taken after RMM failed to provide Eskom with an acceptable payment arrangement to pay off the municipality's bulk electricity debt of over R148 million to Eskom. Secondly, the Auditor-General's report for 2017/18 pointed out that material losses on electricity revenue of R14.1 million were incurred by RMM during the financial year ended 30 June 2018.

In the context of local government, oversight bodies like the MPACs are established to perform an oversight function on behalf of the municipal council (National Treasury, 2018: 4). The MPAC has a critical role in ensuring and monitoring whether public resources are spent in a manner that progressively realises the needs of the people within the municipality's demarcation. The effective exercise of municipal oversight means that accountability, transparency, and effective and efficient use of public resources in executing municipal functions, will be guaranteed, thus giving effect to effective service delivery (*Ibid*: 5).

Thus far, I have discussed the philosophical and theoretical underpinnings of my study and the significance of employing the chosen theoretical framework informed by critical realism. I have also discussed how my choice of theory will contribute to expanding existing knowledge as well as how it will contribute to providing a holistic understanding of the research topic at hand. In the following section of this chapter, I will be reviewing and engaging with the existing literature on local government oversight and accountability.

2.3 Governance, Accountability and Service Delivery in South African Municipalities

In this section of the chapter, I argue that existing literature on governance, accountability, and service delivery at local government level in South Africa sets out only a partial or selective focus on the relationship between effective MPRM processes and accountable governance.

2.3.1 A performance management perspective to improving service delivery outcomes in municipalities

Ndevu and Muller's work (2017: 13) sets out an approach, which creates the impression that performance management is all that is needed to improve service delivery outcomes in municipalities. They argue that performance management is an effective instrument for evaluating service delivery at local government level because it allows management to measure financial, internal processes, and organisational potential. However, I argue that, as much as these two scholars provide some valuable insight, their approach does not consider other aspects (or processes) of the MPRM model, such as needs assessment, resource mobilisation planning, expenditure management or oversight to name a few, which would need to be scrutinised and understood when trying to understand accountable service delivery in municipalities.

Compared to what Ndevu and Muller (2017: 13) propose, Munzhedzi (2016: 6) provides a much more refined argument and observes that South Africa is still confronted with many challenges in so far as lack of accountability is concerned. He identifies performance management-related measures to redress this situation. Firstly, he argues that accounting officers (generally, municipal managers) together with all administrative staff must be held accountable through an effective employee performance management system where performance agreements stipulating clear performance targets are signed (*Ibid: 6-7*). In essence, this part of Munzhedzi's argument maintains that regular monitoring of individual as well as organisational performance is necessary to improve effective service delivery.

Secondly, Munzhedzi argues that the political leadership of the municipality ought to augment their oversight responsibilities through forums such as MPACs at the local sphere of government, to ensure that action is taken against transgressors (*Ibid: 7*). To achieve this, political leadership would have to nominate oversight politicians with the capacity and necessary skills that would enable them to play the role of holding the executive accountable effectively (*Ibid: 6*).

By evaluating the above arguments and comparing them to the mid-range theory of this research study, the MPRM model, I argue that scholars of the available literature on governance, accountability and service delivery at local government level only provide a partial or selective focus on the relationship between effective MPRM processes and accountable governance.

2.3.2 A lack of consequence management as a key factor to ineffective service delivery outcomes in municipalities.

Contrary to the above scholars, Van Niekerk and Dalton-Brits (2016: 12), bring a fresh perspective and point to the importance of the general lack of corrective action (often referred to as consequence management) for poor performance within municipal administrations. They point to inadequate responses to high levels of unauthorised irregular, fruitless and wasteful expenditure within municipalities as a serious concern (*Ibid*: 13). Van Niekerk and Dalton-Brits maintain that this proves that municipal councils and their accounting officers (i.e., municipal managers) have not fulfilled their oversight function effectively, as they have not acted on poor performance and transgressions such as financial misconduct and unauthorised irregular, fruitless and wasteful expenditure (*Ibid*: 13). Again, I believe that this argument offers a part-solution to what is in effect a systemic problem, which requires a systemic solution.

In my view, Van Niekerk and Dalton-Brit's discussion and recommendations do not provide a practical way in which oversight in municipalities can be strengthened. In their recommendations concerning municipal oversight bodies, these authors simply propose that "proper budget allocations to MPACs and municipal audit committees must be made to enhance transparency, good governance, accountability and oversight" (Van Niekerk & Dalton-Brits, 2016: 15). These two scholars, like other authors within the existing literature, do not provide a practical and normative model of how service delivery, accountability, and oversight can be systemically and holistically improved or strengthened in the municipal context.

Studies that align with Van Niekerk and Dalton-Brit's argument were conducted by Chris Motsilili (2017: 100) and Van der Waldt (2015: 1). Motsilili (2017: 101) looked at the financial oversight of the Nelson Mandela Bay Metropolitan Municipality MPAC whilst Van der Waldt (2015: 13) focused on the political oversight of oversight committees in municipalities.

Van der Waldt (2015: 15) points to the need for a comprehensive oversight framework to be designed to strengthen existing structures and mechanisms. Such a framework, according to Van der Waldt (2015: 16), would provide for capacity building of councillors by conducting a more robust orientation of councillors, particularly those who are newly elected, and this framework should foster the political commitment of the Council to act on instances of non-

compliance with statutory and regulatory requirements. Thus, fostering accountability systems, transparency, and a performance culture.

Moreover, Van der Waldt (2015: 17) also found that in most cases, the MPAC terms of reference often lack clear roles and clarity regarding the purpose of the various political oversight structures. For example, he found that in most instances the MPAC chairperson and committee members misinterpret their legal mandates and overstepped their jurisdiction.

On the other hand, Motsilili (2017: 102), focuses on the role of the MPAC in assisting the Council to promote financial accountability. His research findings indicate that without adequate clarity on the mandate and the powers of the MPAC, the Council will be unable to undertake all the necessary activities to enable effective financial accountability. Similarly, the study revealed the inadequacy of the Nelson Mandela Bay Municipality Terms of Reference and Operational Guidelines that provide for the institutionalisation of the Nelson Mandela Bay Municipality MPAC. The study highlights the importance of the proper establishment and institutionalisation of the MPAC as a financial oversight mechanism of the Council. The committees must be endowed with adequate authority to realise its purpose.

Both these studies provide significant insight on the role of oversight committees like the MPAC in a municipal context. These scholars, in summary, suggest that the capacitation of MPAC councillors would ensure effective municipal public resource management and service delivery. However, I argue that they only address a rather limited view of what is required for effective service delivery, be it from a political oversight perspective or financial oversight perspective. The two scholars do not look at the requirements for effective municipal service delivery holistically by engaging with all of the processes of the MPRM cycle. The argument presented by the above-mentioned scholars when applied to the MPRM model does not account for the role played by the remaining MPRM processes and bringing about effective service delivery. Nor does it consider the significance of capacitating the MPAC councillors with the skills needed to understand the effectiveness of the rest of the processes of the MPRM cycle, such as needs assessment and strategic planning, resource mobilisation planning and resource mobilisation to name a few, or at a minimum, to be aware of the targets set within revenue, spending and programme planning-related processes.

The MPRM model seeks to close the gaps in existing literature, including the lack of systemic awareness of the conditions necessary for effective and accountable municipal service delivery. This requires not only a properly capacitated MPAC that is able to read financial statements and oversee revenue collection, spending against the approved budget and

implementation of key programme targets and key performance indicators, but awareness of what these spending, revenue collection and programme targets were in the first place.

2.3.3 Political interference, lack of ethical conduct and necessary skills as key factors to ineffective service delivery outcomes in municipalities.

Some literature on local government and service delivery maintains, as argued by Dzansi and Dzansi (2010: 996), that the politically polarised municipality environment in South Africa leads to political interference in human resource management (herein referred to as HRM) practices (2010: 997). These two scholars bring a very important perspective, and in their argument, they emphasise that any interference in HRM practices whether real or perceived could make employees form negative perceptions of their municipalities. They further argue that such perceptions might lead to the development of unproductive attitudes and behaviours as well as a low commitment, which in the end, results in a poor quality of service delivery. In essence, for Dzansi and Dzansi the key problems experienced by South African municipalities can be attributed to the increasing political interference to HRM which in turn, introduces politicised behaviours which result in the poor quality of service delivery (2010: 995).

I do acknowledge that Dzansi and Dzansi (2010: 996) bring quite an interesting perspective to understanding the declining state of service delivery in South Africa and I acknowledge how important effective HRM is for effective service delivery in municipalities. However, my argument is that these authors fail to provide a holistic mid-range theory (or normative model) of how local government should work. While I do acknowledge that HRM processes are very important, I believe that this partial focus does not explain how an effective system of local government should operate. They do not explain how the various processes of local government, not all of which involve HRM, fit together to form a coherent system. This includes the crucial role played by oversight processes within this system.

In contrast to the various arguments presented by the above scholars, Pillay (2016: 116-118), focuses on the issue of ethics and describes the state of service delivery at local government level as one that portrays a lack of integrity and ethical conduct. He argues that there is a tendency by public officials in the local sphere of government to use their positions to enrich themselves and those who are close to them. Unethical conduct is argued to reduce public trust and confidence in the integrity and impartiality of appointed government officials and elected public office-bearers.

He also maintains that such unethical conduct takes place because the local government sphere is characterised by a lack of ethical conduct, integrity, and good governance on the part of both elected and appointed officials. He claims that evidence of this contention is to be found in the frequent violent service delivery protests by communities, in which citizens express their dissatisfaction with how this sphere conducts its business, such as non-delivery of expected services, maladministration and corruption (*Ibid*: 117-119). This is similar to Van Niekerk and Dalton-Brits (2016: 12), who argue that there is evidence of a lack of financial accountability and oversight. Pillay (2016: 119) does so by highlighting that bad audit outcomes in some municipalities in South Africa prove to be testimonies of the absence of good governance, professionalism, ethics, and integrity.

I acknowledge that the Auditor-General's audit reports provide a clear indication of the risks of mismanagement and maladministration in South African municipalities. However, I differ with Pillay (2016: 119) in attributing the source of these challenges at the municipal level solely to ethical values and the 'integrity' of municipal councillors and officials. My theoretical framework, critical realism, argues that there is more to what we can observe within local government than meets the eye. I believe that, instead, to better understand and explain the challenges experienced by South African municipalities, an integrated and systemic explanation (such as that proposed by the MPRM model) is needed.

The report on the financial year 2018/19 released by the Auditor-General paints a grim picture of the state of municipalities in South Africa, with only 18 out of 257 municipalities receiving clean audits. This means that only 5% of the county's municipalities have provided accurate financial reports, the content of which can be substantiated by relevant supporting documents, such as receipts and invoices, for a third consecutive year. The AG cites a lack of political will to take corrective action against corrupt officials as one of the problems that are paralysing municipalities (Auditor-General, 2020: 3).

The AG proposes that decisive action be taken against political leaders and municipal officials who deliberately ignore their duties and disobey the law. This should be done through performance management and by enforcing the legislated consequences for transgression (Auditor-General, 2020: 3-4). In the report, the AG cites a serious shortage of skilled personnel in strategic positions as among the factors contributing to many municipalities' failures to account for public funds they have to administer (Auditor-General, 2020: 3-4).

In the specific context of the Eastern Cape, the AG's report points out how a widespread lack of financial controls and project monitoring, an ongoing culture of a lack of accountability

as well as a tolerance of transgressions, has resulted in a further regression in audit outcomes in the province (Auditor-General, 2020: 6). Improvements were found to be rare and the general trend over the past three years has remained negative. Eight out of the Eastern Cape's thirty-one municipalities were unable to adequately support the information reported in their financial statements and received disclaimed opinions. This is the equivalent of the AG saying that no reliance can be placed on their financial reports due to a lack of supporting documentation (*Ibid*: 6). Instead of the responsible and diligent financial management of the limited resources available, the AG observed that there were dysfunctional control environments, extensive disorder in accounting records, prolonged vacancies in key positions and instability in councils, poor procurement processes, no consequences for poor performance and transgressions, and unreliable reporting on municipal finances and programmes (*Ibid*: 7).

The AG's report uncovered irregular expenditure of R2,5 billion incurred, nationally during the 2018/2019 financial year. Considering all of these ongoing financial challenges, Sikhakhane and Reddy (2011: 88) draw attention to the importance of accountability as a democratic tool for ensuring that public needs and legislative requirements are addressed. They point out that good governance requires, among other things, accountable politicians, officials, and civil society. They spell out the different types of accountabilities, including hierarchical, professional, and legal models of accountability (*Ibid*: 99). However, again, they provide no holistic and systemic model for how to integrate municipal public resource management and oversight into an integrated model of how accountable municipal governance should work.

2.4 Conclusion

The first part of this chapter began by explaining the relationship between critical realism and my choice of mid-range theory, which is the MPRM model. The second part of this chapter explored some of the current arguments offered by scholars within the field of local government, who have attempted to explain the various causes of failed municipal service delivery. In the engagement with the various arguments presented in the existing literature in the field of governance, accountability, and service delivery in South Africa I substantiate why I argue that the existing literature does not offer a holistic and integrated mid-range theory that provides a systematic account of how the entire MPRM cycle fits together.

I do acknowledge that the individual scholars scrutinised highlight very valuable information regarding individual aspects or causes of poor service delivery (often there are reducible to individual MPRM processes). However, I still maintain that they do not offer a

holistic overview of the relationship between these processes, and of the consequences of only partially implementing individual processes, or the impact of implementing only a selection of processes, rather than the entire MPRM system.

CHAPTER THREE

RMM MPAC'S FAMILIARITY WITH MUNICIPAL RESOURCE MOBILISATION PLANS AND THEIR IMPLEMENTATION

3.1 Introduction

In the previous chapter, I set out the critical realist philosophical assumptions informing this study and the contextual background of the study. I also explained how my chosen mid-range theory, the MPRM model, is capable of addressing several gaps within the current literature. In this chapter, I seek to address the research questions set out in Chapter 1, by using the MPRM model as my mid-range theory and by illustrating how the processes that make up the planning and implementation phases of the MPRM model would look in an instance where they were implemented effectively. With regard to the chosen municipality of study – RMM – the MPRM model is then used as a tool to understand why the selected processes work the way they do in the specific context of RMM.

For the sake of understanding the implementation of the model in RMM, I examine the linked processes of revenue planning (resource mobilisation planning) and revenue execution (revenue collection) in which I discuss the findings gathered from the data. I have chosen to group these two processes because of the relationship between the two. The logic behind this grouping is that the planning process precedes the implementation process and identifies what targets and activities should be undertaken during implementation. In addition, in order to monitor what revenue has been collected in a municipality, there needs to first be an understanding of what revenue targets were set.

The same will be done as well in the following chapter, Chapter 4, when I engage with the linked processes of resource allocation (the setting of spending targets) and expenditure management (which includes monitoring actual spending against these targets).

How this objective is achieved in these two chapters is as follows: I begin by setting out the legislative provisions governing how each process should work in the South African municipal context, in practice. Thereafter, I assess whether these processes are implemented in practice in ways that are consistent with the legislative framework and the broad outlines of the MPRM model. To establish how these processes are being implemented in practice in the specific context of RMM, I draw on interviews with MPAC councillors and support staff, as well as electricity officials. Electricity-related plans, municipal budget tables, and monthly

financial reports are used in an effort to verify the information or contentions of interview respondents who participated in the study.

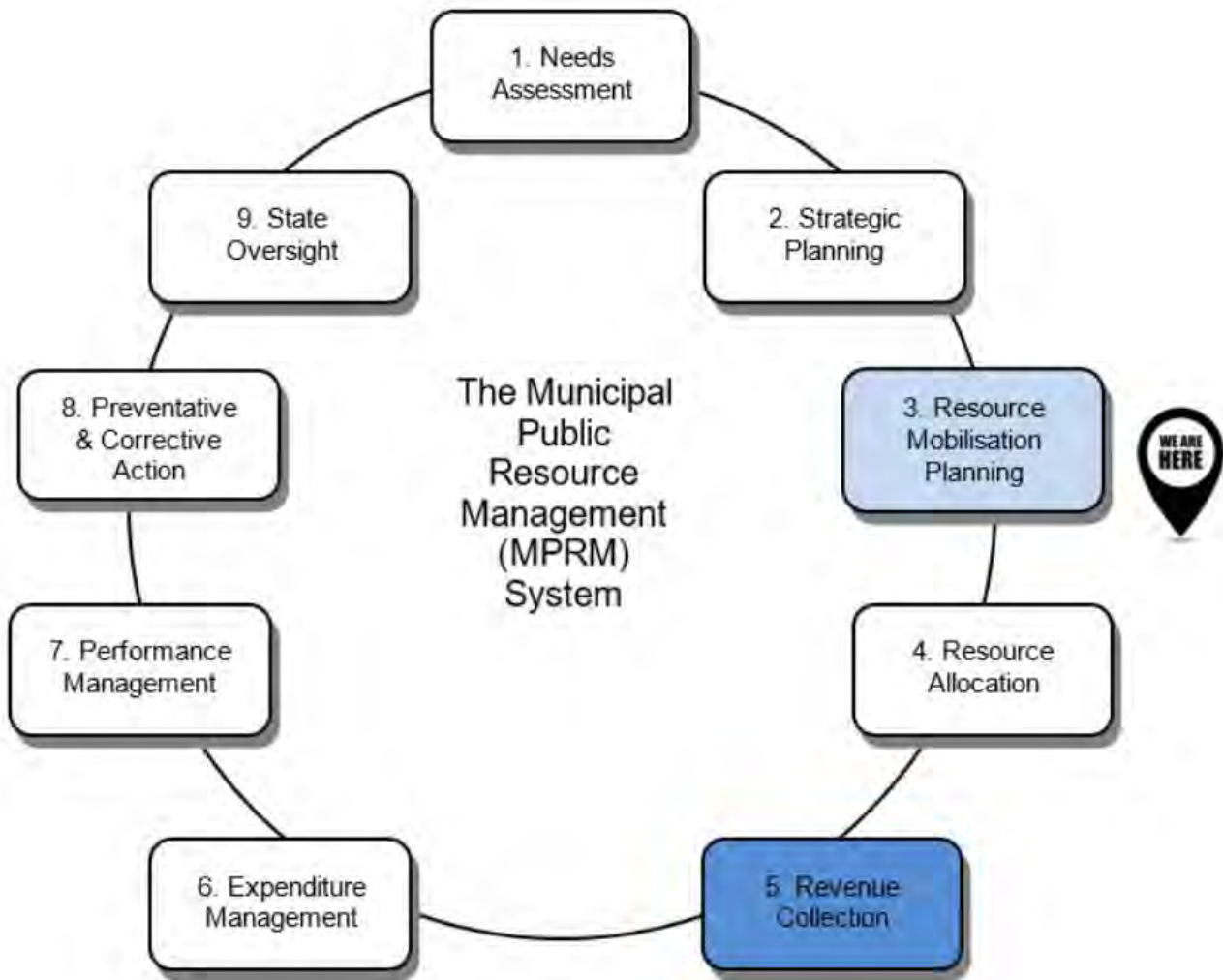
In essence, what I argue in these next two chapters is that unlike the MPRM model, the literature does not provide a multifaceted explanation of why MPACs seeking to exercise oversight in local municipalities like RMM has been so ineffective.

3.2 An outline of the data collection for the study

To reiterate the main objective of the study, the central research question, sought to establish whether the RMM MPAC was exercising effective oversight over electricity services in RMM, with a particular focus on the 2018/2019 financial year. To answer this question, as well as the subsidiary questions of this study, oversight mechanisms over electricity services in RMM were investigated by drawing on the views of MPAC members, their support staff, and officials working in the Electricity Services Department in RMM. As indicated in Chapter 1, six members who sit on the MPAC were interviewed, one MPAC support staff member was interviewed and two officials from the Electricity Services Department were interviewed. Even though the items on the interview schedule were written in English and understood by the participants, some participants preferred to respond in the language they were comfortable with, which was isiXhosa. This was not a problem as the researcher is a home language isiXhosa speaker. When necessary, the questions from were translated from English to isiXhosa ensuring that the meaning was not lost during translation.

Through the use of thematic analysis, the researcher was able to pick up common themes from the interview transcripts. From this analysis process, the researcher was able to present the data extracted from the interviews using direct quotations from the individual transcripts. What follows below, is an analysis of the data extracted from the semi-structured interviews and questionnaires.

3.3 Resource Mobilisation Planning Process



Extracted from: RUconnected available <https://ruconnected.ru.ac.za/mod/page/view.php?id=458208> [Accessed 08 September 2021].

The resource mobilisation planning process in a nutshell, is about setting revenue targets and is necessary to ensure that the municipality has sufficient revenue available to fund the amounts that it plans to spend on the implementation of planned activities.

According to the United Nations (2015: 14), local governments around the world increasingly play key roles in the delivery of basic public services and in the provision of public infrastructure necessary for business development. These roles of local governments must be seen against a backdrop of multiple global challenges affecting municipalities, including environmental and natural resource crises, increasing urbanisation, and growing backlogs of infrastructure demands, all of which have aggravated the financial difficulties faced by local governments. In order to fulfil their mandate in a fiscally responsible manner, local

governments in developing countries must be able to mobilise sufficient revenues, whether tax revenues (taxes from property or land) or non-tax revenues (charges on municipal services like electricity) collected from user charges and fees. Adequacy of own revenues is the key to a municipality's improved ability to deliver necessary goods and services (*Ibid*: 15).

In essence, this process is all about the municipality's explanation and justification of the resources they plan to use to fund the key activities and programmes contained in its strategic plans (including its sector plans, like the Electricity Master Plan, the Integrated Development Plan and Service Delivery and Budget Implementation Plan) (Allan, 2019: 86). When going back to the broader discussion of the MPRM model, the model maintains that for the municipal residents' needs to be realised, there first needs to be an accurate and rigorous assessment of their needs. This accurate assessment includes the needs of indigent households for free basic services.

Once the needs of the municipal residents have been identified, municipalities are then required to draw up strategic plans which specify the necessary activities and programmes needed to realise the identified needs (Allan, 2019: 86). The rand value is then attached to the specified activities which are all grouped into programmes found in the Integrated Development Plan) and Service Delivery and Budget Implementation Plan. The role of the SDBIP is to ensure that the IDP and the municipal budget are aligned, providing an indication of how much it would cost to implement the plans and programmes specified in the IDP document (Allan, 2019: 87).

Now, as highlighted in the literature discussed in Chapter 2, municipalities in the South African context are in a very compromising situation financially. They face considerable financial strain because the residents' needs often exceed the available public resources. It then becomes very important for municipalities to accurately identify all potential revenue sources as well as develop clear policies and plans of how to collect those identified revenue sources. This is where the resource mobilisation planning process fits within the MPRM model. Resource mobilisation planning serves as a crucial process because, without it, officials in the municipal administration would not know how and where to collect municipal revenue, and councillors would not be able to oversee whether the revenue estimates in the IDP, and budget are realistic or not.

Municipalities can collect revenue from a number of sources or streams. In most cases these include National and Provincial government transfers (equitable share) and grants, borrowing from commercial banks, donor funds and municipal own revenue. The above-listed

sources of municipal revenue will be elaborated on in greater depth in the next process discussed, revenue collection.

One of the key questions to be asked when reviewing resource mobilisation planning in a municipality is, “How does the municipality plan to raise the resources to implement its programmes? Are its revenue plans coherent?” (Allan, 2019: 87).

Key Resource Mobilisation Planning documents for MPAC oversight:

Some of the fundamental documents that can be used for oversight by the MPAC are as follows: firstly, a revenue plan which projects a medium to long-term strategy for the municipality’s revenue generation. This plan is contained in the municipality’s IDP.

The annual budget is also a fundamental source of information when it comes to answering these questions in this particular process because it provides information on how much revenue the municipality plans to receive in the coming financial year, and from which revenue sources (*Ibid: 87*). The budget is a two-fold document which contains information on the following components: 1) estimations of the revenue that the municipality plans to collect which is what the municipality intends to bring in, and 2) estimations of the municipality’s planned expenditure which is what the municipality will pay out (*Ibid: 87*).

For the above-mentioned explanations, it is, therefore, important for MPAC members to know what amounts of revenue the municipality plans to bring in, for them to be able to track revenue collection, in the same way that they need to know how much money the municipality plans to spend in order to track spending.

The role of the MPAC in Resource Mobilisation Planning:

Section 160 (2) of the Constitution says that municipal councils may not delegate responsibility for the imposition of rates and other taxes (The Constitution, 1996: 89). This means that Council and councillors have a key role to play in resource mobilisation planning, but it is important to note that both Council and the councillors are not responsible for producing actual revenue plans (Allan, 2019b: 9). In essence, whilst all councillors are expected to oversee the quality and content of municipal strategic plans, the mandate of the MPAC is limited to implementation, and does not cover planning. Section 64 of the MFMA (2003: 76), stipulates that this is the responsibility of the Municipal Manager.

During the resource mobilisation planning process, councillors need to ensure that the municipal budget is funded and sustainable. For municipalities to fund their budget and ensure its sustainability, they would need to ensure that they have enough revenues to fund both their operating budget and their capital budget (Allan, 2019: 12).

Operating budgets focus on the day-to-day running of the municipality and usually cover a one-year period. Examples of these daily running costs include salaries, wages, repairs, and maintenance. Capital budgets, on the other hand, focus on investments in things like infrastructure and are usually long-term, although they may be updated annually. They usually extend over five-or ten-year periods; an example of these would be land, office furniture and vehicles.

3.3.1 MPACs Familiarity with Revenue Plans and Targets for Electricity Services in RMM

In order to establish whether the RMM MPAC is exercising effective oversight over electricity revenue collection, the first step was to establish whether MPAC councillors were familiar with revenue targets for the 2019/19 financial year.

As highlighted above, municipalities can obtain their revenue from a number of sources which are in summary, taxes, and user charges (commonly known as tariffs). Furthermore, the Property Rates Act (2004: 18), stipulates that local municipalities may levy rates on properties within their demarcation. Local municipalities are therefore expected to utilise these levies for municipal services. A majority of these services come from electricity and water services. This study as aforementioned scrutinises MPACs oversight over electricity services in particular.

Section 9 of the Electricity Act (1987: 4) provides a legislative framework for resource mobilisation planning for electricity services at a municipality level. What is fundamental in Section 9 of the Electricity Act (1987: 4) is the emphasis on municipalities charging their residents within the tariffs specified in the schedule of approved tariffs. The Schedule of approved tariffs is what entails the nationally approved tariffs and therefore, it is expected that municipalities comply with these tariffs by charging residents within the above-mentioned tariffs.

In efforts to try and assess MPAC's exercise of oversight over electricity services, all the MPAC members and support staff were asked a series of questions. Their responses

indicated that MPAC did not exercise rigorous oversight over the resource mobilisation planning targets set by the municipality for electricity services. Below are some of the recurring findings found in the interviews conducted.

3.2.2 Over-reliance on Municipal officials for verification of what is in the municipal electricity plans

A point that kept on recurring from the MPAC and support staff interviews was that they were not familiar with the content in the municipal resource mobilisation plans found in the municipality’s budget Schedule A Tables (which forecast the municipality’s revenue and expenditure for the coming financial year) as well as departmental plans like the electricity master plan. The extract below shows some of the content that is included in the RMM

The extract below shows some of the content that is included in the RMM electricity Master Plan for the year 2017 (which was the most recent available at the time the research was conducted) and as highlighted above, RMM MPAC councillors confirmed that they did not know what was included in such a plan. For these reasons, I maintain that RMM MPAC members cannot exercise effective oversight over revenue collection if they are not even aware of where to find electricity revenue targets in the first place.

Raymond Mhlaba Local Municipality

Electricity Master-Plan

Fort Beaufort

Month	TOTAL Losses kWh	Total Energy Delivered kWh	Total Sales kWh	%age Losses
Jul-15	455,847.08	2,891,862.50	2,436,015.42	16%
Aug-15	621,142.08	3,057,157.50	2,436,015.42	20%
Sep-15	524,029.58	2,960,045.00	2,436,015.42	18%
Oct-15	282,092.08	2,718,107.50	2,436,015.42	10%
Nov-15	146,932.08	2,582,947.50	2,436,015.42	6%
Dec-15	130,772.08	2,566,787.50	2,436,015.42	5%
Jan-16	300,627.08	2,736,642.50	2,436,015.42	11%
Feb-16	319,499.58	2,755,515.00	2,436,015.42	12%
Mar-16	67,607.08	2,503,622.50	2,436,015.42	3%
Apr-16	200,947.08	2,636,962.50	2,436,015.42	8%
May-16	282,087.08	2,718,102.50	2,436,015.42	10%
Jun-16	(73,642.92)	2,362,372.50	2,436,015.42	-3%

The sales data for Fort Beaufort was never made available even after numerous requests. The sales data is from the D-Forms.

Source: RMM electricity master plan, 2017: 4.

As argued above, the responses of MPAC members indicated that there was a lack of familiarity with the content of municipal revenue plans as well as electricity strategic plans in general. When asked whether the committee familiarised themselves with the municipal electricity plans such as the Electricity Master Plan before exercising oversight, all MPAC councillors responded that they were not familiar with them. What was interesting is that only one member from the support staff knew what an Electricity Master Plan was, all six of the councillors confirmed that they have never seen one. Furthermore, when asked how they were able to monitor whether RMM was meeting its electricity targets if they were not familiar with these targets in the first place, they responded that they usually waited to hear about that kind of information on the electricity department's revenue targets in Council meetings. For instance, Cllr Mthunzi Keleni responded to the question as follows:

Eish! I also don't know [taken aback], we just hear about such information in Council meetings when the officials present such information and even so, we do not do anything to go back and verify or follow up on it (Cllr Mthunzi Keleni, 14/10/2020).

This translates into MPAC councillors uncritically relying on the word of officials when it comes to assessing whether or not revenue targets for electricity services were met. Cllr Leroy Baker also confirmed the over-reliance of the MPAC on officials and sources such as the Internal Audit Unit or the Auditor-General.

...We as the MPAC are also at fault for not doing our job the way we are supposed to. So, in such a case the Auditor-General or Internal Audit Unit would have to bring that to our attention otherwise, us as a committee do not follow up on this because throughout the year, there is not much oversight done with regards to specifically overseeing performance of the specific service delivery departments and we are failing currently. We only look at such matters when we have to table the oversight report and that is only once every financial year (Cllr Leroy Baker, 17/11/2020)

Cllr Nonie Thabi said, "unfortunately, we never know because we do not have the necessary skills to determine such" (19/10/2020). Although all the MPAC members had at least a basic educational foundation (at least, Matric), it was equally evident that they lacked basic financial

literacy and lacked confidence when it came to reading and analysing financial plans and financial statements. This explains why it would be challenging for the committee to understand various revenue targets set out in municipal budget documents.

overall, this meant that they relied on what was being presented in Council meetings without verifying the information. The above-mentioned to me, proves that there is a lack of rigorous and critical oversight and an over-reliance on municipal officials which, I believe, compromises the mandate of the MPAC.

3.2.3 Lack of necessary skills to exercise effective oversight

Moreover, from the above accounts provided by MPAC councillors, I gathered that because the committee did not have the capacity to analyse the necessary financial documents, they ended up relying heavily on external bodies such as the Auditor-General or the Internal Audit Unit for purposes of performing their oversight role. This also means that they were not able to pick up issues on time because as Councillor Baker acknowledged that matters concerning the municipality's performance are only looked into when the MPAC has to table the Oversight Report. In most cases, that is due at least 7 months after the financial year has ended. By that time, there is little prospect of taking corrective action in response to matters that were of concern during the financial year.

These findings are consistent with the argument Van Niekerk and Dalton-Brits (2016: 124) make in respect of some of the challenges related to accountability and oversight mechanisms within municipalities. These include (1) a lack of appropriate skills and competencies and (2) a general lack of political leadership in improving accountability and oversight. Munzhedzi (2016: 6), on the other hand, maintains that political leadership within MPACs should be strengthened by nominating politicians with the capacity to hold the executive accountable and providing them with relevant oversight skills (Munzhedzi, 2016: 6).

Makhado (2016: 7) argues that capacity constraints are a challenge for MPACs because the effectiveness and efficiency of these oversight bodies in overseeing the performance of the municipality is determined by the technical support, they receive from the committee support staff. Makhado (2016: 7) observes that Public Accounts Committees (PACs) at the provincial level are usually served by two support staff, which is not enough, considering the high volume of work that needs to be processed. He argues that the situation is far worse at the local level

because most of the MPACs do not have adequately trained support staff and there is also a lack of skills and capacity to conduct effective oversight (Makhado, 2016: 8).

When asked about the plans they had in place to collect revenue for electricity services, the RMM electricity services officials implied that this process was implemented effectively. A senior official from engineering and infrastructure department, Mr. Xola Ncetani stated that,

Income projections are developed as part of the annual budget based on the anticipated bulk purchases and sales of electricity. Also, maintenance of the network is budgeted for as well as the staff contingent that will be required to ensure that the electrical network is functional. The municipality also has a Revenue Collection Strategy to ensure that those who are not paying are made to pay (Mr. Xola Ncetani, 20/11/2020)

Even though the Electricity Services Department felt confident about their revenue plans, when asked whether the municipality could afford its electricity infrastructure given its cost of operation, maintenance, and renewal, Mr. Ncetani admitted that they were “putting out fires” (Mr. Xola Ncetani, 20/11/2020). Mrs. Sihle Stofile, also from the Electricity Services Department, agreed with Mr. Ncetani and responded that “No it cannot hence we seek funding to improve our infrastructure.” (Mrs. Sihle Stofile, 20/11/2020).

This data gathered from the officials proved that indeed without the national grants and funding, the municipality would not be able to generate sufficient revenue to fund their operational budget. Meaning that the municipality would not be able to cover day-to-day expenses such as maintenance.

To substantiate this interpretation, Mr. Ncetani stated that,

With an improved revenue collection, the municipality can afford its electricity infrastructure, but as it is, the municipality cannot afford its infrastructure and solely relies on the INEP grant and unplanned sporadic maintenance, in other words we are ‘putting out fires’ (Mr. Xola Ncetani, 20/11/2020).

According to the Department of Energy (2019), the Integrated National Electrification Programme (INEP) that Mr. Ncetani refers to is a conditional grant allocation available to

support municipalities struggling to implement the national electrification programme in their respective areas. What Mr. Ncetani's response shows is the huge dependency the RMM Electricity Department has on government grants which speaks volumes about the level of revenue the department is able to collect.

Sources of revenue to fund the operational budget of RMM for fourth quarter of the 2018/19 financial year

What are the planned sources of revenue to fund the Operational Budget?		
Revenue Source	Amount (R'000)	As a % of total
Property Rates	R 76 209 000	21,1%
Service Charges	R 81 251 000	22,5%
Transfers and subsidies	R 168 634 000	46,7%
Total	R 360 562 000	

Source: Table A4 Statement of the Raymond Mhlaba Municipality Budgeted Financial Performance for the 2018/19 financial year.

The extract above which has been taken from the municipal document analysis shows that transfers and subsidies are a revenue source that RMM depends on largely to fund the municipality's operational budget (budget for daily business functions of the municipality). With almost a 50% dependence on national government transfers and subsidies, that means that if the municipality did not receive grants from the national and provincial government, they would have to source out revenue from service charges which are on 22,5% as well as property rates which sit on 21,1% which might be something that might have to be looked out for.

Now in a case whereby, an oversight committee like the MPAC is not even familiar with such resource mobilisation plans, or revenue targets, the question then becomes, how does the MPAC then track or oversee the actual collection of the revenue from the sources the electricity department (in this context) had targeted to collect it from. The answer to this question is that they do not.

I make this argument because the key concerns I found in the implementation of the resource mobilisation planning process in RMM, from the point of view of MPAC oversight, included the (1) lack of familiarity of content in the municipality's resource mobilisation plans

like the annual budget, for electricity and (2) over-reliance by MPAC on municipal officials to explain the content of these plans thus resulting in (3) non-verification of the information presented by officials. To tie the above arguments to the question of what impact the resource mobilisation planning process has on the electricity revenue collection process, the research shows that there were not up to date electricity plans for RMM, in the form of the Electricity Master Plan. There were no clear targets set out in addition to this plan. Consequently, this suggests that it must have been difficult for the Budget and Treasury Office in RMM to know how much they should have been collecting from electricity services. The same applies to MPAC oversight. The data collected indicates that aside from most of the MPAC members not having relevant skills and qualifications that aligned with their job specifications, they were not familiar with revenue targets for electricity services.

3.4 Revenue Collection Process



Extracted from: RUconnected available <https://ruconnected.ru.ac.za/mod/page/view.php?id=458208> [Accessed 08 September 2021].

After all the municipal plans and activities to realise the identified needs (in the needs assessment process) have been drafted, and a plan which sets out where the municipality plans to collect the resources needed to implement the plans and activities above-mentioned has been drawn-up (resource mobilisation planning). The actual collection of the planned revenues then has to take place. This is a very important process in the case of a municipalities 'own' revenue, which include revenue collected from property rates and service delivery charges. Hypothetically speaking, if a municipality had planned to collect 50% of revenue from its own revenue sources like electricity service charges, the revenue collection process asserts that the municipality would then have to ensure that those electricity service charges are actually collected and not just billed (invoiced). The critical point to remember, is that if the municipality under-collects its revenue, it will be forced to cut its expenditure accordingly.

In the resource mobilisation planning process, I highlighted that municipal revenue can be collected from various sources which include government transfers and grants, borrowing, donor funds and municipal own revenue (e.g., property rates and service charges like electricity tariffs). Revenue sources such as government transfers and donor funds can be deposited directly into the municipality's account. However, the most crucial revenue source that constantly needs to be rigorously monitored is the collection of the municipality's own revenue.

The MPRM model provides a practical way in which a municipality can monitor its actual revenue collection. It does so by drawing from various legislative provisions which provide the requirements for effective revenue collection management. Chapter 9 of the Municipal systems Act (2000: 88) provides a comprehensive outline of how municipalities are expected to manage their revenue collection. Section 95 (MSyA, 2000: 88) specifically obliges municipalities, within the financial and administrative capacity to establish a customer management system whereby billing queries can be addressed, and actual collection of the bills can be monitored.

Having a fully functional customer care system, therefore, ensures that a municipality has a platform to provide accurate measurements of the use of services by residents/customers (such as electricity) and accurate billing based on these measurements. This in turn, provides the basis for proper and timely reporting on the municipality's actual revenue collection. When looking at the bigger picture, having an effective customer care management system contributes positively to the municipality's financial sustainability.

When it comes to reporting on actual revenue collection, it is important to note that there is a difference between billed revenue and actual revenue. Billed revenue is usually in the form of invoices which are sent out every month to municipal residents and customers (Allan, 2019b: 5). These invoices set out what the residents or customers owe the municipality, and this could be billed from property rates or service charges provided through meter readings for electricity or water usage. It is, therefore, crucial for municipalities to have rigorous credit controls and debt collection controls as stipulated in Section 97 of the MSyA (2000: 88), to ensure that invoiced services are actually paid for by residents. This is because a municipality sending out its electricity bills to residents, is not the equivalent to the residents actually paying those bills.

Actual revenue on the other hand, refers to the cash, online or electronic payments made to the municipality which are usually collected by the collections section within the Budget and Treasury Office of the municipality. The total is updated to the municipality's financial management system. Cash is banked the following day, and the manager responsible for revenue checks the bank statement daily (EMPAC, 2021, Session 6, para. 1).

The MPRM model, therefore, emphasises that in order for the revenue collection process to be implemented effectively in a municipality, actual revenue collection must be tracked throughout the financial year against planned revenue collection. The purpose of this is to verify that the necessary resources to implement the SDBIP are available (EMPAC, 2021, Session 6, para 2).

Municipal Councillors, the Mayor, the Municipal Manager, and the Chief Financial Officer have the responsibility for the effective implementation of the revenue collection process in municipalities. Section 74 of the MSyA (2000: 70) sets out the responsibility of councillors for passing key revenue collection related policies, such as tariff policies, property rates policies, credit control and debt collection policies, indigent policies, cash, borrowing and investment policies, funding, and reserves policy. In essence, all councillors are given an oversight role in monitoring the implementation of the policies put in place for revenue collection (MSyA, 2000; MFMA: 82).

To exercise this oversight role effectively, MFMA Section 71⁹ reports are some of the key documents that can be used. Why? These reports can provide an accurate reflection of the municipality's financial performance thus, making it easy for oversight committees like MPAC to track the in-year implementation of the plans the municipality has for collecting their revenue (from the planned revenue sources drawn in the resource mobilisation planning process). The MFMA Section 71 report in essence, facilitates transparency, better in-year management as well as the oversight of budgets. This makes these reports management tools as well as early warning mechanisms for municipal councillors and officials (National Treasury, 2021, Monthly press release, para. 1).

⁹ A monthly financial report which is mandated by the MFMA as part of the in-year management, monitoring and reporting system for local government.

For an oversight committee like the MPAC, the MFMA Section 71 report helps the councillors pick up whether the revenue collected by the municipality matches the projected budget estimates. In a case where the figures do not match, then it ought to flag this as a possible risk. In addition to the above, the Chief Financial Officer's Handbook for municipalities. Below, is a discussion of the research findings which illustrate the extent to which the Revenue collection process is being implemented in the context of RMM.

3.4.1 RMM MPAC's familiarity with electricity services revenue collection targets.

In efforts to try and assess the RMM MPAC's exercise of oversight over electricity services, all the MPAC members and support staff were asked a series of questions. Their responses indicated that MPAC did not exercise rigorous oversight over the revenue collection targets set by the municipality for electricity services.

MPAC members and support staff were asked whether they used key documents for revenue collection such as Section 71 reports (monthly budget reports), Section 52 reports (quarterly), and Section 72 reports (mid-year reports) when reviewing the revenue collection performance for electricity in RMM. The following response is one that stood out, "I stand to be corrected but I have never heard of the MPAC which I am part of reviewing such performance in great detail." (Cllr Sidwell Cingo, 19/10/2020).

In addition, Cllr Thabi who is a senior councillor also expressed that they only got a sense of what was happening regarding revenue collection from discussions and presentations by officials in Council meetings, "We don't look at any of such documents as a committee but usually, we get a sense of what is going on when these matters are being discussed in Council meetings." (Cllr Nonie Thabi, 19/10/2020). This is a point that kept recurring from the MPAC and support staff interviews.

Firstly, the above demonstrates that the RMM MPAC were not familiar with the revenue collection plans that the municipality's Electricity Services Department had in place. This was a disturbing revelation especially considering that MPACs are obligated by law to exercise effective and rigorous oversight over a municipality's revenue collection management (MSyA, 2000: 70). Secondly, because MPAC members were not familiar with the revenue collection targets for the municipality's Electricity Services Department (as established above, during our review of the resource mobilisation planning process), this meant that they relied on what was being presented in Council meetings without having the capacity to independently

verify the information. The above discussion proves that there is a lack of rigorous oversight over electricity revenue collection, which is demonstrated by the over-reliance on municipal officials which, I believe, compromises the mandate of the MPAC.

In order to obtain more in-depth insights into the collection of electricity revenue, two electricity officials were also interviewed. They were asked about RMM's performance in collecting revenue for electricity relative to planned targets. The two electricity officials interviewed confirmed that the municipality and more specifically, the Electricity Services Department was experiencing very low revenue collection due to poor planning. When asked about how effectively planned revenues were being collected for electricity services in RMM, Mr Ncetani responded,

The municipality is experiencing high revenue losses due to poor revenue collection as well as electricity theft. The revenue from electricity sales is not where it's supposed to be, [the] municipality is not making profits. (Mr. Xola Ncetani, 20/11/2020).

Mrs. Damba also concurred with the above statement as she responded,

The Revenue Collection is not good within the municipality more especially on the electricity ... at the moment Eskom is collecting for the municipality and the balance of the revenue collected goes to service the debt. Targets are not met; this of course has to do with illegal connections and meter tamperers that we are trying to reduce on a monthly basis. (Mrs. Unathi Damba, 20/11/2020).

These are some of the issues that the MPAC should be capable of investigating and holding the Electricity Services Department accountable for. This is required by the municipal legislation as highlighted at the beginning of this section. An example of one of the key documents that the RMM MPAC should be looking at is the Section 71 report as stipulated in the MFMA (2003: 83).

The Cash Flow Statement, which is always contained in Table C7 of the monthly Section 71 report, provides crucial information on the municipality's cash flow (cited in Allan, 2019b: 1), and shows any changes in the cash position of the municipality during the month. In essence, this statement shows the amounts of the cash or cash equivalents that enter or leave the municipality (Allan, 2019b: 9). The Section 71 report as it shows whether the amount of

cash a municipality has collected has either increased or decreased between the beginning and end of the month. It is crucial for MPACs to use this table to track the actual amount of cash available to the municipality, instead of for instance using the Statement of Financial Performance (which is Table C4) in the Section 71 financial report. This is because the Statement of Financial Performance, which provides a report on the municipality's revenue versus its expenditure, reports on billed revenue rather than revenue collected in cash. So, if this is the only revenue information used by oversight councillors, they may end up with a completely inaccurate picture of the financial health of the municipality. They may end up thinking that just because the municipality has billed a certain amount for rates and services like electricity, it actually has this amount of money available in the bank. Whereas, in reality it may only have a fraction of this amount available in cash.

In the case of oversight committees like MPACs, the Cash Flow Statement within the monthly Section 71 report would allow for the committee members to work out how much cash the municipality has available to fund its operating expenses (expenses that a municipality incurs on a day-to-day basis, through its normal business operation) and pay off its debts (Allan, 2019b: 9).

The below extract shows how the RMM cash flow statement looked like for the 2018/19 financial year. The outlined line items show figures (municipalities own revenue) for the revenue that was collected against what the municipality had planned to raise from own revenue in the municipal budget. Below are some of the implications of the findings made from the document analysis.

The revenue the municipality collected in cash in the 2018/19 financial year

Eastern Cape: Raymond Mhlaba(EC129) - Table C7 Quarterly Budget Statement - Cash Flows for 4th Quarter ended 30 June 2019 (Figures Finalised as at 2019/07/31)

Description	Ref	2017/18	2018/19	Budget year 2018/19										
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance
CASH FLOW FROM OPERATING ACTIVITIES														
Receipts														
Property rates, penalties and collection charges		54 076		43 864	57 321	13 879	6 255	1 781	1 249	23 164	57 321	(34 157)	(59,59)	57 321
Service charges		65 443		50 563	65 370	8 779	11 258	10 992	7 547	38 576	65 370	(26 793)	(40,99)	65 370
Other revenue		14 492		10 089	26 183	26 638	36 650	31 706	13 345	108 338	26 183	82 155	313,77	26 183
Government - operating		195 584		168 634	165 309	69 389	54 252	42 198		165 839	165 309	530	0,32	165 309
Government - capital		67 277		34 637	102 462	21 664		16 822		38 486	102 462	(63 976)	(62,44)	102 462
Interest		5 959		3 620	6 147	5	1	1	0	7	6 147	(6 140)	(99,89)	6 147
Dividends														
Payments														
Suppliers and employees		(311 073)		(298 531)	(305 183)	(78 914)	(95 817)	(87 378)	(31 281)	(293 390)	(305 183)	11 793	(3,86)	(305 183)
Finance charges		(11 621)		(2 809)	(13 500)						(13 500)	13 500	(100,00)	(13 500)
Transfers and grants		(7 578)		(15 500)	(14 527)	(1 917)	(4 603)	(3 988)	(2 427)	(12 936)	(14 527)	1 591	(10,95)	(14 527)
NET CASH FROM/(USED) OPERATING ACTIVITIES		72 559	-	(5 434)	89 582	59 522	7 997	12 133	(11 567)	68 084	89 582	(21 498)	(24,00)	89 582

Source: Table C7 which represents the Municipality's Cash flow

How much revenue has been collected in cash?				
Revenue Source	YTD Actual	YTD Budget	YTD Variance	YTD Variance %
Property Rates	R 23 164 000	R 57 321 000	(34 157)	(59,59)
Service Charges	R 38 576 000	R 65 370 000	(26 793)	(40,99)

Analysis of the municipal financial performance findings and their implications:

The findings show that there is a significant shortfall of about 60% in the collection of revenue billed for property rates by RMM for the fourth quarter on the 2018/19 financial year. And there is an under collection of over 41% of billed revenue for service charges, which includes electricity. If actual revenue collected in cash from services in RMM was under collected by almost 60%, we would expect MPAC to pick this up and to point it out to the municipal executive and administration. We would also expect them to ask the obvious question of what expenditure it planned to cut (by an equivalent 60%) to compensate for the under collection of revenue from services.

In light of the above findings, my argument is, if RMM MPAC is not familiar with what the municipality's electricity revenue targets were, how could it possibly track revenue collection against these targets. Moreover, if the RMM MPAC was not familiar with the use of Section 71 reports on the municipality's revenue collection then how would they even begin to track whether RMM's Electricity Services Department is meeting revenue collection targets? Although the MPAC members interviewed mentioned that information on the municipality's financial performance is usually presented in Council meetings, the MPRM model and the legislation aforementioned stress that for MPACs to be capable of exercising their oversight role independently, they need to be able to accurately interpret and independently verify the information received from municipal officials. For instance, if municipal finance officials present figures to Council on revenue collection, MPAC councillors need to be able to ask the obvious question of whether this is 'billed revenue' (using the Statement of Financial Performance) or 'cash revenue' (using the Cash Flow Statement).

Consequences of poor revenue collection include municipalities not being able to fund all of the activities listed in their SDBIP or budget. In the specific context of RMM's electricity services where the Cash Flow Statement of the Section 71 report shows under-collection of billed revenue, this means that they would not be able to invest money in capital projects which create the infrastructure necessary for service delivery, maintenance as well as repairs of the

existing infrastructure (EMPAC, Session 6, para 3). This means that the Electricity Services Department, would be unable to provide planned services to municipal residents. This often results in service delivery protests that lead to more damage to municipal infrastructure, which then cannot be repaired due to a lack of available funds. Overall, it is really crucial for the MPAC to be familiar with the content in both the municipality's resource mobilisation plans and revenue collection plans.

3.5 Conclusion

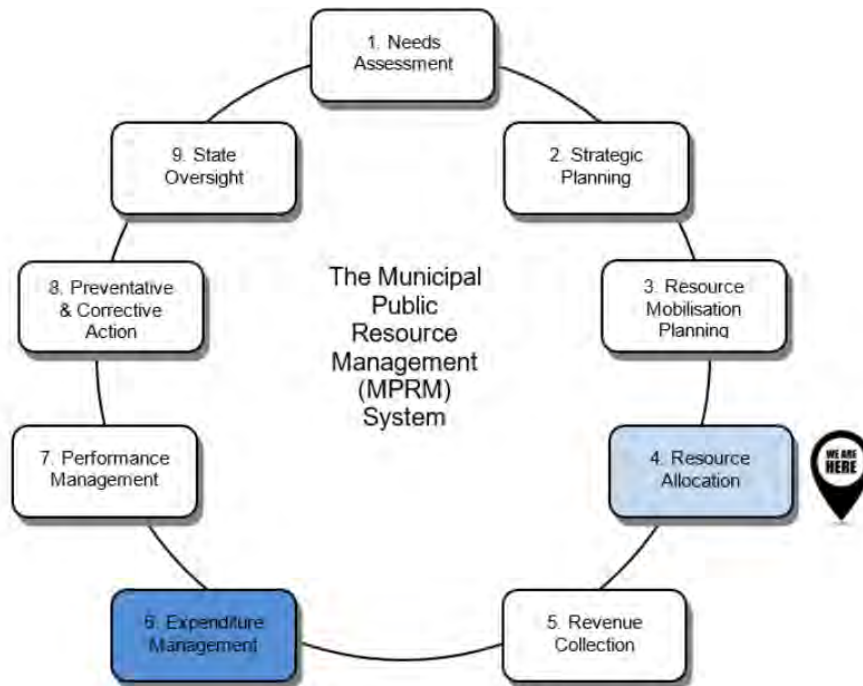
This chapter looked at the MPAC's familiarity with the content in the municipality's resource mobilisation plans as well as revenue collection plans for electricity. By comparing the perspectives and the opinions of the RMM electricity officials and the MPAC against what has been recorded in the municipal documents, I was able to conclude that the MPAC in RMM is not familiar with the content of the municipal plans for electricity nor the actual implementation of those plans which are realised through the revenue collection process. Most of the committee members did not even know that documents such as the Electricity Master plan (a document which is premised on achieving certain goals that have been set for the electricity sector) existed. And consequently, they were not aware that the targets set out in this vital plan were more than two years out of date.

As a result of the above, I found that the committee, therefore, overly relied on municipal officials to explain their own revenue collection performance, which was detrimental to the effectiveness of how they exercise their oversight role. The RMM MPAC's over-reliance on the municipal officials to explain and confirm most of the content in the municipal plans has resulted in the committee not verifying what is being said by the officials against what is recorded in the municipal documents. Going back to the broader argument of this study, due to such limitations, the MPAC is therefore not able to exercise its oversight role effectively and independently which is the core of what the MPAC was established for. This, therefore, attests to my argument in which I maintain that the MPAC of RMM does not exercise effective oversight over electricity services.

CHAPTER FOUR

RMM MPAC'S FAMILIARITY WITH MUNICIPAL RESOURCE ALLOCATION TARGETS AND MONITORING OF THE SPENDING OF ALLOCATED RESOURCES

4.1 Resource Allocation Process



Extracted from: RUconnected available at <https://ruconnected.ru.ac.za/mod/page/view.php?id=458208> [Accessed 12 December 2021].

The MPRM model asserts that once the municipality has planned how to gather the resources needed to pay for the implementation of its planned activities, it must plan for how much money it intends to spend on the implementation of priority activities identified in the planning processes (EMPAC, 2021, Module 1). This is where the resource allocation process fits in. This process involves the municipality making calculated decisions about which programmes and activities to fund within a given financial year, based on its estimates for how much revenue it will realistically be able to mobilise for that year. These decisions are then set out in a budget document, which is a legal document that sets out the municipality's revenue estimates and spending estimates for a given financial reporting period.

In essence, a budget document acts as a blueprint for how a municipality plans to collect and spend money. It consists of two parts: one part reflects the planned revenue estimates, and

the other, its spending estimates. MFMA Circular 19 (2003: 3) provides an outline of all the budget processes, from budget planning (the preparation phase) all the way to its publication (the approval phase).

How does this all fit in the bigger purpose of what the MPRM stands for? The effective implementation of resource allocation has to set out the municipality's spending projections over a medium to long-term period (EMPAC, 2021, Module 1). To reiterate the core of the MPRM model's assertions, it is crucial for the allocation of resources in a municipality to reflect a multi-year time-frame by looking beyond a municipality's current financial year. For this reason, the resource allocation process involves making spending projections over a three-year period. This is reflected in the medium-term revenue and expenditure framework for the municipality (herein referred to as MTREF), which is a capital and operating budget which sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years (National Treasury, 2021, para. 1). In essence, the MTREF gives an overview of expected revenue and expenditure trends in a municipality over a period of three years that is aligned with both the Integrated Development Plan (IDP) and municipal budget (National Treasury, n.d.: 75). By doing so, this framework encourages accountability, transparency and municipal financial stability whilst simultaneously enabling municipalities to undertake multi-year projects (EMPAC, 2021, Module 1).

As a result of its nature which reflects both revenue and expenditure projections, in the context of a municipality, a budget document serves as a key tool for oversight and accountability. This is because it is a legal document which obligates municipalities to keep their spending within the approved budget allocations. Furthermore, it is a fundamental document for oversight committees such as MPAC to understand, it enables them to oversee whether what the municipality had set out to collect and spend was reflected in the budget document effectively (EMPAC, 2021, Session 7).

To demonstrate the versatility of a budget document, in the previous chapter which discussed the resource mobilisation process and revenue collection process, the municipal budget was scrutinised as a source of information on the municipality's planned revenue targets. In the two processes discussed in this chapter (resource allocation and expenditure management), the budget document is scrutinised as a source of information on how the municipality plans to spend the revenue it has raised and/or collected. In other words, it is a source of information on its spending targets.

4.2 The role of the MPAC in Resource Allocation

As with the other ‘forward-looking’ processes in the MPRM, MPAC is not responsible for directly overseeing the resource allocation process. But it is responsible for closely monitoring municipal expenditure. For this reason, it is crucial for MPAC members to familiarise themselves with spending targets in the budget (i.e., resource allocation) to enable them to compare spending against these targets. For example, in an instance where spending targets in the municipal budget are incoherent or unrealistic given previous spending capacity, or the availability of funds for spending, MPACs need to be able to recommend changes to spending allocations in the budget (EMPAC, 2021, Session 3). This is with the bigger picture in mind of holding the executive and administration to account for their performance. To achieve a better understanding of expenditure planning, in summary, the MPAC needs to be able to ask the following questions: a) how much did the municipality plan to spend on different programmes and services? b) were its spending priorities/targets coherent? and c) were its spending targets realistic? As mentioned above, a municipality’s annual budget is an essential resource allocation document for MPACs to exercise effective oversight. Now a budget document comprises a whole lot of different types of tables which forecast different elements of the municipality’s finances; however, some of the fundamental budget tables for tracking expenditure are in the Budgeted Statement of Financial Performance, which compares projected revenue and projected expenditure for the coming financial year (this is found in Tables A2, A3 and A4 as seen on the diagram below, which set out these figures using slightly different classifications).

Table A2	Table A3	Table A4	
Functional Classification	Administrative Classification	Economic Classification	
<p>Governance and administration</p> <ul style="list-style-type: none"> Executive and council Finance and administration Internal audit <p>Community and public safety</p> <ul style="list-style-type: none"> Community and social services Sport and recreation Public safety Housing Health <p>Economic and environmental services</p> <ul style="list-style-type: none"> Planning and development Road transport Environmental protection <p>Trading services</p> <ul style="list-style-type: none"> Energy sources Water management Waste water management Waste management <p>Other</p>	<p>Vote 1 - Executive & Council</p> <p>Vote 2 - Budget & Treasury</p> <p>Vote 3 - Corporate services</p> <p>Vote 4 - Community Services</p> <p>Vote 5 - Strategic Planning & Development</p> <p>Vote 6 - Infrastructure Development & Planning</p> <p>Vote 7 - [NAME OF VOTE 7]</p> <p>Vote 8 - [NAME OF VOTE 8]</p> <p>Vote 9 - [NAME OF VOTE 9]</p> <p>Vote 10 - [NAME OF VOTE 10]</p>	<p>Revenue By Source</p> <ul style="list-style-type: none"> Property rates Service charges - electricity revenue Service charges - water revenue Service charges - sanitation revenue Service charges - refuse revenue Service charges - other Rental of facilities and equipment Interest earned - external investments Interest earned - outstanding debtors Dividends received Fines, penalties and forfeits Licences and permits Agency services Transfers and subsidies Other revenue Gains on disposal of PPE 	<p>Expenditure By Type</p> <ul style="list-style-type: none"> Employee related costs Remuneration of councillors Debt impairment Depreciation and asset impairment Finance charges Bulk purchases Other Materials Contracted services Transfers and grants Other expenditure Loss on disposal of PPE

Extracted from: RUconnected available at <https://ruconnected.ru.ac.za/mod/page/view.php?id=458168> [accessed 21 January 2022].

Table A2 provides a breakdown of the municipality's expenditure by function meaning that it sets out budget information by the purpose for which the money is allocated. For example, table A2 includes functional areas like, governance and administration, community and public safety, economic and environmental services as well as trading services (include electricity, waste management, water etc.). Overall, this breakdown shows the link between allocations and municipal policy priorities (EMPAC, 2021, Session 7). Table A4 on the other hand, provides a breakdown of the municipality's expenditure by type. This means that it uses economic classification which shows expenditure information based on the economic categories that the municipality plans to spend its money on. These include spending projections for employee related costs, remuneration of councillors, and bulk purchases to name a few.

Lastly, Table A5, the Budgeted Capital Expenditure Statement, sets out the projected capital expenditure of the municipality and like Table A2, it uses the functional classification. This table allows oversight members to identify how much money is allocated for spending on fixed assets, including land, buildings, machinery/equipment, and vehicles (often referred to as infrastructure). It enables councillors to establish how much money the municipality plans to spend on electricity infrastructure, water infrastructure, waste management (refuse collection) etc.

Considering the above, the subsidiary questions guiding this research sought to understand whether the RMM MPAC was firstly, familiar with the municipality's spending targets for electricity services and secondly, were able to rigorously track what the municipality's electricity department had set out to spend against the spending targets. The data collected from the participants of the study demonstrated that RMM MPAC was not familiar with the municipality's spending targets. This then proved to become a challenge which filtered down to the MPAC not even being able to rigorously track what the municipality's Electricity Services Department had set out to spend against its spending targets.

4.2.1 MPACs Preparation to exercise oversight over electricity spending

In trying to gauge how the RMM MPAC used resource allocation documents to better exercise their role over planned expenditure, I initially asked the six MPAC councillors interviewed which documents they used when exercising oversight over electricity. The responses were thought-provoking because from what I had gathered from the interviewees, the RMM MPAC exercised a very generic approach to oversight and barely looked at service-sector specific performance. What does this mean? This means that the RMM MPAC was not informed about

how the municipality performed with regards to electricity supply for the municipal residents' needs.

This further means that they did not or could not have rigorously reviewed evidence of the achievement of electricity services spending targets and thus, in a nutshell, were unable to play their oversight role of holding the executive and administration to account for their performance. To further substantiate my argument, when asked about the resource allocation documents the MPAC reviews for purposes of exercising oversight over electricity spending, a majority of MPAC members responded that there were none. Cllr Nonie Thabi, who is a senior councillor of the committee, maintained that, "We do look at budgets in a more general sense, but not looking specifically over electricity spending." (Cllr Nonie Thabi, 19/10/2020).

Going back to the bigger picture, the MPRM model acknowledges that the MPAC is not responsible for overseeing the resource allocation process. However, it asserts that it is indispensable for MPAC councillors to be cognisant of the 'forward-looking'/planning processes in order to exercise oversight of the 'backward-looking'/implementation processes. So, in the context of the RMM MPAC. By knowing the spending targets the electricity department had projected for the 2018/19 financial year, firstly the MPAC would be able to, as a start, verify whether those spending were realistic in the first place. Secondly, they would then be able to track whether those targets had been achieved as set out in resource allocation documents, such as the budget for example. Lastly, this means that they would be able to exercise effective oversight. However, this was not the case for the RMM MPAC.

4.2.2 RMM MPAC's familiarity with spending targets for electricity services

The RMM MPAC's minimal engagement with resource allocation documents like the budget which has been discussed above filters down and impacts their exercise of effective oversight negatively. To illustrate this, for example, a senior councillor was asked how the MPAC knew what the electricity spending targets were and how they usually tracked the achievement of those set targets. The senior councillor responded, "We rely on presentations made by finance in Council meetings" (Cllr Nonie Thabi, 19/10/2020).

For me, this response created an impression that there was neither tracking nor oversight over electricity spending, let alone a comparison between spending performance and the targets that were set in the budget. The over-reliance on officials within the municipal administration (generally from the Budget and Treasury Office), which was a recurring theme, showed that the RMM MPAC was not able to play their role independently and effectively.

When linking this observation to my argument in this study’s data analysis, the RMM MPAC’s over-reliance on officials to present and sometimes explain the content of municipal documents resulted in the lack of independent verification of information in municipal reports. These findings answered my subsidiary questions in that they revealed that the RMM MPAC is (1) not familiar with municipal plans, and (2) is not familiar with targets for revenue collection and/or actual spending for electricity services in RMM.

4.3 Expenditure Management Process



Extracted from: RUconnected available at <https://ruconnected.ru.ac.za/mod/page/view.php?id=463678> [Accessed 22 January 2022].

According to the MPRM model, once resources have been allocated to planned activities and programmes (i.e., the budget has been approved), the municipal administration can begin spending money to implement them (EMPAC, 2021, Session 8). With that being said, there has to be a process in place to manage the spending and this process must be able to collect and record information on the spending of its funds against its approved budget.

The municipality must also have internal controls in place to ensure that money is managed properly and spent effectively (EMPAC, 2021, Session 8). This includes operational spending on the day-to-day activities of the municipality and capital expenditure (also known as capex). It needs to have a set of risk management practices in place to identify any risks to the spending of funds, including having an internal audit unit. It must have systems to externally audit the accuracy of spending reports and the implementation of financial controls.

Finally, it must be able to report accurately on its spending performance, and be able to produce a range of monthly, quarterly, bi-annual, and annual reports which explain and justify its spending decisions and performance (EMPAC, 2021, Session 8).

An effective expenditure management process is made up of policies, principles, and systems to control, manage and report on a municipality's spending. The municipality's expenditure estimates have to be approved by the municipal council within the annual budget. The test of the credibility of the approved budget, however, can be measured relative to actual expenditure. In other words, the budget for capital and operating expenditure must be compared with actual expenditure. The National Treasury requires that the variance between what was budgeted and what was actually spent should be less than twenty percent. The credibility of the budgeting process can also be assessed by comparing: 1) budgeted capital expenditure with actual expenditure or/and 2) budgeted operational expenditure with actual operational expenditure (CFO Handbook for Municipalities, n.d: Part III). A variance of 20% or more signifies that the budget process was not credible from the point of view of the National Treasury. From an expenditure point of view, this means that any overspending of the budget by more than 20% or underspending of the budget by more than 20% represents a budget that was not credible.

In addition to the above-mentioned, the MPRM model asserts that the MPAC should assess the municipality's expenditure against its projected budget and determine the following: (1) whether there is any significant unplanned, unforeseen and unavoidable expenditures and the reasons for those; (2) the extent of the municipality's unauthorised, irregular, and wasteful expenditure and reasons behind it; (3) the procurement process and its control, in particular, any deviations from regulations during this process and reasons given for these deviations; and (4) whether it is necessary to bring matters to the attention of the municipal council about the municipality's spending patterns, particularly if its ability to meet its development objectives is compromised. The Municipal Finance Management Act (2003) read together with the municipal budget and Reporting Regulations (MBRR), sets out the legislative framework within which any expenditure related transactions must take place.

The expenditure of the municipality falls into three broad categories which are as follows: (1) human resources (2) capital items such as buildings and immovable assets (3) expenditure relating to day-to-day operations of the municipality like electricity, stationary etc. (Allan, 2019:4-5). Overall, according to the Municipal Finance Management Act Circular 68, when dealing with expenditure management, MPACs are given the responsibility to investigate

the recoverability of any unauthorised, irregular, or fruitless and wasteful expenditure. According to the MPRM model (Allan, 2019: 3), when investigating, the MPAC must take into consideration the following:

1. The measures that have already been taken to recover the expenditure,
2. The costs of the measures already taken to recover the expenditure,
3. The estimated cost and benefit of further measures that can be taken to recover such expenditure, and
4. Submit a motivation explaining its recommendations to the municipal council or final decision.

The following are the findings of how effectively the expenditure management process is implemented in RMM. The responses of the electricity officials suggested that there was no effective expenditure management for electricity services. When asked about the spending of the municipality they noted that there had always been overspending. The question I asked was, “Are budgeted funds for electricity services, including infrastructure maintenance all spent?” (See electricity officials interview schedule, Question 4.1 in Appendix B.) Mr Ncetani, who is a senior official, responded, “the budgeted funds are always overspent in a financial year and that proves that the funds are always not sufficient” (Mr Xola Ncetani, 20/11/2020). His fellow colleague, Mrs Stofile agreed that the municipality is under a lot of strain with overspending on own revenue spending; in the specific case of electricity, this is caused by the emergencies which result from ailing infrastructure and a lack of maintenance (Mrs Sihle Stofile, 20/11/2020).

My argument is that, based on the MPRM model, if there was effective monitoring/oversight on the electricity budgets, then the MPAC would pick up such issues and bring them to the attention of the Council. The key themes in the data collected that kept on recurring included lack of rigorous monitoring of expenditure management for electricity services, lack of familiarity with expenditure management targets and a lack of monitoring of the implementation of targets set in municipal plans.

The similar and recurring patterns in the answers of the MPAC members proved that there is indeed a lack of familiarity with the municipal spending when it comes to electricity, and this was due to the issue of insufficient capacitation. As previously mentioned, this issue results in the MPAC relying heavily on municipal officials to understand what is supposed to

be basic oversight. This over-reliance on information provided by the same people that MPAC is supposed to be overseeing, thus results in the MPAC members not verifying what is being said by municipal officials and essentially, not following up on the implementation of what was planned to be spent.

When asked about how the MPAC goes about identifying unauthorised, irregular, fruitless and wasteful expenditure for electricity, a majority of the MPAC members said that they usually were only able to follow-up after receiving a recommendation/instruction to do so from the Auditor-General or Council, “As I mentioned before, we usually start looking into unauthorised, irregular, fruitless and wasteful expenditure when the Auditor-General raises issues in the AGs report” (Cllr Sidwell Cingo, 19/10/2020).

The discussions of the findings above show that with the RMM MPAC was incapable of overseeing spending against its approved electricity services budget for 2018/19. According to the MPRM, this indicates a danger of depleted service delivery of electricity. If the MPAC does not raise issues relating to the underspending, overspending or unauthorised, etc spending to Council and recommend corrective action to be taken this is likely to result in service delivery protests. This, going back to my broader argument, shows the lack of rigorous oversight on the MPAC side can have a ripple effect on service delivery.

4.4 Conclusion

I have mentioned how I processed the data collected as well as discussed, the key findings from the data collection. Considering the analyses and interpretation of the collected data, I believe, therefore, it is evident that the MPAC in RMM is not exercising effective oversight over electricity service delivery. Some of the prominent reasons or challenges noted from the data include (1) a lack of familiarity with the content in the municipal plans for electricity services, (2) a lack of familiarity with the targets for revenue collection and expenditure management for electricity services, and (3) a lack of rigorous oversight over the spending and implementation of targets set out in the municipal plans. This, in essence, means that they cannot hold the administration and executive accountable for decisions made regarding the spending of municipal resources.

CHAPTER FIVE

CONCLUSION: EFFECTIVE MUNICIPAL OVERSIGHT FOR A MORE ACCOUNTABLE USE OF PUBLIC RESOURCES

5.1 Introduction

Overall, the objective of the research study was to evaluate the effectiveness of the Municipal Public Accounts Committee in ensuring accountable electricity service provision in RMM. This research has outlined how a municipality is established and functions as an institution of the state. The research has also elaborated how various mechanisms have been established in South Africa to ensure accountability, the Municipal Public Accounts Committee being one that the study focuses on. This chapter sets out conclusions drawn from the findings which have been discussed and the analysis offered in the previous chapters.

5.2 The state oversight Process

The MPRM model asserts that in-year oversight of performance should be undertaken by the MPAC, at least quarterly, by scrutinising the financial statements and the financial management of the performance of the municipality (Allan, 2019: 75). In this process, the MPAC should review the municipality's financial statements and financial audits to establish whether the funds were used, "efficiently, effectively and economically." (Allan, 2019: 76). The Auditor-General, the Audit Committee and the MPAC should work together to fulfil their obligations. These oversight bodies and mechanisms are also obligated to make evidence-based recommendations to improve performance in meeting the priority needs of the people as well as to monitor the implementation of their recommendations.

According to the MPRM model, during the State Oversight Process, key oversight bodies hold those managing public resources to account for their performance in progressively realising municipal residents' needs (EMPAC, 2021, Session 3). This process is referred to as the "state" oversight process because the oversight is undertaken by state bodies. Non-state bodies, such as civil society organisations and university research and monitoring bodies can also undertake oversight of municipal service delivery. But that is not the focus of the current research. State oversight at municipal level includes ongoing reviews of internal risk management by the Audit Committee, external auditing of financial management and performance by the Auditor-

General; and the financial and performance-related oversight of the MPAC (EMPAC, 2021, Session 3). The (State) Oversight process is the final process of the MPRM System.

At the start of the annual accountability cycle, municipal councils should review the needs analyses within their IDPs, the planned annual activities and programmes within their SDBIP, their resource mobilisation plans, and their proposed resource allocations to key municipal programmes and services (both in the budget), before voting to authorise the budget and IDP (EMPAC, 2021, Session 3).

During the annual MPRM cycle, councillors should hold the executive and senior managers to account for their performance and decisions in implementing the revenue collection, expenditure management, performance management and preventive and corrective action processes. They should also make recommendations of appropriate corrective actions. The Audit Committee, including the Performance Audit Committee, should reflect on the municipality's performance on a quarterly basis during this cycle and should review its annual performance at the end of the cycle. The Auditor-General should undertake an external financial audit and performance audit of the municipality at the end of the cycle (EMPAC, 2021, Session 3).

In-year oversight of performance should be undertaken by the MPAC, at least quarterly, by scrutinising the financial statements and financial management of the municipality as well as by reviewing internal audit findings regarding the implementation of the PMS and achievement of the SDBIP targets and objectives (EMPAC, 2021, Session 3). When processing data from both the semi-structured interviews and the questionnaires, it became apparent that there were a considerable number of challenges that the MPAC faced when exercising their oversight role. These challenges are highlighted and further discussed below.

5.3 Challenges to Effective MPAC Oversight

One of the main issues identified in the findings of the research conducted was a lack of institutional capacity within the MPAC. The MPAC is required in terms of the MPAC Guide and Toolkit (National Treasury, 2018: 52) to have two institutional support officials to assist with the functioning of the committee: an MPAC coordinator; and a MPAC researcher. In the context of RMM, there is an MPAC coordinator. However, there is currently no permanent MPAC researcher. In the case of the RMM MPAC, the permanent appointment of an MPAC researcher could allow for the committee to be informed of any relevant legislative provisions, amendments as well as content in the municipal documents. This would allow for a more

efficient and conducive working culture and to a great extent, some structure in the work the committee needs to get done for self-evaluation purposes.

I do acknowledge that members of the MPAC usually attend training and workshop programmes organised by the Department of Cooperative Government and Traditional Affairs, the National Treasury, and the Auditor-General's office at the beginning of a new administrative term of office, and when new legislation or amendments have been passed at the National or Provincial legislature. However, I have found that a majority of the current MPAC councillors in RMM do not have adequate training for the effective functioning of the committee as discussed in the previous chapters, which is unsurprising given that current induction training workshops are limited to three to five days of training, and very little of this training could be described as providing applied skills (such as how to read financial statements). This means that, once-off trainings do not capacitate MPAC councillors adequately.

Councillor turnover also plays a big role in this issue and in such instances, the introduction of new councillors to the committee in the middle of the council's five-year term of office often means that there might be a need for new training. According to Munzhedzi (2016: 6), this is often due to political instabilities within the institution which usually lead to increases in councillor turnovers. Botlhoko (2017: 143) acknowledges that it is the responsibility of CoGTA, the National Treasury and the Auditor-General's office to liaise with the support staff of the MPAC to identify the lack of personnel skills and knowledge around the effective functioning of councillors. , MPACs also need to actively reach out to these institutions and maintain good working relations so that they can be able to get all the necessary assistance in due time.

The interview responses of the participants in this research show an over-reliance on municipal officials to explain the content of municipal plans. I have argued that this serves to compromise the MPAC's authority as a committee because they end up accepting what the officials presented without further following up, and without verifying what was said by the municipal officials against what has been recorded in the municipal documents. As highlighted in the discussions above, a large degree of this problem is due to the lack of adequate and relevant skills to exercise their oversight.

A lack of cooperation from the municipal officials is another key factor that has prevailed from interviews conducted in this study. According to Section 60 of the MFMA (2003), the municipal manager is the 'accounting officer' of the municipality (i.e., generally,

the municipal manager) and, as an accounting officer, he/she is required to attend all the MPAC sessions and give clarity and insight on matters arising. If the Municipal Manager does not have sufficient information on a matter, they may refer the item to the relevant senior official within the institution heading up the directorate to give the content. What became clear during the interviews with the MPAC councillors was the challenge of constantly having executive directors of municipal departments (such as the Electricity Services Department) absent in these clarity seeking meetings because of commitments and other engagements, thus undermining the exercising of accountability by the committee. Most of the committee members expressed concerns about this issue because they felt that the minimal participation from people who could provide answers within the municipality like, executive directors had trickled down to other municipal officials thus creating a very compromising and difficult working culture for the MPAC.

This in turn, limits the MPAC from exercising their oversight role effectively due to the lack of cooperation from municipal officials, which often means that certain municipal documents are not accessed for them to effectively exercise oversight on what was planned against what was implemented. It will not be possible to address such limitations, unless corrective action is taken by the Council towards senior officials who are not complying with what the MPAC requires. By taking corrective action, remaining municipal officials will understand the importance of the MPAC and its oversight role within the municipality. An example of how to realise this would be to have the MPAC chairperson write letters recording this issue and requesting for accountability/consequence management to be taken against the officials who do not comply with the requests of the MPAC.

With the above conclusions drawn, the first and the biggest step the MPAC has to take towards improving its oversight role is to maintain a culture of following up. In the data collected, I found that MPAC did present recommendations on what they have picked up in Council meetings. They did not, however, follow up or measure the extent to which their recommendations were being implemented by the Council. This working culture, noted in the research, also influenced the MPAC's implementation of the Auditor-General's outcomes. The Auditor-General releases findings with a status for each municipality on their required checklist and would attach findings and recommendations of steps which must be undertaken to mitigate the matters and concerns raised. As a result of the MPAC of RMM not being able to develop an action plan to follow up on the matters raised by the Auditor-General, there was stagnation in solving the identified problems. There has been no action to reverse or mitigate matters being

raised, especially matters of unauthorised, irregular, wasteful and fruitless expenditure. As a result, the Auditor-General ends up repeating the same issues as matters of concern every financial year, simply because no actions are being taken towards following up on the matters of concern.

It is therefore evident that consequence management is a challenge that the MPAC faces. So, based on the aforementioned, it is important that the MPAC develop action plans which will seek to ensure that all the issues and matters of concerns highlighted within the Auditor-General's report are dealt with as a priority concern when conducting the function of the council. Furthermore, it is crucial for MPAC to actively follow their action plans to ensure that what is being recommended is being implemented on the ground.

These recommendations may help to also overcome the 'in-year versus end-of-year oversight' challenge that the RMM MPAC currently faces. Drawing from the strong opinions raised by the councillors with regards to end-of-year oversight, it was clear that the MPAC in RMM had a tendency of focusing on the end-of-year oversight rather than exercising oversight on a monthly or quarterly basis and using this data to, eventually, oversee on an annual basis. The MPAC councillors expressed that a substantial focus of the MPAC was producing the oversight report which is included in the municipality's annual report. The main issue with this was that, throughout the year, there were no plans of exercising oversight and eventually when the MPAC did, it was only when the oversight report had to be tabled in Council. The problem is that matters of concern would only be identified some seven months after the financial year had ended which, in my opinion, defies the whole point of exercising oversight and keeping the officials accountable. So, overall, it is important that monthly action plans be developed by the MPAC so that they can exercise oversight and pick up any matters of concern during the year (on a monthly, quarterly, and eventually on an annual basis).

Lastly, I believe that the MPAC role being part-time does hinder effective oversight practices. My takeaway from my interactions with the MPAC councillors is that they had other political priorities which seemed to be more important than committee roles like those of the MPAC. There was no dedication to the work of the committee and in essence, in the time spent as an intern in RMM, actual work (report writing, investigations etc.) was left to the MPAC secretary and the 'research intern' which was myself. In this regard it is clear that, firstly, the MPAC role needs to be full-time with full office working hours. Secondly, there need to be more incentives in place with the end goal of motivating MPAC councillors to prioritize their actual work.

5.4 Conclusion

When going back to the broader discussion in this study, Botlhoko (2017: 323) argues that sound financial management practices in South Africa are critical for the sustainability of the municipalities. He highlights that performing an oversight role requires knowledge, skills, and experience in the areas of financial management and accounting. This also refers to knowing, understanding and being able to implement all the rules and regulations governing local government finance (*Ibid*: 316). I agree with Makhado's argument that members of the MPAC should also be capable enough to promote accountability, transparency, and good governance within their municipal councils. This according to Makhado (2016: 7) is to be achieved through municipalities adequately capacitating MPACs with the necessary knowledge to enable them to provide support to the councils when they are exercising financial management, good governance, and accountability. Another reason for the lack of capacitation of MPAC members, according to Makhado, is the budget constraints that MPACs are expected to operate within (2016: 8).

Oversight bodies such as MPACs have to operate within a limited budget, which implies that even if there is training for members and support staff, not all of them will have an opportunity to attend such training. Lack of adequate budget implies that few members and support staff will be nominated to attend training (*Ibid*: 8). This, in turn, hinders the effectiveness of the oversight bodies in overseeing or rather comparing the municipal targets and plans against the evidence of the implementation of the plans.

Overall, I argue that Makhado (2016: 6-8) brings a different perspective to oversight mechanisms in municipalities. He shows that there are also underlying factors such as limited budgets that might hinder the effective exercise of oversight. I think that this argument gives a deeper understanding of why the majority of MPAC members in RMM are not able to familiarise or understand some of the content in the municipal plans (particularly electricity plans). In light of the above, however, I still maintain that the literature does not provide a model which accounts for how municipal public resource management should be done. For oversight bodies like the MPAC, this means that they are not able to follow a sequence of processes which assist them to review and compare the plans and the targets a municipality has against the evidence of the implementation of the plans.

In conclusion, I believe that my mid-range theory, the MPRM model, has filled the gaps left by current literature on local government, which is incapable of explaining the systemic conditions required for effective services, or the conditions required for exercising effective oversight. In addition, I believe that the research has shown that the proper capacitation and institutional support would result in a more sustainable exercise of oversight which in turn, would conserve and enhance the nature of public spending towards a more accountable nature.

Finally, the research conducted has shed light on the emphasis of institutionalising consequence management as set out by legislation. This is to ensure that irregular, wasteful, and unauthorised expenditure is addressed and curbed to restore the dignity of the local government as a community-based institution which is meant to deliver on the needs of the people. When looking at the bigger picture, this will eventually improve the service delivery and thus, ensure that the needs of the people are being progressively realised by the municipality.

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APPENDIX A: CONSENT FORM



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Consent for Participation in Interview Research on MPAC Oversight mechanisms and service delivery

Research topic:

“Oversight Mechanisms and Service Delivery: A Case Study of Municipal Public Accounts Committee Role over Electricity Services in Raymond Mhlaba Local Municipality, Eastern Cape, South Africa”

1. I volunteer to participate in a research project conducted by Sibabalwe Mpofu who a master’s candidate at Rhodes University. I understand that the project is designed to gather information on MPAC oversight. I have been provided with a written explanation of what this research involves in an information sheet.
2. My participation in this project is voluntary. I understand that I will not be paid for my participation. I may withdraw and discontinue participation at any time without penalty.
3. I understand that if I feel uncomfortable in any way during the interview session, I have the right to decline to answer any question or to end the interview.
4. I understand that the interview will take about 30 minutes or more. The interviewer will take written notes during the interview.
5. I understand that I will not be identifiable by name in any reports or materials using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure.
6. I agree for this interview to be recorded. I understand that the audio recording will be used for purposes of undertaking analysis and to extract quotations. I understand that other than this, no use will be made of the recording without my permission, and that no one outside the research team will be allowed access to the original recording.
7. I agree that extracts from the interview, from which I will not be personally identified, may be used in any conference presentations, training materials, reports and/or journal article developed because of the research.

8. Neither the Speaker of the Municipality, nor the Municipal Manager, nor senior municipal managers or other officials will be present at the interview. Nor will they have access to notes or transcripts of this interview. This precaution will prevent my individual comments from having any negative repercussions.

9. I understand that this research study has been reviewed and approved by the Rhodes University Ethics Committee. Should I wish to contact members of the Ethics Committee the contact person is Siyanda Manqele, who is reachable at the following telephone number, 046 603 7727

10. I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study and in this interview. I have been given a copy of this consent form.

_____	_____	_____
Name of participant	Date	Signature

_____	_____	_____
Principal Investigator	Date	Signature

To be counter-signed and dated electronically for telephone interviews or in the presence of the participant for face-to-face interviews

Copies: Once this form has been signed by all parties the participant should receive a copy of the signed and dated participant consent form, and the information sheet. A copy of the signed and dated consent form should be placed in the main project file which must be kept in a secure location.

APPENDIX B: INTERVIEW SCHEDULES

Interview schedule for RMM MPAC councillors and support staff

Introduction

A. (Establish Rapport) Introduce myself and inform interviewee that I was working with the GDU in 2019, which is within the Department of Sociology at Rhodes University. I am now completing my master's degree.

B. (Purpose) Tell them that I would like to ask them some questions about your background, and about your practical approach to oversight and your experiences in exercising municipal oversight.

C. (Motivation) I hope to use this information to provide a better understanding of the role of oversight on service delivery at a municipal level and to share this information within the Rhodes University Sociology department and library website.

D. (Consent) Read through the consent form.

Background questions:

1. How long have you been a Councillor or part of support staff for?
2. Previous occupation
3. How long have you been a member of MPAC? And your current political party?
4. Are you a resident of this municipality? Which town?
5. Highest qualification?
6. Age?
7. Sex?
8. Ethnic group?
9. Which one of these attributes would you say best describe RMM MPAC? And why?
(Feel free to add more attributes).

Non-partisan	Good working culture	Visible public profile	Capacitated staff	Able to self-evaluate	Comprehensive mandate
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Interview questions:

Generic questions:

1. How would you describe effective oversight in the context of local government?
2. How would you describe excellent service delivery in the context of local government?
3. In your view, do you think these two have an impact on each other? In other words, do you think (effective) oversight contributes to a satisfactory service delivery? Please explain.
4. In the context of RMM, is that the case? And overall, how would you rate the current exercise of oversight by MPAC over electricity service provision in the context of RMM?

Questions to review the implementation of the Resource mobilisation process to Expenditure management of the MPRM model by the RMM MPAC:

5. Resource Mobilisation Planning process

- 5.1 Does the MPAC familiarise themselves with the electricity plans such as the Electricity Master Plan before exercising oversight over revenue collection for electricity.
- 5.2 Does the MPAC check whether the municipality has an electricity revenue collection plan in place?
- 5.3 Has the MPAC undertaken an evaluation of the electricity revenue collection communication strategy for electricity provision within the municipality?
- 5.4 How often do you review the electricity master plan and how often do you review the revenue collection plans?
- 5.5 If not, then how does the MPAC review whether RMM is meeting its electricity revenue collection targets if it doesn't know what the targets are?

6. Resource Allocation

- 6.1 What resource allocation Documentations (i.e., municipal budget) does the MPAC usually review for purposes of preparing to exercise oversight over electricity spending?
- 6.2 How does the MPAC prepare to monitor electricity spending against its planned targets?

6.3 When analysing budget Documentations, does the MPAC look at spending targets for electricity operational and capital expenditure?

6.4 If not, how does the MPAC know what the electricity spending targets were for operational and capital expenditure?

7. Revenue Collection

7.1 What reports does the MPAC use when reviewing the revenue collection performance for electricity in RMM?

7.2 Does it use revenue collection information in the municipality's monthly, quarterly, and annual reports?

[Follow up question: If MPAC only looks at Annual reports, are there limitations to its oversight since the annual report gets tabled 7 months after the financial year?].

7.3 Is the MPAC able to calculate the difference between billed revenue for electricity and actual cash collected?

8. Expenditure Management

8.1 When the MPAC is reviewing the electricity expenditure management, what information does it use to track electricity spending? Does it use monthly, quarterly, or annual reports?

8.2 Does the MPAC calculate any under-spending and over-spending on what was planned and budgeted for electricity provision?

8.3 How does MPAC exercise oversight over underspending and overspending for electricity services? What has the MPAC done so far with regard to the underspending which was recorded for electricity in the fourth quarter of 2018/19 financial year?

8.4 Is the MPAC able to pick up whether the municipality is running a surplus or deficit? How does it go about doing this?

8.5 How does the MPAC go about identifying unauthorised, irregular, fruitless, wasteful, and wasteful expenditure for electricity?

8.6 How does MPAC go about assessing expenditure controls for electricity internal auditing?

9. Oversight

- 9.1 When are you exercising oversight of the Annual Report are you able to read and understand Auditor-General's reports? And understand Auditor-General's audit opinions?
- 9.2 Does MPAC make practically implementable recommendations to the RMM executive and administration regarding issues of revenue collection and expenditure (including controls)?
- 9.3 Is the MPAC able to track implementation of MPAC recommendations and resolutions including those recommendations made in previous year's Oversight Reports? Are these tracked in-year or only after the end of the financial year?
- 9.4 How does the MPAC assess whether the recommendations made on the matters raised by the Auditor-General with regard to unauthorised, irregular, fruitless, wasteful, and wasteful expenditure are being are being implemented?

10. Challenges to effective oversight

- 10.1 What do you think the main challenges are that MPAC faces in exercising effective oversight over municipal officials and executive members responsible for electricity service provision?
- 10.2 Do these challenges include a lack of familiarity with legislative provisions by Councillors or by municipal officials? (in other words, is this because these officials and members of the executive, as well as MPAC councillors, are not properly informed of the relevant processes and legislative provisions governing these processes). Please explain.
- 10.3 Do these challenges include a lack of familiarity with basic oversight tools (like being able to read financial statements, understand audit opinions or emphasis of matter comments, or understand disciplinary procedures for financial misconduct and ineffective performance)? (In other words, are some of the challenges the result of officials and councillors not being able to read financial statements, not being able to identify financial misconduct etc). Please explain.
- 10.4 Do these challenges include political pressure from more senior members of your political party, whether these are inside the municipal Council (like senior municipal officials, other Councillors, or Council staff like the Speaker) or outside of the municipality (e.g. Regional Executive Committee)? Please explain.

Interview Schedule for Service-Sector Specific Review-Municipal Officials

Consent Form and Background Information

Background questions:

- a) How long have you been an Official for?
- b) Current position?
- c) Previous occupation?
- d) How long have you been in your current position?
- e) Are you a resident of this municipality? Which town?
- f) Highest grade achieved in school/education?
- g) Occupation-related qualifications?
- h) Age?
- i) Sex?
- j) Ethnic group?

Questions to review the implementation of the Resource mobilisation process to Expenditure management of the MPRM model within the RMM electricity service sector:

1. Resource Mobilisation Planning

- 1.1 How does the municipality usually plan to collect revenue for electrical services?
- 1.2 Does it have a coherent revenue collection plan and communication strategy to encourage residents to pay?
- 1.3 What grants (including the Municipal Infrastructure Grant) has the municipality applied for electricity services and electricity infrastructure? Was it successful in being awarded these funds?
- 1.4 Can the municipality afford its electricity infrastructure given its cost of operation, maintenance, renewal? Especially seeing that there has been a recurring concern of aging infrastructure documented in the RMM Electricity Master Plan?

1.5 Can these costs be recovered from electricity revenue? If not, what revenue sources does the municipality usually approach to cover its electricity infrastructure costs?

2. Resource Allocation

2.1 When looking at what was budgeted for electricity services and electricity infrastructure maintenance over the MTREF in RMM, does this cover priority areas of service delivery and infrastructure maintenance?

2.2 Can you explain the budget decision-making process for electricity services?

2.3 In your opinion, are resource allocation decisions for electricity services coherently prioritised? How so?

2.4 What do you think are the implications of not budgeting for repairs and maintenance for electricity infrastructure?

3. Revenue Collection

3.1 Would you please explain the current performance of revenue collection for electricity relative to planned targets?

3.2 What challenges does the municipality usually encounter with regard to revenue collection for electricity? (for instance, non-payment by residents)

3.3 Is there rigorous reporting on electricity revenue collection, risk management and effective financial controls? Please elaborate.

4. Expenditure Management

4.1 Are budgeted funds for electricity services, including infrastructure maintenance all spent? Was there rigorous reporting on spending, risk management and effective internal financial controls?

4.2 How does RMM deal with under-and overspending of the electricity spending targets?

4.3 How would you explain the non-disclosure of amounts spent on asset renewal as well as repairs and maintenance for electricity (documented below from Quarter 4 s71 report for 2018/19 financial year)?

Eastern Cape: Raymond Mhlaba(EC129) - Table A9 Asset Management (All) for 4th Quarter ended 30 June 2018 (Published Figures as at 2018/08/02)

Description	Ref	2014/15	2015/16	2016/17	Current year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road Transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties										
Other assets	6									
Agricultural assets										
Biological assets										
Intangibles										

Eastern Cape: Raymond Mhlaba(EC129) - Table A9 Asset Management (All) for 4th Quarter ended 30 June 2018 (Published Figures as at 2018/08/02)

Description	Ref	2014/15	2015/16	2016/17	Current year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
EXPENDITURE OTHER ITEMS										
Depreciation and asset impairment				31 228	45 722	38 500	38 500	40 810	43 259	45 854
Repairs and Maintenance by Asset Class	3	-	-	-	2 000	-	-	-	-	-
Infrastructure - Road Transport										
Infrastructure - Electricity					1 500					
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	1 500	-	-	-	-	-
Community					250					
Heritage assets										
Investment properties					250					
Other assets	6,7									
TOTAL EXPENDITURE OTHER ITEMS		-	-	31 228	47 722	38 500	38 500	40 810	43 259	45 854

5. Oversight

5.1 When assessing the current state of oversight in RMM, would you say there is effective oversight of the implementation of electricity services and electrical infrastructure maintenance?

5.2 Are the issues raised by the Audit Committee or Auditor-General being taken up and implemented by the MPAC or other Council committees?

- 5.3 Do Council committees like MPAC make evidence-based recommendations made to improve electricity service delivery and electricity infrastructure maintenance? Are these recommendations practically feasible?
- 5.4 What corrective measures is the electricity department currently following in addressing the concerns and recommendations raised in the Electricity Master Plan?