EMPLOYEE PERCEPTIONS OF THE FUNCTION OF INTERNAL AUDITING IN MUNICIPALITIES WITHIN THE WEST COAST DISTRICT

by

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DECLARATION

By this declaration, I, Akhona Ndyalivane, affirm that the dissertation, *Employee perceptions of the function of internal auditing in municipalities within the West Coast District,* submitted for the Cape Peninsula University of Technology's Master of Internal Auditing degree is entirely my original work that I haven't previously submitted for a degree at another institution. When secondary sources are used, they have been properly cited and acknowledged in compliance with the university's guidelines.

Signed: _____   Date: 13 Feb 2025 _____

ACKNOWLEDGEMENTS

DEDICATION

I would like to first dedicate this piece of work to MYSELF – a milestone has been reached.

Secondly, I dedicate this thesis to both my parents, Mom Regina Nothobile Ndyalivane and my late Dad, Mayivele Ndyalivane, who passed away in 2020. I dedicate this piece of work to them for raising a "never give up queen".

Furthermore, To my sisters, Khanyiswa Ndyalivane-Sishuba and Nwabisa Brenda Ndyalivane, for their immense support and motivation throughout my academic journey.

This is what the LORD says:

For I know the plans I have for you, declares the LORD, plans to prosper you and not to harm you, plans to give you hope and a future.
Jeremiah 29:11

ABSTRACT

According to the Institute of Internal Auditors (IIA) Global Internal Audit Survey on measuring the value of internal auditing (IA), "the fundamental principle of an IA role is that its significance is defined by its organisational value" and its value is expressed in its perceived contribution to the employees. The concern therefore arises whether the employees' regard the internal auditing function (IAF) at South African municipalities as adding value and whether such facilities can be considered helpful to them.

South African municipalities are formed through the provisions of law, offering service to residents of South Africa by delivering a variety of basic services. IA activities in municipalities help with enhancing transparency and improving the quality of public services and efficient administration. Thus, IA activities are crucial within local governments (LGs) for continuous assessment of their operational plans and recommended business processes to assure that citizen's goals are achieved.

The role of the IA department or unit (IA in short) in every municipality is to support the municipal management by reviewing, assessing and assisting to improve and ensure adequate internal monitoring systems and achieving its goals. IA goals include the provision of primary services by means of assessing risk management, control and governance procedures as well as the efficiency of the different insurance and consulting facilities outlined in the assessment report in each municipality (IIA, 2016:23).

The research problem statement reads as follows: **IA in the West Coast District municipalities is adversely affected by the perceptions of employees of the internal auditing function (IAF) within these municipalities.**

A clear understanding within the context of this study is achieved through issuing standardised questionnaires to employees of the WCDMs, enabling them to describe their experiences and expectations of the IA function within the WCDMs and to share the employees' views of the barriers affecting IA activities. A total of 200 questionnaires were issued to employees within the 5 WCDMs.

From the data analysis and findings derived in this study, the IA function performed by municipalities within the West Coast District has become clear and are thoroughly understood by employees. The expectation arising from the results of the study is that the experiences and expectations shared by the participants will improve the strategic role of the IA function' within IA (referring to IA departments) and enhance IA operations across the WCDMs. This will add value to the IA departments' operations, enhance

risk management effectiveness, and achieve successful process control and governance implementation.

Keywords: Internal auditing functions, municipalities, employee perceptions, risk management, governance.

LIST OF ABBREVIATIONS

AC	Audit Committee
CAE	Chief Audit Executive
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
COSO	Committee of Sponsoring Organisations
IA	Internal Auditing
IAA	Internal Auditing Activity
IAF	Internal Auditing Function
IDP	Integrated Development Plan
IIA	Institute of Internal Auditors
IPPF	International Professional Practices Framework
ISPPIA	International Standards for the Professional Practise of Internal Auditing
KPAs	Key Performance Areas
LG	Local Government
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
NTF	National Treasury Framework
PFMA	Public Sector Financial Management Act
WCDM	West Coast District Municipality

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Introduction

South African municipalities are formed through the provisions of law, offering services to residents of South Africa by delivering a variety of basic services. Internal auditing (IA) activities in municipalities help to enhance transparency and advancing public service quality and administration efficiency. Thus, IA activities are crucial within local governments (LGs) for the continuous assessment of their operational plans and recommended business practices to assure that citizens' goals are achieved.

The Global Internal Audit Survey on measuring the value of internal auditing (IA), released by the Institute of Internal Auditors (IIA), states that "the fundamental principle of an IA role is that its significance is defined by its organisational value" (IIA, 2011:2) and its value is expressed in its perceived contribution to the employees. The concern therefore arises whether the employees' view of the internal auditing function (IAF) at South African municipalities is adding value and whether such facilities can be considered helpful to them.

1.2 Background of the study

Internal auditing activities are considered useful if it fulfils the expected end results (Mihret & Yismaw, 2007). This study's objective is to establish employees' views on how effective the IA function is within South African West Coast District municipalities (WCDMs). The phrase 'internal auditing activities' (plural) is often preferred to the term 'internal auditing activity' (IAA) as set out in the "International Standards for the Professional Practice of Internal Auditing" of the IIA because of the broad use of the concept in literature by researchers (Christopher et al., 2009; Nagy & Cenker, 2002; Kinsella, 2010; Soh & Martinov-Bennie, 2011; Sarens & Abdolmohammadi, 2011).

In addition, employees' views on the duties of internal auditors cannot be ignored. Previous studies also show that insight and perception happen when someone has gained evidence, knowledge or an understanding of something. Robbins (2004) explains that perception is the mechanism used by individuals to manage and interpret their sensory stimuli to give meaning to their environment. However, the role of the IA department or unit (IA in short) in every municipality is to support the municipal management by reviewing, assessing and helping to improve and ensure adequate internal monitoring systems and achieving its goals. IA goals include the provision of

primary services by means of assessing risk management, control and governance procedures as well as the efficiency of the different insurance and consulting facilities outlined in the assessment report in each municipality (IIA, 2016:23).

To date, there has been limited research investigating the effectiveness of the IA function specifically within municipalities. Previous studies covered a broad spectrum of research on the assessment of employee perceptions on internal auditing (Japi, 2015), and there has been significant research undertaken in general in terms of employee perceptions of the IA function in the public sector. Motubatse's (2014) research focused on participants' perspectives and expectations of the IA' activities of National Treasury with the aim of enhancing its tactical position in their auditing department to add value to IA processes and risk management performance, and to ensure efficient implementation of control and governance processes.

In response to whether management's commitment is of high ethical and professional standard, this research focuses on how employees perceive the IA function within the WCDMs to better support this function. Past conceptualisation of employee perception is reviewed, the present state of employee knowledge/perceptions with respect to the IA function within the WCDMs is described, and the manner in which employees understand the IA function and how IA operates, is discussed.

1.2.1 Defining internal auditing

The IIA (2017a) describes IA as:

> "Independent, goal monitoring and consultation practices useful to adding value and enhance operations of an entity. It assists the entity [with] achieve[Ing] desired goals by adopting a systematic structured strategy in evaluating and enhancing the efficiency of risk management, control and governance processes."

Internal auditing refers to an evaluation or measuring operation defined as a service within a corporation. Its role includes "the review, assessment and analysis of accounting and internal control systems adequacy and effectiveness" (Soltani, 2007:621).

1.2.2 Internal auditing duties within an entity

IA is intended to assist the entity with achieving their goals. Complying with corporate goals determines the progress the enterprise has achieved. Company goals are corporate goals that the corporation needs to achieve. If they are consistent and can be assessed, they are in fact measurement criteria for the performance of the company. Internal auditors' goal within companies is to see whether the organisation has accomplished its objective(s) and engagement target(s). The function of an internal auditor is to aid the company in accomplishing its goals. Furthermore, it is imperative to clearly and systematically identify goals of engagement within a given organisation.

Efficient risk management, monitoring and governance mechanisms are critical for achieving corporate goals and sustained progress. Internal auditors' duty is to assess and develop such mechanisms (Reding et al., 2013):

- Corporate governance refers to the accomplishment of the goals of the company through the authorisation, direction and oversight of governance by the executive board.
- Risk assessment is a method of recognising and managing organisational complexities. Complexities are both threats and opportunities which may affect the institution's ability to achieve its goals (negative or positive).
- Monitoring is a risk reduction mechanism that can be used to support organisations management.

1.2.3 Responsibilities and duties of internal auditing

The duties of IA in government include:

- To ensure compliance with current financial legislation, guidelines and procedures and processes of the existing government;
- To determine internal control efficiency.
- The efficiency and consistency of "record keeping and reporting on financial and operational systems" should be checked.
- To investigate found and reported discrepancies in cases of resource wastage or general violation or misuse of monetary and government assets.
- Conducting random inspections on aspects such as income and receipt collection points, programmes, production and delivery sites to make sure IA complies with the processes and regulations (Diamond, 2002:22-23).

1.2.4 Internal auditing adds value to government services

IA conducts various activities within the public legislative regulatory framework of South Africa. Nonetheless, their main focus is to add value to a public entity as this is a core aspect of the IA function (Ray, 2009:13).

The aim of internal auditing is to enhance efforts to (i) ensure the achievement of organisational objectives, (ii) determine operational changes, and (iii) lower exposure to risk through assurance and consulting services (IIA, 2009). Pickett (2003:274) states that many companies see IA as essential for effective, smooth and efficient running of operations and internal controls, threat management and governance. IA activities assist an entity in strengthen their performance and accomplishing their ultimate targets (Roth, 2003:1). Fadzil et al. (2005:864) contend that to add value, IA can affect the internal control processes in a constructive way.

IA has an obligation towards the audit committee (AC) within public service institutions (Unegbu & Kida, 2011:305). Consequently, the IA function of public service entities may add to the efficiency of quality governance in the public sector, acting as a link between departments and ACs in the public sector. Audit committees require IAs to position themselves in organisations as competent assurance providers and advisors of internal control structures, threats and governance processes (IIA, 2010). Therefore, research findings on the IA function in the public sector should be seriously considered to encourage and strengthen the functions of ACs within public sector organisations.

1.2.5 Municipality

The Oxford Learner's Dictionaries (2024) have various descriptions of the term "municipality", for example, as a delineated geographical area and as the responsible governing body for a region. These definitions are however inseparably related. As geographical area, "municipality" applies to a demarcated district or town, and its size can be determined by the land area it occupies.

As a regulatory body, the term applies to the social institution (legal person) that is allowed to make, enforce and adjudicate law in a particular jurisdiction focused on consensus and participation. "Municipality" may also apply to those who offer their work to a social agency for remuneration. For this study, municipality takes on the significance of geographical area. Where reference is made to the governing body or

to workers, it will be expressed respectively as municipal council and officials. Municipal profiling will be discussed in Chapter Two.

1.2.6 Municipal board

Municipal board refers to a local governing body with both administrative and legislative power in a jurisdictional area. It is an elected body of representatives that constitutes a municipality's final decision-making authority. Members can be directly elected by the municipality's electorate or selected from the party list by a political organisation, depending on the number of votes the party receives (Thornhill & Cloete, 2014:58). Obviously, a municipal council is a constitutional body, and it comprises a limited number of councillors liable for the administrative and legislative responsibilities of municipality.

1.2.7 Municipal council functions and objectives

All local government duties are delegated to the municipal council. The municipal council's primary stance is that of legislative control of functions, services and administration of the municipality, which has the ability to make by-laws and bring such laws into practice. The city board has administrative and legislative power over issues set out in the Constitution. The municipality can also oversee any other issues that the national or provincial legislation assigns to it. In the administration of the issues confided to local government, the municipal board must endeavour to achieve the basic purpose of local governance.

1.2.8 Municipal administrative powers and responsibilities

For municipalities, the Constitution confers municipality administrative powers. Section 229(1) makes allowance for municipalities to impose:

- "Municipal surcharges on fees for services provided by them or on their behalf.
- Municipalities may in terms of section 229(1)(b) also, if authorised by national legislation, impose other taxes, levies and duties ("taxes") appropriate to local government or to the category of local government into which that municipality falls, but excluding an income tax, a value-added tax, general sales tax and customs duties."

1.3   Purpose statement

For this study, the main purpose and objective is to investigate employee perceptions of the function of internal auditing in municipalities within South Africa's West Coast District.

1.4   Research problem statement

The IA function in municipalities is regarded as a monitoring/security tool (for example organisational 'policemen' and inspectors) compliant to the accomplishment of key corporate objectives, but not necessarily as a key element needed for organisational control (Roussy, 2013). This role is vital for public service organisations whose operations are directed by the Public Sector Financial Management Act (PFMA). Municipal IQ (2017) reported 152 service protests in South Africa in 2017. Many of these protests were found to relate to the provision of service. Such demonstrations are targeted at South African municipalities having an IA department or unit that helps them fulfil their duties, including those in authority positions/government.

These demonstrations targeting South African municipalities has led to the question: "What are the difficulties faced by the municipalities in spite of having internal auditing functions?" The challenge embedded in the above question is confirmed by Pillay (2016:2), who notes that wrongdoing is more prevalent when there is a systemic and institutional motive for individuals being unscrupulous, which begs the question, "What is the standing of internal auditing in this situation?" There is animosity between employees and IA in municipalities, which is perceived to be influenced by employees' perceptions towards the internal auditors within municipal settings. It is therefore apparent that there is need for research in this direction. The absence of such research is surprising in the wake of communication challenges, the prevention of fraudulent activities, adverse audit reports, prevalent misinterpretation and frequent maladministration reports.

The research problem statement reads as follows: **IA in the West Coast District municipalities is adversely affected by the perceptions of employees of the internal auditing function (IAF) within these municipalities.**

1.5   Aim and objectives of the study

The study aims to explore employee perceptions of the IA function within WCDMs in South Africa. Creswell (2013:48) states that an enhanced understanding means having

clear and summative knowledge of issues. A clear understanding within the context of this study can be achieved through issuing a standardised questionnaire to the participants, enabling them to describe their experiences and expectations of the IA function within the WCDMs and to share the employees' views of the barriers affecting IA activities.

Accordingly, the research objectives endeavour to investigate the effectiveness of IA function in municipalities and to add to the academic body of knowledge through pursuing:

1. To understand the employees' views about the IA function within the West Coast District municipalities.

2. To identify the obligations and responsibilities of IA within municipalities and determine the challenges hindering the smooth running of IA operations in municipalities.

3. To understand why municipalities fail to carry out pertinent internal control measures to prevent fruitless and unauthorised expenditure.

4. To determine the antecedent causes of irregular expenditure within municipalities where the IA function is operational.

5. To identify the level of independence of IA within the West Coast District municipalities and measure their relationship with other municipal employees.

1.6   Research questions

The study endeavoured to answer five research question in alignment with the research objectives:

1. What do employees understand with regards to the IA function within the West Coast District municipalities?

2. What are the duties and responsibilities of IA in municipalities and which difficulties prevent the smooth running of IA operations in municipalities?

3. What prevents West Coast District municipalities from carrying out pertinent and adequate internal control measures to avert fruitless and unauthorised expenditure?

4. What are the antecedent causes of irregular expenditure within municipalities where the IA function is operational?

5. What is the extent of the level of independence of IA within the West Coast District municipalities, and how do they relate to other employees?

1.7   Rationale and significance of the study

Although the perceived primary role of a municipality is to render services to its communities, it is also important to acknowledge that accountability has become an area of concern. South African municipalities are created by statute to render services to the residents of the municipalities. Internal auditing activities are established to enable internal controls, monitoring, evaluation and assurances of the controls embedded in the Municipal Finance Management Act (MFMA). Therefore, the study's findings will, to an extent, enhance employees' understanding of the overall need and the importance of the IA function within municipalities and contribute as literature in field of IA .

The study furthermore aims to empower employees' broad understanding of the significance of the duties of IA activities and the benefits of sound internal control activities in the municipalities. Findings of this study will assist future researchers, particularly those who conduct similar researching in the field of IA and employee perspectives, as they can utilise this study in their literature review. Thus, the study endeavours to contribute to the scientific body of knowledge through validating existing/current information and add to the outcomes of previous studies.

1.8   Demarcation/delimitation of the study

The WCDMs are Category C municipalities. A Category C municipality is recognised as having medium potential to implement the MFMA. The district consists of five municipalities in the south of South Africa, as shown in table 1.1.

Table 1.1: Municipalities in the south of South Africa

Municipality	Administrative Centre
Swartland	Malmesbury
Bergrivier	Piketberg
Matzikama	Vredendal
Cederberg	Clanwilliam
Saldanha Bay	Vredenburg
Seat of the district	**Moorreesburg**

All communities within this jurisdiction have western access to the Atlantic ocean, and the N7 national highway links the WCDMs, with the exclusion of Saldanha Bay. The region's area size is 31,099 km^2 (31,124.24 km^2).

The Integrated Development Plan (IDP) of South Africa is the principal planning instrument that directs and advises on municipalities' strategies, management and growth. It provides a forum for investors, communities, the private sector and non-governmental organisations (NGOs) to interact effectively on current and future initiatives in WCDMs and enable prospective stakeholders to invest in the West Coast to reduce poverty and enhance economic growth (West Coast Municipality Integrated Development Plan, 2017).

1.9 Ethical considerations

Rodgers (2010:83) refers to the phrase "ethical considerations" as a to set of values or morals unifying a society (Rodgers, 2010:83). Remenyi et al. (1998:227,282) urge researchers to consider ethics during a study "to provide assurance that the manner in which the particular research study will be conducted, [is] in line with the principle of *uberrima fides"*. A researcher acknowledging ethical considerations serves as a sound pledge to conduct his/her work in a rational, truthful and ethical manner (Collis & Hussey, 2009:45). The researcher must ensure that the data collected is of good quality, accurate, complete and reliable. For this study, the following ethical considerations were adhered to:

- Informed consent: Before consenting to participate in the study, participants were notified of the aim and scope of the research by means of (i) an introductory paragraph on the first page of the questionnaire, briefly explaining what the study involved, and (ii) a short face-to-face explanation of the same.
- There was no favouritism; all participants received equal and fair treatment.
- The researcher pledged to keep the privacy of the participants strictly confidential.
- The right to confidentiality and anonymity was availed for participants; their responses were used strictly for research purposes.
- Voluntary participation: Before participants could take part in the research, they had to consent to voluntarily participation. In addition, participants were informed that once they consented to engage/partake in the research study,

they could pull out at any time, irrespective of what the reason is, without any negative implications.

1.10 Outline of the dissertation

The thesis comprises five chapters, summarised below.

Chapter One: This chapter introduces the background of the study which consist of a short background on the West Coast Municipality, the purpose, the aim and objectives and also outlines the rationale and significance of the study.

Chapter Two: Focuses on the literature review on profiling of the south African municipal activities, specifically west coast district, and outlines the internal auditing functions, roles and responsibilities in municipalities.

Chapter Three: Focusses and introduces the methodological framework adopted in the execution of this study, it explains the sampling frame together with the sampling methods applied for the purpose of data collection and the main target population.

Chapter Four: This chapter provides a comprehensive and detailed presentation, analysis and interpretation of the empirical data as derived from the questionnaires.

Chapter Five: In this chapter, the previous chapters are briefly summarised, the research problem and research questions are re-stated and elaborated on, and conclusions and recommendations are discussed in line with the literature as the latter supports the empirical data.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature reviewed by the researcher, with the emphasis on actions to manage risk in municipalities, locally and internationally. Furthermore, literature is discussed on legislation governing the processes at municipalities; responsibility and liability in the public sector; and the practical and theoretical application of managing risks within South African local government (LG) from an empirical perspective. A review of literature helps the researcher comprehend conceptualising the study.

2.2 Legislation that governs municipalities

Chapter 7, Section 152 of the Constitution (RSA, 1996) states that the overall responsibility and accountability of service delivery in South Africa lies with LG. Chapter 7 also states that further legislation should be enacted to reform the structure and duties of municipal government. Crucial legislation that directs risk management is the Municipal Finance Management Act No. 56 of 2003 (MFMA). Section 62 of the MFMA states that the role of municipal manager is to supervise and handle a municipality's financial administration: "The municipal manager must make reasonable measures to ensure that the municipality's financial and risk management and internal control systems are effective, efficient, and transparent" (RSA, 2003).

The White Paper on Transforming Public Service Delivery lays forth the "Batho Pele principles" (RSA, 1997:15), which aim to enhance the delivery of services in the public sector. These principles express the mandate and commitment of municipalities and the public sector in fulfilling delivery of services to communities. The major goal of this White Paper is to build a policy framework guiding the approval and actioning of new policies and legislation focusing on enhancing the country's public sector. The White Paper further states that:

> "Reduced public spending and the creation of a more cost-effective public service are required to improve the service delivery and expand access to the public services for all South Africans" (RSA, 1997:15).

Therefore, the need exists for a sound, effective and efficient risk management and internal control system.

2.2.1   Developmental local government

An evolving (developmental) LG is the ideal future status for South African municipalities. In layman's words, an evolving LG refers to a democratic local government system where all South Africans' demands are served by municipalities that are functional and efficient (DBSA, 2000:3). The characteristics of a developing local government are identified in Section B1 of the White Paper on Local Government (RSA, 1998).

2.2.2   Maximising economic growth and social development

LG's authority and responsibilities need to be used in a way that it has the greatest effect possible on developing communities socially, e.g., meeting the fundamental needs of the community and promoting local economic growth.

2.2.3 Integrating and co-ordinating

All persons who have a stake in achieving local prosperity rely on the development of local government's vision and leadership. Every local region benefits from the contributions of many different entities, which include national and provincial governments, trade unions, parastatals, community groups and institutions in the private sector (White paper on Local Government,9 March 1998).

2.2.4 Democratising development

Municipal governments are essential for the advancement of local democracy. In addition to lobbying for community concerns inside the council, and municipal councillors should encourage public and community group engagement in the development and implementation of municipal initiatives (White paper on Local Government,9 March 1998).

2.2.5 Learning and leading

As part of the development of local governance, municipalities must strive towards becoming more farsighted, creative, strategic and in due course, effective, instrumental and prominent in their operations. Municipalities, as policymakers, intellectuals and innovators, as well as local democratic institutions, play a significant role. A developing municipality is expected to play a strategic, creative and inventive policy-making role, striving to assemble a diverse set of assets so that essential needs can be met and developmental goals can be achieved. Developmental LG is defined as "local government committed to working with citizens and community groups to find long-

term solutions to their social, economic, and material needs in order to improve the quality of their lives" (RSA, 1998:17).

According to Bagchi (2000:398), a developing local government is defined as "one that emphasises economic growth and is capable of designing effective instruments to attain that goal". Furthermore, "a municipality's developmental function is to collaborate with local communities to find long-term solutions to suit their requirements and improve the quality of their lives" (RSA, 1998: Online). Consequently, LGs should develop plans and policies to meet community needs and enhance communities' quality of living.

In Chapter 5, Section 25 of the Municipal Systems Act (MSA) of 2000 (RSA, 2000), it is stipulated that each municipal council is required to establish and implement an integrated development plan (IDP) upon taking office, demonstrating a strategic plan in alignment with municipalities assets and competencies to fulfil the defined goals. These objectives are also in accordance with the municipality's development goals established by provincial government. The duration of a strategic plan is five years and assessed annually as mandated by law (RSA, 2000).

The Integrated Development Plan of 2017-2022 places emphasis on examining municipal goals, including "the key performance areas (KPAs) and the long-term, medium-term and short-term goals" that need to be attained. As a result, the numerous risks associated with each objective/KPA must be recognised and measured or examined to make sure suitable system controls are established and ready to work so that the threats are monitored successfully. As stated in the IDP of 2017-2022, an effective risk management system is required to recognise and manage threats that may obstruct the process of accomplishing defined goals.

2.2.6 Institutional framework for local governance

"People cannot be developed; they can only develop themselves" (De Visser, 2001:2). Freedom is through development if it is for the benefit of citizens. Individuals develop themselves through participating in open debates about new enterprises and taking decisions based on such conversations; individuals are "not developed" if they are "herded into a new venture" like an animal. Tools for developing LG include, among others, founding businesses, amalgamating informal and formal groups of connections between municipalities and communities, and run with novel prospectives and

opportunities (Koma, 2012:109). "A developmental municipality will strive towards developing its community and allowing the public to partake in and contribute to the decision-making process of the municipality" (De Visser, 2001:3). De Visser (2001:3) furthermore posits that "improvements in material well-being, empowerment via choice, and inter-social and inter-generational fairness in development implementation are three variables that will impact the creation of institutional principles for 'developmental decentralisation'".

According to Bagchi (2000) and Mogale (2003), the flexibility of developmental local government (i.e., the role local government plays in advancing economic and social development within a community) makes it easy to shift between government-directed and market-driven expansion. Both market and government strategies are integrated when the chance presents itself. According to Koma (2012), both the government and the market need to be involved in the coordination of economic development policies and activities.

2.2.7 Local government goals

Sections 152 and 153 of the Constitution lay the groundwork for the concept of *developmental local governance*. Section 152:1 of the Constitution stipulates the goals of LG as:

- Enabling local communities through LGs that are responsible, democratic and accountable.
- Making sure that community services are delivered over the long term.
- Furthering economic and social progress.
- Supporting a healthy and safe environment.
- Furthering residents and community-based institutions to become involved in local governance issues.

Within its fiscal and administrative capacity, a municipality must try to achieve the goals mentioned in sub-section 1 above. According to Section 153 of the Constitution regarding developmental duties, a municipality need to ensure the following:

- Shape, organise and manage the community's budget, administration and planning procedures to prioritise the community's essential needs and foster economic and social growth; and
- participate in development programmes at national and provincial levels.

According to De Visser (2001:15), the clauses in South Africa's Constitution explain that the projected developmental function of municipalities are based on four main ideas. These four developmental concepts are defined below.

2.2.7.1 Democracy

The creation of a democratic local government system founded on the principles of representation, answerability, and governance revolving around people, informs both sections 152(1)(a) and (e). This feature of developmental local governance relates to the concept of 'option', which is included in the definition of development.

2.2.7.2 Sustaining and improving standard of living

Local government is required by Section 152(1)(b) of the Constitution to ensure sustainable service delivery, which involves providing services in such a way that it can be purchased by the customer, and that the supplier can offer these services on an ongoing basis using its own resources.

2.2.7.3 Secure and healthy environment

Section 152(1)(d) of the Constitution integrates two concepts: a safe environment (preventing crime and securing traffic) and a healthy environment (environmental health).

2.2.7.4 Co-operative government

The Constitution assigns a special developmental function to local government, requiring it to contribute to the government's general development objectives for the benefit of all the people, with a particular focus on the poor majority.

2.2.8 Legislative framework governing IDP processes

A municipality performs its role through governance and municipal administration. This high-level role is the driving force for expressing the principles, values and preferences of residents within a specific area as well as municipal citizens, communities and social living (Plant, 2008). To offer valuable services that enhance quality living for communities, performance management practices and procedures have to assist and improve municipal operations. It is thus essential to create an encouraging and supportive atmosphere wherein municipal operations can be carried out.

The Constitution offers directions and provisions to South African municipalities, nationally and locally (RSA, 1996). The Constitution furthermore requires overall

government to take reasonable steps to assure that citizens have access to essential services such as healthcare, suitable and humane places to live, healthcare, water and food, education, and social security.

The MSA of 2000 was enacted to achieve the above, as stated in Chapter 5 of the MSA: "To guarantee that it satisfies the Constitution's local government objectives, a municipality must engage in developmental-oriented planning in the form of integrated development planning". The municipality must also execute its developmental responsibilities as stated in Section 153 of the Constitution (RSA, 2000).

Section 25 of the MSA regulates that "a unified, inclusive, and strategic plan must be adopted by each local council (called an IDP) for the municipality's progress following the start of its elected term". The IDP serves as a strategic policy statement as well as the foundation for determining annual budgets. The IDP must adhere to development plans and objectives, nationally and provincially (RSA, 2000).

Other policy and legislative pertinent to the IDP are:
- The Municipal Systems Act
- The Development Facilitation Act No. 67 of 1995
- The National Environment Management Act No. 107 of 1998
- The Programme for Reconstruction and Development
- The Growth Employment and Redistribution (GEAR) macroeconomic strategy
- The White Paper on Local Government
- The Strategy for Urban Development (1995)
- The White Paper on Spatial Planning and Land Use Management (2001)
- Accelerated and Shared Growth Initiative for South Africa

2.3 Profiling the South African municipalities

South Africa has local, district and metropolitan municipalities, each with an independent council for operational and strategic decision making. Public officials action the resolutions of the municipal council. Different institutional settings regulate municipalities in different areas, districts, regions and countries, affecting their administrative processes, governance and operational priorities, according to Wittmayer et al. (2016). The South African constitutional goals for governing municipalities include the provision of accountable, democratic fiscal administration

and the encouragement of civilians to become more involved in LG matters (Plant, 2008; RSA, 1996). Municipalities aim to achieve the constitutional goals of municipal governance by encouraging and ensuring economic and social development, fostering a protective, healthy environment, and delivering sustainable services (Wittmayer et al., 2016). The White Paper on Local Government focuses on fulfilling the constitutional duty of a developmentally-oriented LG. Other promulgated legislations include the annual Division of Revenue Act (DORA), which provisioned the municipality categories as outlined below.

2.3.1 Municipality categories

The Constitution provides for three municipality categories (South African Government, 2016: Online). Section 155 (1) of the Constitution defines these categories as follows:

- Municipality of a metropolitan area (Category A) – "a local government that has sole executive and legislative control over its territory".
- Municipality situated locally (Category B) – "A municipality in its area that shares municipal executive and legislative responsibility with a category C municipality in which it is located".
- Municipality governing a district (Category C) – "A municipality that has administrative and legislative responsibility over many municipalities in a specific area".

Table 2.1: South Africa's government spheres

Sphere	Legislature	Executive	Administration
Government at the National level	Parliament	The President and the Cabinet	Directors General and national departments
Government at the Provincial level	Legislature	The Premier and the Executive Council	Heads of departments and staff
Government at the Local level	Council	The Mayor and the Mayoral Committee	Municipal Manager, Heads of Departments (HoDs) and staff

(Source: Constitution of the RSA, 1996)

South Africa has a total of 257 municipalities, largely for the purpose of developing local economies and facilitating service and infrastructure delivery. The Local Government Municipal Structures Act of 1998 (Act 117 of 1998), directed by the Constitution, establishes the process for evaluating whether a municipality is classified as metropolitan municipalities (Category A), local municipalities (Category B), and other municipalities (district municipalities) (Category C).

2.3.2 Category A: Metropolitan municipalities

In its jurisdiction, a municipality possesses sole executive and legislative authority. According to the Local Government Municipal Structures Act of 1998 (Act 117 of 1998), Municipalities in Category can only be instituted in metropolitan areas. Metropolitan municipalities share finances, property grading and service-tariff systems as well as employer bodies. The nine metropolitan municipalities in South Africa are:

- Buffalo City (Eastern Cape)
- City of Cape Town (Western Cape)
- Ekurhuleni (Gauteng)
- City of eThekwini (KwaZulu-Natal)
- City of Johannesburg (Gauteng)
- Mangaung (Free State)
- Nelson Mandela Bay (Eastern Cape)
- City of Tshwane (Gauteng)

In metropolitan regions, "the mayoral executive system and the collective executive committee system" are the two types of executive systems. The mayor has executive authority in a mayoral executive system, while the executive committee has executive authority in a collective executive committee system (South African Government, 2016: Online).

2.3.3 Category B: Local municipalities

The role of local government (LG) in South Africa has been established in the 1996 Constitution. "Municipalities, which must be formed for the entire Republic, and the executive and legislative authority of a municipality, which is delegated to its municipal council, make up the local government sphere" (Section 151 of the Constitution). This provision grants municipalities specific powers to administer their own affairs and the communities' matters and issues, contingent on the approval of the provincial and national governments. The branch of government situated locally is nearby the people it serves. The entire country is being administered by a categorised (A, B or C) municipality (Ntliziywana, 2009:12). Municipalities are tasked with a variety of services to be administered to their citizens, with the main services being those influencing the day-to-day living of citizens (Mashamaite, 2013:89). Given their location, local government organisations and institutions are the primary means by which the national government delivers services (Koelbe & LiPuma, 2010:565). In Section 152(1) of the

Constitution, the objective of LGs is identifies as providing sustainable and accountable services to their communities, to preserve a protective and healthy environment, and to incorporate communities in LG matters. Section 156(1) of the Constitution entrusts municipalities with the task of fulfilling certain state obligations to all their residents. In addition to the three categories of municipalities, the Constitution defines these municipalities' executive and legislative functions and interrelationships. Schedules 4 and 5 of the Constitution indicate that LG is accountable to deliver and manage the services set out in table 2.2 below.

Table 2.2: Responsibilities of local government

- Legislation governing air pollution - Amusement parks and beaches - Billboards and advertisements displayed in public spaces - The construction codes - Cemeteries, funeral homes, and crematoria are all places where people can be buried or cremated - Facilities for childcare - Purification - The eradication of public frustrations - Supervision of businesses that offer alcoholic beverages to the general population - Reticulation of electricity and gas - A place for animals to stay and be buried - Erecting fences and erecting fences - Services related to firefighting - Piers, jetties, ferries, pontoons, and harbours - Public-sale food establishments must be licensed and regulated - Canine licensing - Local conveniences - Sports facilities in the area; tourism in the area	- The marketplace - Municipal slaughterhouses - Airports run by municipalities - Health services provided by the municipality - Parks and leisure in the city - Local government planning - Public transportation in the city - Public works in the city - Public highways - There is noise pollution - Kilograms - Public areas - Garbage collection, dumping, and solid waste disposal - The control of storm water - Illumination on the streets - Trading on the streets - Regulation of trade - Sanitation and water services (delimited to a transportable system supplying water and a sewage disposal system for household wastewater) , as well as traffic and parking

2.4   Profiling the West Coast District municipalities

The West Coast District, which measures 31,229 km^2 and accounts for 24% of the total area of the Western Cape, is home to only 6.8% of the province's population. To the

northeast lies the Namakwa District of the Northern Cape, and to the southeast and south are the Cape Winelands District as well as the Cape Metro.

The West Coast District municipality is unique in that the five local municipalities have portions of the approximately 350 km of Atlantic Ocean coastline to the west.

- Swartland municipality has its administrative centre in Malmesbury.
- Bergrivier municipality has its administrative centre in Piketberg.
- Matzikama municipality has its administrative centre in Vredendal.
- Cederberg municipality has its administrative centre in Clanwilliam.
- Saldanha Bay municipality has its administrative centre in Vredenburg.
- Moorreesburg is the West Coast District municipality's seat.

2.4.1 Geographic profile

In the Western Cape Province, The WCDMs are Category C municipalities. The municipalities bordering the West Coast District include the Namakwa District to the north and northeast, the City of Cape Town to the south, and the Cape Winelands District to the southeast. The Atlantic Ocean borders the WCDMs on the west.

WCDMs have jurisdiction over the below Category B municipalities:

- Bergrivier
- Cederberg
- Matzikama
- Saldanha Bay
- Swartland

2.4.2 The West Coast district municipalities

Figure 2.1 is a map showcasing the area the WCDMs is covering.

Figure 2.1: West Coast District depicted on a map
(Source: Municipalities.co.za_online, 2021)

2.4.2.1 West Coast District municipalities

West Coast District municipalities consist of the following management structure:

Executive Mayor (EM)

Speaker

Municipal Manager (MM)

Area size: 31 119km2

Total population: 472 559

The WCDMs' head office is situated in Moorreesburg as the seat of the district. Official data states that, in 2019, the region comprised a population of 31 229. From 2018 to 2023, the WCD population was predicted to grow at a yearly rate of 1.24%. According to figure 2.1 above, the West Coast District's total population was believed to grow from 433 445 in 2018 to 460 132 in 2023.

The Category C WCDMs are outlined next indicating the management team of each municipality, the area it is covered and the total population of that area:

2.4.2.2 Bergrivier local municipality

Executive Mayor (EM)

Speaker

Municipal Manager (MM)

Area: 4 407km²

Population: 67 474 (2016), 61 897 (2011)

Cities/Towns: Eendekuil, Piketberg, Porterville, Redelinghuys, Velddrif, Aurora

Bergrivier Municipality (classified as Category B) is located in the West Coast District of the Western Cape Province. Cederberg lies to the north, the Cape Winelands District and Swartland lie to the south, the Indian Ocean lies to the east, and Saldanha Bay and the Atlantic Ocean lies to the west. Bergrivier municipality, covering 14% of the district's land area, is one of the district's five municipalities. Local council meets at Piketberg. The main economic sectors are indicated in table 2.3.

Table 2.3: Main economic sectors of Bergrivier local municipality

Sector	Percentage
Agriculture, forestry and fishing	28.8%
Manufacturing	22.7%
Wholesale and retail trade, catering and accommodation	12.9%
Finance, insurance, real estate and business services	10.0%
General government	9.4%
Transportation, storage and communication	5.1%
Community, social and personal services	5.1%
Electricity, gas and electricity-related services	5.1%

2.4.2.3 Cederberg local municipality

Executive Mayor (EM)

Speaker

Municipal Manager (MM)

Area: 8 007km²

Population: 52 949 (2016), 49 768 (2011)

Cities/Towns: Clanwilliam, Elands Bay, Graafwater, Lamberts Bay, Leipoldtville, Wupperthal, Citrusdal

The Cederberg local municipality is classified as Category B, positioned 200 kilometres west of Cape Town in the Western Cape Province's West Coast District. On the east, the municipality is adjacent to the picturesque Cederberg Mountains; and on the west lies the Atlantic Ocean. The municipality It is connected to the Northern Cape by the N7 National Road, which is strategically located on the Cape-Namibia Corridor. If this corridor is chosen for future infrastructure improvements and investments, it is vital that the basic minimum infrastructure be in place to enable future development while also planning for future expansion. The municipality's efforts concentrate on developing/uplifting the rural poor, notably youth and students in their final year of high school, to offer them a better future. The breathtaking natural beauty of this municipality makes ecotourism a promising sector for growing economically. The main economic sectors are indicated in table 2.4.

Table 2.4: Main economic sectors of Cederberg local municipality

Sector	Percentage
Agriculture, forestry and fishing	25.7%
Wholesale and retail trade, catering and accommodation	17.3%
Finance, insurance, real estate and business services	15.3%
Manufacturing	12.8%
General government	9.8%
Transportation, storage and communication	6.9%
Community, social and personal services	6.2%
Construction	6.2%

2.4.2.4 Matzikama local municipality

Executive Mayor (EM)

Speaker

Municipal Manager (MM)

Area: 12 981km²

Population: 71 045 (2016), 67 147 (2011)

Cities/Towns: Bitterfontein, Doring Bay, Ebenhaezer, Klawer, Kliprand, Koekenaap, Lutzville, Molsvlei, Nuwerus, Putsekloof, Rietpoort, Stofkraal, Strandfontein, Vanrhynsdorp, Vredendal

In the Western Cape Province's West Coast District, the Matzikama Local Municipality is a Category B municipality. The Northern Cape borders it on the north and east, and the Atlantic Ocean on the west. It is the district's largest municipality, covering more than half of the district's land area.

In the municipal territory, there are 18 towns and/or villages. The presence of a life-giving artery, the Olifants River, offsets Matzikama's arid climate. The river, in conjunction with the canal networks that run alongside it, supports a rich agricultural economy centred on viniculture.

With the exception of individuals who reside in the recently incorporated region to the north and three towns (Doring Bay, Vanrhynsdorp and Strandfontein), the majority of its citizens lives around the river and waterway systems. Vredendal is the largest and most centrally located town in the area, making it the municipal area's logical economic and administrative hub. The main economic sectors are indicated in table 2.5.

Table 2.5: Main economic sectors of Matzikama local municipality

Sector	Percentage
Manufacturing	19.%
Agriculture, forestry and fishing	18.9%
Transportation, storage and communication	16.2%
Finance, insurance, real estate and business services	15.2%
Wholesale and retail trade, catering and accommodation	10.5%
General government	7.7%
Community, social and personal services	5.7%
Construction	5.7%

2.4.2.5 Saldanha Bay local municipality

Executive Mayor (EM)

Speaker

Municipal Manager (MM)

Population: 111 173 (2016), 99 193 (2011)

Area: 2 015km²

Cities/Towns: Jacobs Bay, Hopefield, Langebaan, Saldanha, Paternoster, Vredenburg and St Helena Bay

The Saldanha Bay local municipality is classified as Category B, positioned 140 kilometres north of Cape Town in the Western Cape Province's West Coast District. The municipality is bordered on the south by the West Coast National Park, which falls within the West Coast District management area. Swartland is to the east, and Bergrivier is located to the north. It is the smallest of the district's municipalities, taking up only 6% of the district's total land area. The main economic sectors are indicated in table 2.6.

Table 2.6: Main economic sectors of Saldanha Bay municipality

Sector	Percentage
Manufacturing	19.%
Agriculture, forestry and fishing	18.9%
Transportation, storage and communication	16.2%
Finance, insurance, real estate and business services	15.2%
Wholesale and retail trade, catering and accommodation	10.5%
General government	7.7%
Community, social and personal services	5.7%
Construction	5.7%

2.4.2.6 Swartland local municipality

Executive Mayor (EM)

Speaker

Municipal Manager (MM)

Population:133 762(2016),113 762(2011)

Area: 3 707km²

Cities/Towns: Abbotsdale, Chatsworth, Darling, Grotto Bay, Kalbaskraal, Koringberg, Malmesbury, Moorreesburg, Riebeeck Kasteel, Riebeeck West, Riverlands, Yzerfontein

Swartland Local Municipality is a Category B municipality in the West Coast District of the Western Cape Province. It is one of the five municipalities in the district. The company's headquarters and core infrastructure are located in Malmesbury, 70 kilometres north of Cape Town on the N7.

Malmesbury began as a village in 1743, centred on a mineral supply and local fountains, in the broad Diep River Valley. On May 21, 1827, the town was named after the Governor of the Cape, Sir Lowry Cole's father-in-law, the first Earl of Malmesbury of England. The settlement was given municipal status in 1860. Malmesbury fills an important urban niche in the region and province. Its considerable development potential stems from aspects including its relative accessibility along the N7 road/rail corridor; closeness to Cape Town; a diverse economic base that comprises agricultural as well as well-developed industrial and commercial sectors; and supportive infrastructure.

Because of the high property values in the Cape Town Metropole and the allure of the local peaceful atmosphere, many are relocating here and traveling to Cape Town on a regular basis. Malmesbury is home to a number of significant enterprises as well as regional offices of provincial and national government departments. The main economic sectors are indicated in table 2.7.

Table 2.7: Main economic sectors of Swartland municipality

Sector	Percentage
Manufacturing	24.5%
Wholesale and retail trade, catering and accommodation	17.4%
Agriculture, forestry and fishing	16.1%
General government	11.1%
Finance, insurance, real estate and business services	9.2%
Transportation, storage and communication	7.2%
Community, social and personal services	7.2%

2.5   Demographic changes in the West Coast Region

2.5.1   Population in the West Coast Region

The overall population pyramid for the region is dominated by the African population, of which the Coloured community accounts for 63.9% of the total population of the district's municipalities. When comparing the demographic pyramids for the WCDMs in 2009 and 2019, some notable distinctions emerge:

   i)   In 2009, the proportion of young working-age persons aged 20–34 (26.0%) was slightly lower than in 2019 (26.4%).

   ii)   Fertility was slightly higher in 2009 than in 2019.

   iii)   The proportion of children aged 0–14 years was much higher in 2009 (26.3%) than in 2019 (24.5%).

   iv)   The average lifespan is rising.

   v)   Females aged 20–34 years made up 12.9% of the total female population in 2019, while males aged 20–34 years made up 13.0% of the total male population. The male working-age population (13.2% of total population) did not outweigh the female working-age population in 2009.

2.5.2   Economic profiling of the West Coast

Between 2019 and 2009, the banking business on the West Coast had the highest average annual growth rate, at 2.29% (West Coast District Municipality's website (2020: Online). With an average annual growth rate of 1.70%, the trade sector is currently the industry on the West Coast with the highest average annual growth rate. Agriculture showed a negative annual growth rate of -0.19%, while the electrical sector reflected a negative annual growth rate of -1.20%. Overall, 2019 saw favourable growth across all industries on the West Coast, with an annual growth rate of 0.04% since 2018. The tertiary sector (trade; finance; transport; community service) has the

highest importance, accounting for 57.9% of Gross Value Added (GVA). This is a fraction of the national economy (68.7%). The secondary sector (manufacturing; electricity; construction) accounted for 27.2% (Ranking second), while the primary sector (mining; agriculture) accounted for only 14.9%.

According to Wazimap, the West Coast District's employed population is 52.6%. This is slightly higher than the Western Cape's proportion (50.06%) and 1.4 times the average of the rest of the country (38.87%). With expanding population numbers, unemployment is a major issue within the West Coast District. Upskilling the workforce and putting in place levers such as local economic development policies are important steps in increasing employment prospects and boosting economic growth in the area.

Agriculture, forestry and fishing (69 316; 38.5%), wholesale and retail commerce, catering and accommodation (30 051; 16.7%), and communal, social and personal services (19 962; 11.1%) delivered the most jobs to the area in 2017. In the same year, these three industries jointly accounted for 119 329 jobs, or 66.3% of the total 180 050 jobs.

2.6 Role of district municipalities

Section 83(3) of the MSA states a district municipality has to promote maintainable, cohesive and equitable economic and social development of its territory by accomplishing the following (RSA, 2000):

- Guaranteeing the district's integrated development plans.
- Encouraging district-wide infrastructure development and services.

If such capacity is insufficient, LGs capability to execute their tasks and apply their authority in their respective jurisdictions must be strengthened, and equitable resource distribution among local municipalities in their authority must be advocated so that necessary municipal services can be provided.

For districts, the MSA—in Sections 84(1) and 84(2)—clearly outlines how the functions and authority between district and local municipalities must be allocated.

2.7 Public sector accountability

Employees of public service organisations that are entrusted with public resources, such as towns, departments and institutions, need to be held accountable to the public for quality service delivery and transparency in accordance with the statutory

framework. Furthermore, public-sector employees should be efficient and successful in delivering services to project a positive picture of their workplace (Farnetti & Bestebreur, 2004:7). Public liability is what builds a positive image of quality service delivery. "The principle of public sector accountability, especially in the local government context is of key importance to this study" (Farnetti & Bestebreur, 2004:7).

The public sector, particularly local governments, has seen a significant transformation in the last two decades, marked by a shift away from the old public administration structure toward one that is more dynamic, adaptable, accountable and open. The ongoing public sector reform process in local government toward managerial approaches and practices is still underway to achieve the management reforms specified.

Accountability is the proficiency to clarify how resources are allocated and used/applied (Roberts & Scapens, 1985). Accountability can also be described as determining, by means of standards and goals, how to apprise or rate tangible performance to categorise related tasks and responsibilities (Hood, 1991; Patton, 1992). According to Hoskin (1996) and Olson et al. (2001), another feature of public accountability refers to the evaluation of teamwork between two different aspects, portraying the practical sense of this standard. Accountability entails taking responsibility for one's current acts as well as for those in the past and future (Hoskin, 1996; Olson et al., 2001).

Each municipal council must prepare and implement an IDP upon commencing its elected term of office, as stated in Chapter 5, Section 25 of the MSA (RSA, 2000). This municipal IDP must demonstrate a strategic plan in alignment with the municipality's assets and competencies to fulfil its specified objectives while also being compatible with the provincial government's development objectives. This five-year strategic plan is evaluated annually as required by law.

The IDP outlines the municipality's objectives, focusing on KPAs and short-, medium- and long-term goals. As a result, the various risks associated with each objective/KPA must be recognised and evaluated to make sure suitable system controls are implemented to successfully monitor threats to an acceptable level. An adequate risk management system is required to recognise and manage threats that may obstruct the process of accomplishing defined goals.

2.8 Internal auditing function

In the twentieth century, the IIA organised and professionalised internal auditing. This formal body has been established in 1941 by an assembly of committed internal auditors, with the task of supervising internal auditors' interests (Moeller & Witt, 1999). One of its many notable achievements was the publication of the concept of internal auditing in 1947. Pitso (2008:6) describes internal auditing as:

"An independent appraisal activity within an organisation for the review of accounting, financial, and other operations, as a basis for protective and constructive service to management. It is largely concerned with accounting and finance, but it can also be used to deal with operational concerns".

The IIA's ability to stay updated is one of its most important characteristics. This is reflected in the succeeding years' publication of many revisions to this concept. In 1957, the IIA amended its definition, noting that "internal audit is the process of evaluating the effectiveness of an organisation's internal controls" (Coetzee, 2012:6). The author further defines IA as:

"… an independent appraisal activity within an organisation that examines accounting, financial, and other operations as a foundation for providing management with services. It is a managerial control model that assesses and examines the effectiveness of other controls" (Coetzee, 2012:6).

As a result, the focus has switched from re-performance, counting and monitoring to an internal control system. IA's statement of responsibilities was significantly enlarged in 1957 to incorporate numerous management resources, including the following:

- Accounting, financial, and operational controls are evaluated and assessed for their dependability, suitability and implementation.
- Determining how diligently regulations, plans and procedures are being followed.
- Evaluating the amount to which a company's assets are properly accounted for and protected against various forms of losses.
- Assurance of the accuracy of accounting and relevant data generated inside an institution.
- Measuring or examining performance quality in terms of completing tasks.

The IIA produced a statement in 1971 that (re)defined internal auditing as "…a service to the organisation, an independent appraisal activity is developed within the company. It's a form of control that looks at and evaluates the effectiveness and adequacy of other controls" (Ramamoorti, 2003:7). This development, according to Ramamoorti (2003:8), contributed to the IA profession's high visibility, to the point where it now has seats at management meetings and audit committees that provide confidence to boards of directors.

In 1971, twenty-four years after the IIA was created, Lawrence Sawyer, the head of the Research Committee of the IIA, took on the assignment to rewrite the Statement of Responsibilities efficiently and effectively. The Statement of Responsibilities was amended in 1976, 1981 and 1990 to reflect the IA profession's constant and rapid change. The SPPIA (Standards) were originally developed by the IIA in 1978, with the following objectives (Global IIA):

1. "Assist in communicating to others the role, scope, performance, and objectives of internal auditing.
2. Unify internal auditing throughout the world.
3. Encourage improved internal auditing.
4. Establish basis for consistent measurement of internal auditing operations.
5. Provide a vehicle by which internal auditing can be fully recognised as a profession" (Ramamoorti, 2003:6).

As the number of functions performed by IA grew at the turn of the twenty-first century, internal auditing was redefined by the institution to reflect how it had changed over time:

"... an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance process" (IIA, 2016:23; Pitso, 2008:8; Ramamoorti, 2003:7).

The main contrast between the latest definition and the earlier definitions of IA is the current prominence of evaluating and enhancing efficacy of the organisation's risk management, governance and control functions (Asare, 2009:16). According to the document, the current internal auditor does not spend a considerable amount of time examining, analysing and working on complete financial agendas and apprising the

finance manager. An internal auditor's extra responsibilities include offering the board of directors, management and the audit committee with the 'bigger picture'. The findings of the investigation into the operation of internal controls constructed to handle strategic risks of the organisation are the subject of this 'larger picture' presentation (Spencer-Pickett, 2011:1).

Internal auditing gained the privilege to be classified as a mature profession in its own right, being equal to others and adhering to all of the profession's requirements, as early as the 1970s. The IIA originally sponsored the Certified Internal Auditor (CIA) examinations in 1974. Internal auditing had a credible enough reputation at that point to be considered an established profession, having a specialised set of expertise, standards controlling admittance as a full member of the IIA, and a formal, mandated educational process with a stipulated study course (to pass the CIA examination). Admission to the IIA as a full member is governed by professional experience requirements and norms. A Code of Ethics (first adopted in 1968) and a recognised status denoted by a license or special designation were also part of the profession (the CIA, or the MIIA7), being acknowledged by a number of countries throughout the world. The IIA recognised a social responsibility and a public interest in its practitioners' work (possibly more so in IA work in the government, non-profit organisations (NPOs) and education than in the private sector). Subsequently, it was critical for the IA to create a strong relationship with individuals in charge of organisational governance, having direct contact with the audit committee to improve its organisational prominence.

An increasing body of evidence suggests "that such a reporting relationship is [largely] regarded as best practice" among today's most forward-thinking companies dedicated towards enhancing governance structures and processes (Spencer-Pickett, 2011:1). The Institute of Directors Southern Africa (IOD, 2009: Online) noted in an early but seminal study on commercial ACs that the audit committee is the connection between the director boards and auditors. The AC members have an obligation to both the public and to shareholders and should therefore acquaint themselves and become more and more concerned with auditing issues. The management of organisations increasingly realise how important self-protection is through adhering to internal controls and performing internal auditing; they are therefore responsive to recommendations made by auditors and information requests from audit committees (IOD, 2009: Online).

According to the Statement of Internal Auditing Obligations, IA includes examining and evaluating the sufficiency and efficacy of the institution's internal controls systems, as well as the standard of performance in executing assigned duties. Internal auditing's scope at the time covered the following (Pitso, 2008:8; IIA, 2016:23; Ramamoorti, 2003:7):

i)   Examining the accuracy and consistency of financial and operational data, as well as the methods employed for the collection, assessment, categorisation and reporting of the data.

ii) Probing processes in place to assure being compliant to regulations/policies, strategies, regulations/rules and procedures that may substantially affect activities, assessments and reporting if the organisation is compliant.

iii) Examining methods for securing resources and, where necessary, confirming their existence.

iv) Assessing the cost-efficiency and effectiveness with which assets are utilised.

v)   Examining activities, tasks or programmes to see if outcomes are in line with the set goals and aims, and if it is executed according to plan.

Internal auditors "worked in numerous areas, including compliance audits, audits of transaction cycles, investigating fraud and other anomalies, and analysing operational efficiency, based on their individual organisation's needs and preferences, it was generally understood by the early 1990s". Barac and Coetzee (2012:34) add that various areas included operational and organisational risk analysis, measurement and reporting, as well as other assurance and consulting responsibilities, according to their study. Among the services IA provides, financial, functional, compliance and management audits and reviews are essential. Internal auditors took a risk-based and control-oriented approach to many of these activities. They also used modern technological applications extensively when conducting audits. Internal auditing's modern and dynamic role has given the profession its own identity, and it no longer serves as a complement to finance or accounting activities (Barac & Coetzee, 2012:34).

IA serves as an unbiased 'counsellor' to a company that criticises present methods, promotes best practices, and acts as a catalyst for change with the goal of supporting management in attaining their objectives (Von Eck, 2013:143). According to Barac and Coetzee (2012:36), competent internal auditors are required to live true to the

profession's definition, who are not expected to operate as 'the police' in firms, but rather to focus on management collaboration.

2.8.1 Internal auditing function's role in municipalities

Internal auditing has traditionally been focused on activities in the private sector, carrying out minor administrative tasks such as confirming transaction precision, pre-payment authentication and asset counts. Internal auditors were known as "accounting handymen" performing reconciliations and supplementary administrative tasks (Pitso, 2008:5). Since then, IA has gone through a substantial shift, and the public sector has begun to employ internal auditors to improve its governance (Enofe et al., 2013:162).

2.8.2 Requirements for municipal IAs

The prerequisites for creating IAs in the country's municipalities is outlined in Section 165 of the MFMA. IA is regarded as a crucial part of internal control, corporate governance, risk management, and it provides municipalities with important assurances and guidance. According to the MFMA, the IA function is one of the essential management instruments for providing value-added services to a municipality or municipal body. If they are objectively and appropriately resourced, IAs should be able to assist management with assurances about the efficiency of legislative systems internal control and risk management.

Internal auditors must be unbiased in terms of professional and interpersonal relations or other aspects that could be audited. IAs should furthermore be free of unwarranted influence that may limit or adjust the audit scope, or particularly affect judgment regarding any audit report's content (MFMA).

In 1994, in the then-Cape Province, authorities established an audit committee in the hope of improving governance. Shortly after, the South African national government undergone similar developments, evaluated the entire governing framework. The process resulted in enacting a number of statutes and revisions to existing legislation, all aimed at improving institutional governance. Regulations affecting these and other areas of government were issued and implemented, and laws such as the Municipal Facilities Management Act (MFMA), the Municipal Systems Act (MSA), and the Municipal Structures Act became law (Sepuru, 2018:16). As a result, all municipalities must have an IA department or unit and monitoring bodies (e.g., audit and/or performance committees) in place. The MFMA, Sections 165 & 166, describe the

functions and responsibilities of municipal IAs and audit committees. In South African towns, strong corporate governance necessitates a functioning IA unit or department (or IA in short), efficient internal control systems, and an effective, operational audit committee.

The Internal Audit and Audit Committee (2012) of South Africa's National Treasure mentions in their MFMA Circular No. 65 that all municipalities and municipal enterprises in South Africa must have five critical financial governance components. Referring to the MFMA (Section 165), the Internal Audit and Audit Committee (2012) highlights that each municipality and municipal body must have an IA function. A municipality or municipal organisation's IA must carry out the following responsibilities, among others:

- "Prepare a risk-based audit plan and an internal audit program for each financial year.
- Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and other pertinent issues:
    - Internal audit;
    - internal controls;
    - accounting procedures and practices;
    - risk and risk management;
    - performance management;
    - loss of control;
    - Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- Perform any such other duties as may be assigned to it by the accounting officer" (Internal Audit and Audit Committee, 2012:2).

Furthermore, the Internal Audit and Audit Committee (2012), in their MFMA Circular No. 65, refers to Section 166 of the MFMA, declares that each municipality and municipal organisation must have an AC. The AC's task is to guide the local council, political office holders, the accounting officer, and the municipal organisation's management on matters such as the following:

- "Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- Adequacy, reliability and accuracy of financial reporting and information;

- Performance management;

- Effective governance;

- Compliance with the Act, the annual Division of Revenue Act and any other applicable legislation;

- Performance evaluation;

- Any other issues referred to it by the municipality or municipal entity" (Internal Audit and Audit Committee, 2012:2-3).

IAs in South Africa are audited in conjunction with MFMA standards, which require municipalities to be audited internally and externally to make sure their objectives and accountability are sustained. The ability of the audit committees to perform all of the aforementioned responsibilities, as well as the extent to which they rely on their IAs, has to be confirmed.

2.8.3 Professional practices of internal auditors

The International Professional Practices Framework (IPPF) is a guideline developed by the IIA to serve as a global framework for IA. These guidelines are obligatory instructions (such as a code of ethics and the International Standards for the Professional Practice of Internal Auditing (or ISPPIA Standards in short)), and also field periodic calls regarding whether or not these updates are relevant, as well as intermittent apprises (not necessary compulsory), depending on whether these updates are applicable or not.

The IIA Standards are a framework that is globally acknowledged, acting as a directions for both institutional and individual IA practices (Spencer-Pickett, 2011). Adopting the IAA Standards into IA practice is "strongly encouraged" to confirm that internal auditors carry out their duties (Asare, 2009:16). As recognised by IIA Standards, environments within which IA activities are performed may change extensively. Applying these standards should never be jeopardised, whether the variances are attributable to the requirements or differences specific to industry within institutional or nation-wide cultures (IIA, 2016:1). As a result, internal auditors working for South African municipalities who are IIA SA members are obligated to follow these standards when conducting audits. Additionally, the country's National Treasury places a great emphasis on IAA standards on public sector IA departments. (National Treasury, 2009:6).

The IIA Standards stipulate the following, among others:

- Annually, IAs should develop a risk-based procedure that takes into account "the organisation's strategic and other risks" (IIA, 2016:10).
- IA activities must be meticulously planned, with the resources, time, objectives and scope of each engagement accurately recorded (IIA, 2016:16).
- The audit's findings should be presented to those who have the authority to make choices. Outcomes need not be complicated to communicate; rather, it should be simple and precise (IIA, 2016:18). Internal auditors are supposed to regularly check in on agreed upon action plans to handle findings and see if it has been rectified. The CAE needs to engage with the council or board regarding challenges and issues that happen recurrently or are not resolved (IIA, 2016:18,20).
- A municipality's IA must undergo quality assessments, externally and internally. In compliance with Standards 1310 and 1320, an external, impartial reviewer must undertake an external quality review every five years (IIA, 2016:8-9). This is done to determine if a municipality's IA department or unit is performing in compliance with the IIA Standards.

2.8.4 Internal controls for municipalities

The framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO, 2011:1) explains IA as a procedure providing sensible assurance of the institution meeting its objectives. The board or council of the organisation and other elected/nominated employee(s) having sufficient management authority carry out the internal control process. Internal controls are categorised as methods used by an institution's board (or the council of a local government), executives/senior managers or other stakeholders to handle risks and increase the possibility of meeting pre-set aims or objectives. Management achieves internal control by preparing, developing, systematising and guiding the implementation of measures that are considered adequate for offering sensible affirmation that the organisations objectives will be accomplished (IIA, 2016:25).

The descriptions of COSO and the IIA share many characteristics: Internal controls are put in place to limit risks and achieve institutional goals, and management is responsible for them, not internal auditors. As a result, the following question is posed: "What is the role of IA in regard to an institution's internal controls?" IA's primary

mission is delivering value, enhance organisational activities, and providing aid to institutional management to successfully reach strategic goals. The mission is mostly performed by evaluating internal controls aligned to the organisation's major threats.

According to Asare (2009:15) and the IIA (2016:13), internal auditors should assess internal controls as well as the organisation's communications and governance systems for efficacy and appropriateness, particularly when they pertain to the operational areas listed below:

- Efficient and effective running of operations
- Financial reporting trustworthiness
- The protection of assets
- Adherence to the law and regulations

The following tasks are assigned to the internal auditor in terms of examining internal controls:

- High-level risk appraisal
- Developing review programmes for high-risk matters
- Offering advice to management in terms of the proper and efficient functioning of controls
- Advising management on control improvements
- Following up on approved action plans to see how far these plans have been carried out (Spencer-Pickett, 2011:96)

IA must use extraordinary caution when taking on management's internal control responsibilities to avoid undermining their independence. Some of management's roles are as follows:

- Developing appropriate controls.
- Implementing and monitoring controls to ensure continued compliance.
- Update controls on a regular basis, or as needed (Spencer-Pickett, 2011:96)

IA should look at the controls' adequacy as well as their effectiveness, according to the National Treasury (2009:22-23) framework. While evaluating the controls' sufficiency, IA should assess the stance of management towards the control system and the maturity of the control environment. IA should also ascertain if the controls are designed in accordance with known control frameworks and whether it is sufficient to restrict the risk that is exposed. The effectiveness of a control should be measured by

determining whether or not the activity under control will achieve (or will continue to achieve) its performance objectives. The use of structured checklists, among other processes, can help management ensure compliance with internal controls. Using checklists and encouraging staff to use these lists can aid with confirming that all controls are comprehended and respected (De Lange, 2014:15). A business with a solid internal control system is more likely to govern efficiently, and this will aid the institution with achieving its objectives (AGSA, 2016).

2.8.5 Risk management activities for municipalities

In this section, IA's function in risk management is described in depth. The functions of assurance providers and consulting service providers are distinguished, and IA's overall primary focus during audits—the identification of new risks—is explored. IA's risk management assurance and consulting duties are outlined below.

2.8.5.1 Assurance

The primary goal of managing threats is to handle risk issues systematically; once threats are handled successfully, a favourable climate is created where a business could reach its objectives, which, in South African municipalities, "means basic service delivery" (IIA, 2016:24). IIA Standard 2120 expects of IAs to examine and contribute toward enhancing organisational threat management practices. However, the institution's management is the responsible 'authority' that needs to make sure a solid risk management strategy is in place (IIA, 2016:13).

Internal auditors examine risk management systems to (i) ensure that threats are properly recognised and examined, (ii) determine if the risk management process is working according to plan, and (iii) confirm that the methodology and policy of the threat management process are precisely laid out in the risk management strategy documents. IAs should also evaluate whether (i) critical risks are examined on a regular basis, (ii) the results are tracked, and (iii) the findings are communicated effectively to relevant levels of management within the institutions, as posited by Coetzee and Lubbe (2011:34). To determine the efficacy of risk management efforts, internal auditors should do the following (Spencer-Pickett, 2011:84):

- Examine the consistency of organisational goals in alignment with the business' mission and goals;
- Establish the adequacy of chosen responses to associated threats;

- Verify that "risk tolerance and risk appetite levels" have been established and accepted;
- Verify that risk data is collected and provided in a timely manner.

According to guidelines of the National Treasury (2009:7) and Section 165(b) of the MFMA, internal auditors hired by municipalities must provide advice to management on threats and risk management issues. Furthermore, "internal auditors should ensure that risk management processes in their municipalities are effective, that activities are documented in a formal methodology and strategy document, that risks are re-assessed annually, and that action plans and their associated activities are formally implemented and tracked throughout the year". IAs need to evaluate if governance systems for managing threats (e.g., "risk oversight committees") are established and ready. Municipalities' IAs must make sure that "formal accountability" is in place; that approved threat action plans are put into operation; and that these plans are actioned within a confirmed timeline. When progress is traced, people are inspired and motivated to realise their objectives (Sobel & Reding, 2012:48). As a result, risk action plans should be incorporated into municipal authorities' list of performance metrics to ensure the implementation thereof. Sobel and Reding (2012:48) posit that including essential threat management elements in the performance contract of accounting officers may also be beneficial. The authors furthermore confirm the existence of critical matters for IA and management in terms of risk detection. Management can handle risk factors before it becomes an issue by appropriately identifying these factors, thereby enabling the organisation to fulfil its objectives.

2.8.5.2 Risk identification

Although there is no limit to the number of dangers that can be detected, not all are relevant to a company. Only risks that jeopardise the achievement of corporate goals are important, according to the definition of risk management. Identification should ideally be done by a group of employees from various divisions inside a company, each with their own distinct viewpoint. The identification procedure involves unpacking each business threat, and occurrences probable to hinder success should be recognised. Internal auditors are able to offer advice on whether the risk register appropriately reflects the risks faced by the company. Protests over service delivery are an ongoing example of threats that became a reality; the leadership must detect and assess control flaws (Sobel & Reding, 2012:84).

2.8.5.3 Consulting services

IA can assist the institution's risk management process function more smoothly by providing consulting services. IA must be cautious not to lose their independence by claiming responsibility for the risks identified or the broader risk management process, which are still the responsibility of management (Sobel & Reding, 2012:29). IA has ample experience with risk management; therefore they are an excellent fit for advising management on risk detection and treatment alternatives. Such advice is provided frequently during interviews and workshops on risk assessment; however, IA needs to be careful not to appear to be operating as a risk management unit (Sobel & Reding, 2012:29).

2.9 The independence and objectivity of IAs in municipalities

IAs have no choice but being independent and impartial, according to the IIA's Independence and Objectivity Standard 1100. This guideline place emphasis on the significance of the IA function's independence in any institution. The absence of events that affect IA's ability to carry out its internal auditing function objectively is described as independence. To achieve the level of independence required to properly carry out their tasks, both IA and the CAE need to be granted clear and unlimited accessibility to the firm's board of directors and executive management, which can be aided by a dual-reporting connection. Independence endangered by risks must be addressed at various levels, specifically auditor, engagement, operational and organisational levels.

Internal auditors with an objective mental attitude can conduct engagements with confidence in the service they offer without making any compromises. To be objective, internal auditors must not subcontract their audit review to others.

According to Standard 1110, the CAE needs to continue reporting to a level within the company that permits IA to complete its tasks. The CAE must furthermore confirm this to the board at least once a year. According to the IIA (2016:10), organisational independence is effectively created when the CAE reports operationally to the board. Some instances of operational reporting to the board of directors are: approval of the IA charter, IA plan, IA budget, and the resource plan; approval of the incoming communications from the CAE's regarding the performance of IA activities in accordance with its strategy and other matters; approving the removal or appointment of the CAE's; allowing the CAE's compensation; and making the necessary inquiries of management and the CAE to see whether there are any improper scope or resource

limits. The IAF should be granted all-inclusive autonomy in determining the scope of IA, IA's performance of its duties, and IA's publishing of its findings according to the SPPIA criteria.

The aforementioned guidelines recommend and stress the key qualities that each IA must possess to be called autonomous. However, IA independence is "typically jeopardised by things like using the IAF as a stepping stone to other positions" (Christopher et al., 2009:202) in addition to getting the CEO or CFO authorise the IA budget and giving input for the IA plan, and treating IA as a collaborator, particularly when these factors are combined with other indirect risks. Significant threats identified in the communication with the audit committee include CAEs not reporting operationally to the AC; the AC and not being solely responsible for selecting, dismissing and assessing the CAE; and the AC not having members skilled in accounting (Christopher et al., 2009:202). As a result, this research examined the independence of the function of IA in municipalities in South Africa to determine if the discussed standards are being followed.

According to the MFMA, a municipality's CAE has to report to a level in the municipality or municipal organisation that permits IA to carry out its duties. The said level(s) must have sufficient authority to create independence while also ensuring broad coverage, effective engagement, and timely action on engagement recommendations. The ISPPIA Attribute Standard 1110 corroborates this need, stating that "the chief audit executive should report to a level within the organisation that allows the IAF to fulfil its tasks" (IIA, 2017b: Online).

The CAE is supposed to report operationally to the AC and administratively to the accounting officer. IA's organisational strength and objectivity assists in achieving independence. When IA has top management and the AC on its side, it may act freely and objectively. The CAE is responsible for directly communicating with the accounting officer, AC, municipal council and all relevant governing bodies. The ISPPIA's Advisory Standard 1110-2 validates this responsibility, stating that in addition to having a functional reporting relationship with the AC, the CAE must also have an administrative reporting relationship with senior management to receive appropriate support for IA's day-to-day activities. IA and the CAE should be positioned in the organisational structure in such a way that they have appropriate standing within the organisation, i.e., they need unrestricted access to personnel, information and documentation.

Direct contact happens when the CAE regularly partakes in meetings pertaining to the supervision responsibilities for internal audits, financial reporting, corporate governance and controls. The CAE's attendance at and contribution to these meetings provides an opportunity to exchange information with top management regarding IA's plans and actions (MFMA).

2.9.1 Independence and objective activity

The mental state of the auditors and IA's location within the company are important factors in defining and sustaining objectivity and independence. Objectivity is attained when an auditor's perspective is unbiased, independent and free of conflicts of interest, the author displays objectivity. Internal auditors achieve independence when they are not unduly influenced in such a way that the extent and range of their work, judgment or audit report content are negatively affected (National Treasury, 2009:14-15). IA relies on objectivity and independence and, as a result, IA's status in the organisation depends on both these factors. If one or both of these attributes are lost, their employment becomes ineffective, and they may fail to fulfil their expressed purpose of aiding management in accomplishing institutional goals (Spencer-Pickett, 2011:132).

IA's sovereignty is increased when they do not have any "direct operational responsibility [or power] over the operations under review; when the CAE has direct access to the [institution's top management], audit committee and executive authority; and when the CAE has dual reporting responsibilities (i.e., reports functionally to the audit committee and administratively to the organisation's Accounting Officer) (IIA, 2016:4; National Treasury, 2009:15)". Individual internal auditors must follow both the IIA's and their employer's (municipality) ethical requirements. Internal auditors must regularly practice neutrality, independence, honesty and due care, especially while working on complex consulting projects. The necessity of internal auditors being knowledgeable and striving for continuous improvement cannot be overstated (IIA, 2016:7; AGSA, 2016:17).

A sovereign IA department or unit has to conduct operations within an enabling environment, which is explained by (Spencer-Pickett, 2011:142-143) as follows:
- It is appropriate to offer unbiased judgment on how "internal controls, risk management and governance systems" are operating.
- IA must not be used as a snooping service by managers who suspect their own employees of failing to meet their obligations.

- When it comes to internal auditing, management should not establish any 'no-go' zones. IA must be able to access all records.

- Senior management must also undergo audits – executives typically feel they are exempt from audits.

- Internal auditing does not back down because a boss is strong and/or demanding. Findings are only removed when there are good grounds to do so.

2.9.2 Adding value to municipalities

IA benefits not only management, other stakeholders, which include communities, also benefit (Von Eck, 2013:142). Local communities will be affected by IA's failure to offer assurance to their municipality (AGSA, 2016:19). To justify their employment, IA must make a meaningful contribution towards assisting their organisation in achieving its objectives. IA adds value by providing assurance on controls for high-risk activities identified by management (IIA, 2016:10). If ignored, areas classified as being a high risk could inhibit achieving strategic objectives/aims, thereby also inhibiting service delivery. IA examines internal controls established to alleviate serious (high-level) threats. The results offer assurance to management that the serious threats they identified are addressed through employing effective and appropriate controls – a type of auditing that is called "a risk-based audit strategy" (Coetzee, 2012:11). IA utilises this strategy to ensure that issues considered to be obstacles are addressed in order to achieve institutional goals (IIA, 2016:10). One main advantage of a risk-based audit method is an enhanced understanding of whether risk management strategies are operating as intended (IOD, 2009:94).

2.10 Chapter summary

According to the Constitution, South Africa is divided into three types of municipalities, each with its unique set of responsibilities. Municipalities operate in a complicated environment to meet the Constitution's goals. In this chapter, the legal framework that controls risk management within local government as well as the many risk management frameworks accessible in the public sector were investigated. Furthermore, the history of the West Coast District Municipality was explored. The chapter highlighted IA's value-added role, which is characterised as developing opportunities to meet organisational objectives and making sure that the IA function serves as the ears and eyes of top management. Various definitions of internal auditing were explored, and it is obvious that the IA function has developed significantly

throughout the years. The most noticeable trait of all IA characterisations and classifications is the importance currently placed on helping management with accomplishing institutional objectives by means of reviewing internal controls, governance and risk management systems.

The SA government has established legislation that holds municipalities responsible for achieving service delivery responsibilities. To that end, legislation needs each municipality to *inter alia* perform an internal audit and examine the achievement of pre-determined statutory municipal objectives on a regular basis. Emerging from these statutes, the roles that IA should accomplish are as follows: Various acts, for example the MFMA, demand that the IA function aligns with IIA Standards in their local government level activities. This criterion's goal is to develop a standard method of actioning by municipal IA departments or units to match the IA function with the IIA's definition of IA. Despite the adoption of various legislative pieces to delineate and insist on public sector organisational governance, liability and ethics, corruption and maladministration as well as protests about service delivery and poor external audit results keep on plaguing South African cities. As a result, this chapter concentrated on numerous themes that constitute the IA function, and the critical roles that IAs perform inside organisations. This study used literature to conduct an empirical analysis to ascertain whether the IA function in the country's municipalities adheres to the research and views provided in the literature.

In the next chapter, the research design and methodology adopted in the execution of this study are discussed.

CHAPTER THREE: REASERCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter describes and explains in detail the research design and methodology adopted in the execution of this study. As defined by Cassim (2015), the term "research design and methodology" refer to the design of the research process and selecting data collection methods appropriate to the study, so that each research objective can be achieved, which, in turn, enables the researcher to answer the research questions. Against this background, Chapter Three explains the methodological orientation of the study and further provides the rationale and justification for adopting of the particular methods and procedures for this study.

The research design is a form of mixed methods research, which is also explained in this chapter. According to Yin (2013), mixed methods research offers an option that takes "advantage of the similarities and differences in qualitative and quantitative methods. It represents a pragmatic alternative—showing how research can proceed without resolving the potential conflicts in worldviews".

 The research methodology explained in this chapter includes the following aspects: The geographical of the study; the research design; the population and sample; the data collection process that included the methods adopted to sustain validity and reliability of the instruments; and data analysis.

A graphic illustration of the content and sections contained in this chapter is presented in figure 3.1.
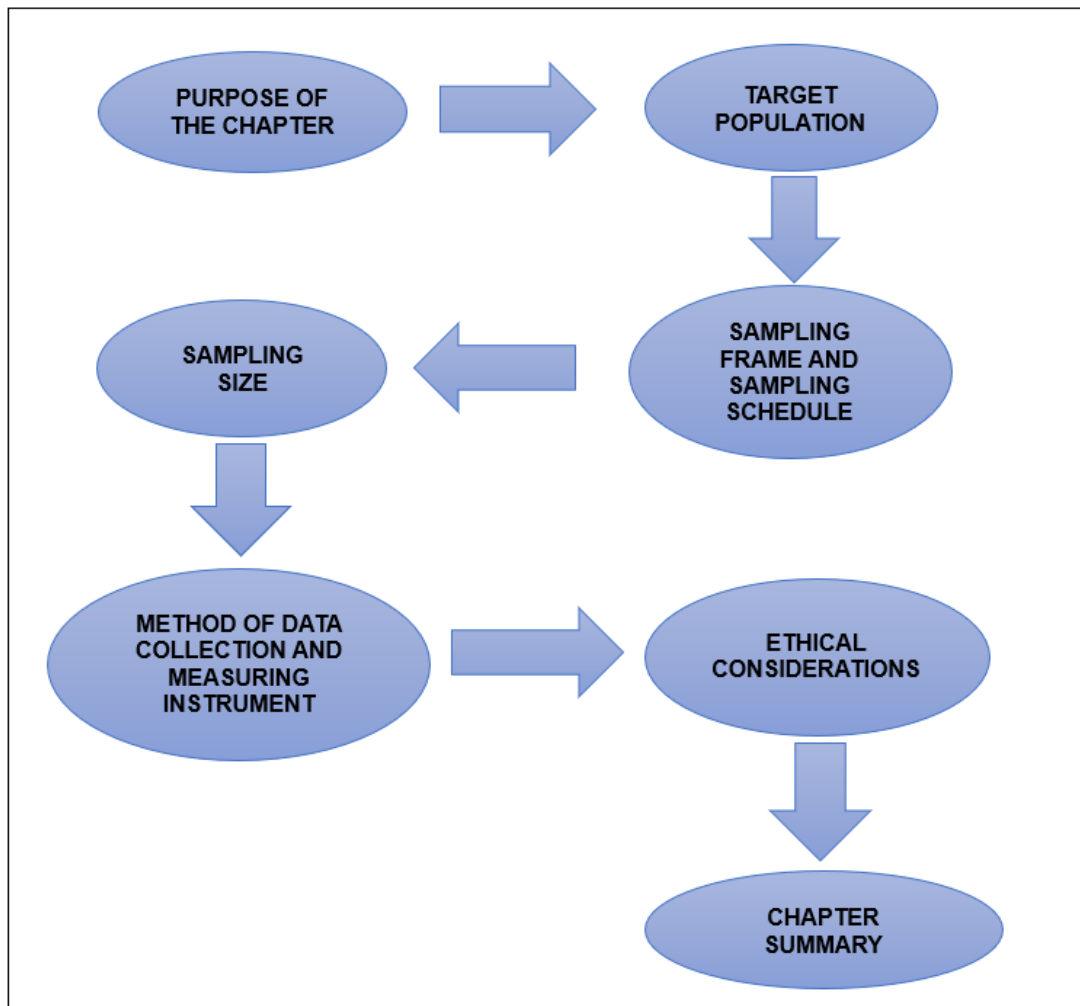
Figure 3.1: Layout of Chapter Three: Research methodology

3.2   Research design and methodology

In accordance with Kumar (2014:122), the research design and methodology serves as a plan and guideline that outlines how various strategies and protocols would be applied during the research project to obtain responses to the research questions as relevant, objective, reliable and economical as possible. It also refers to plan of how the actual study will be conducted and what methods to be used to gather information. In the same vein, Cassim (2015) notes that as a researcher, one needs to understand and write the choice of research design and methodology clearly and in sufficient detail so that other researchers will be able to replicate the study. By replicating, other researchers may not necessarily get the same results, but they should be able to follow, step-by-step, what has been done, and why.

For the purpose of this study, however, the research paradigm that will be carried out will be conclusive in nature and will fall within the ambit of positivism research paradigm. The logical approach to be undertaken is deductive research approach. This incorporates the characteristics of a quantitative research to help provide an objective truth about the phenomena.

Against this background, the processes and procedures, and the justification thereof, applied in this study are explained in detail in the next sections of this chapter.

3.3   Research design

According to Cassim (2015), *research design* refers to the choice of research methods, namely, quantitative, qualitative or a combination of both, which is known as methodological triangulation. In this regard, methodological triangulation is the combination of qualitative and quantitative research techniques to discuss a particular research question, commonly known as mixed methods research. The mixed methods design allows the use of qualitative and quantitative techniques interchangeably and synergistically for the research's benefit. For the purpose of drawing from the synergistic strength of quantitative and qualitative data, this study adopted a mixed methods research design. That is, the quantitative research was adopted to understand the basic characteristics of the phenomenon in descriptive terms by seeking an overall summary of the study's variables through distributing questionnaires via survey, while the qualitative research approach was adopted to provide an in-depth understanding of the phenomenon in a particular context through unstructured questions in the questionnaires.

3.4   Target population

The target population is defined as "all the individuals, entities, items or units relevant to the research study; it comprises individuals, groups, organisations, documents, and campaigns" (Quinlan, 2011:206). The target population is the totality of potential participants accessible for a study's data collection, and the sample comprises the number of participants chosen from the population identified by researcher in an endeavour to answer the research question(s). The target population of this study comprised of employees working at the five West Coast District municipalities (WCDMs). The composition of the target population comprised employees on different levels: general employees, internal auditor(s), junior managers, managers, senior managers and executive managers. All these levels were deemed relevant to the study

as employees in the mentioned positions were considered knowledgeable about the phenomenon investigated by this study. Generally, the larger the population size, the more difficult it becomes to gather data from everyone forming part of the identified population, specifically when such data collection will be expensive and time consuming. Accordingly, the participants forming part of the target population were purposively sampled based on their availableness to partake in the data collection during the study.

3.5   Sampling frame and sampling methods

This section of the chapter explains the sampling frame together with the sampling methods applied for the purpose of data collection.

3.5.1   Sampling frame

A sample frame is defined as a representation of the elements of the target population (Malhotra, 2010:373) from which the sampling is selected. In simple terms, Coldwell and Herbst (2004:73) define the sampling frame as a list containing the instructions or guidelines on identifying the target population. Equally, the sample frame for this study consisted of a database of the details of various staff members from respective departments within the West Coast District local municipalities as provided by the Western Cape Internal Auditors Directorate. Many of the employees are sufficiently knowledgeable and have ample experience in the IA field; as such, they were deemed reliable participants to answer the research questions.

3.5.2   Sampling method

From the target population, a non-probability sampling method in the form of purposive sampling was applied to secure the participants for this study. As advised by Cassim (2015), a sample is representative of the heterogeneity or diversity within the larger target population so that the data accurately reflects the characteristics of the target population. Accordingly, the heterogeneity of the sampled participants was reflected in terms of their different work experiences, gender diversity and their various positions in the IA unit or department (or IA in short) in different municipalities. The non-probability sampling method applies to any method where elements have an uneven likelihood of being selected (Dane, 2011:121). The availability of the participants was key to determining their likelihood of being selected for the sample of the study. Purposive sampling is a non-probability sampling and is preferable because the most readily available sources of data are more likely to provide the most informative

responses (Yin, 2011). Although the concept of sample size is not likely to be relevant in qualitative research (Yin, 2011), this study achieve saturation in gathering data from the sampled participants.

3.5.3 Sample size

In quantitative research, the issue of a desirable sample size requires discretionary choices (Yin, 2011). However, what matters most in a qualitative-oriented study is the value and quality of the information shared by the participants, considering their profile and characteristics in relation to the study field (Yin, 2011; Gaudet & Robert, 2019). For this study, the most considered/targeted sample size was deemed to be a randomly selected number of 200 municipal employees across the five different WCDMs for better chances of employee responses.

3.5.4 Sampling criteria and inclusion

Gay et al. (2006:115) show that there are no hard and fast rules regarding the right number of participants in a quantitative study when determining the sample size. However, when selecting who should participate in this study, the following criteria were employed: Firstly, all participants had to be regarded as employees working in IA within the WCDMs. Secondly, employees' working experience within the WCDMs would not limit participants from participating in the study. Thirdly, all the participants had to be willing and available to participate in the study. Finally, the data collected from the participants had to be a reflection of their experiences within the IA department or unit of the respective municipalities.

3.6   Data collection methods

The study employed multiple data collection methods in the form of both primary and secondary data. The primary data pertained to the field work data by distributing surveys to the respondents while the secondary data was collected from scientific literature. The literature review is an important tool "to identify the theoretical debates within which [the research] question is situated and to underpin what is being investigated with what has already been published in the field" (Gaudet & Robert, 2019).

Equally, the primary data provides the empirical evidence to concur or dispute what is published in the literature, primary data also refers to data collected firsthand by the researcher for a specific research purpose and its relevancy to the study, collected with

the research objectives and questions in mind . The form of primary data adopted in this study is cross-sectional in a form of an online survey, Therefore, secondary as well as primary data sources were deemed crucially important in the execution of the research. The literature review has been conducted using a variety of resources in relation to the phenomenon under study. This includes sources such as journal articles, books, government publications, conference proceedings and internet resources.

3.6.1   Data collection instrument

The primary data was solicited through a digital questionnaire that was designed using the Monkey Survey software tool. The questionnaire contained both structured and unstructured questions, which was useful for capturing both the quantitative and qualitative responses. This data collection instrument was found to be the best suited tool for collecting the data. The questionnaire consisted of demographic, dichotomous, closed, open-ended and Likert scale questions. Further advantages associated with using a digital questionnaire are that it produced a higher response rate as the questionnaire was electronically distributed to participants for completion; less energy and time were required from participants to answer the questions; the principle of anonymity was offered as participants' details were not required prior to the completion of the questionnaire; there were fewer opportunities for being biased as the questions were posed and presented in a concise and consistent manner; and the closed questions easily enabled the researcher to compare and validate the participants' responses. In addition, the questionnaire was distributed together with the information letter and consent form to all the participants. Moreover, the researcher was able to track the participation and responses of participants while the survey was still underway. The researcher distributed the survey questionnaire and information letter via email with the help of IA managers in the respective municipalities.

3.6.2   Questionnaire design

There are basically two formats of designing a questionnaire for data collection, namely, the open or free response format, also known as an unstructured questionnaire, and the closed response format, which is commonly known as a structured questionnaire. A good questionnaire uses both the closed and open response formats (Yin, 2011) or questions.

Accordingly, the questionnaire for this study was designed to contain both structured and unstructured questions. The questions aimed to collect facts and viewpoints from

the participants to obtain data and/or evidence on the phenomenon being studied. However, Malhotra (2004:278) warns that a questionnaire containing a combination of structured and unstructured questions has to be structed and framed such that participants' interest are drawn effectively, leading to their full participation (i.e., providing complete, accurate and relevant answers). Accordingly, the survey questions designed for this study engendered the desire within the participants to provide honest answers. Moreover, the survey questions were designed to be exhaustive and mutually exclusive, and only important and significant questions relevant to the study were posed. Importantly, the questions were designed to be easily answered by the participants in the absence of the researcher. That is, the questionnaire was sent to the participants using a digital platform, and in response, the participants were able to successfully complete both the open-ended and closed questions at their own pace and in their own time.

3.6.3   Questionnaire layout

Generally, a questionnaire should consist of several sections determined largely by the number of themes drawn from the research problem or question(s) (Babbie, 2010; Yin, 2011; Cassim, 2015). The layout and outlook of a questionnaire is of paramount importance; it can affect the response rate and completion of the questionnaire considerably.

Accordingly, as presented in Appendix A, the questionnaire layout is structured into four sections, ranging from the demographic profile of the participants to recommendations on the subject matter of the study. Firstly, Section A contains questions on the demographic details of the employees at the WCDMs. Secondly, Section B comprises questions on the organisational profile to obtain information about the organisation. Thirdly, Section C includes closed questions focused on the employees' perceptions of the working conditions and their understanding of IA and the IA function. Fourthly, Section D provides probing open-ended questions on the experiences, views and recommendations of the functions and operations in IA within the WCDMs. This layout and features were important in ensuring the reliability of the questionnaire and the validity of the results.

3.7   Reliability and validity

Reliability and validity are important aspects to be considered in any type of research. However, the application of reliability and validity in qualitative research differs from

qualitative research. Therefore, the reliability and validity in this section are explained in the context of a qualitative research approach.

3.7.1 Reliability

According to Babbie (2010), reliability is a matter of whether a specific method, used often to the same research participants, yields the same results each time. Therefore, the questionnaire technique used to collect the data is reliable because similar questionnaires used in other related studies delivered valid results. In social research, reliability problems may emerge in many forms. That is, "reliability is a concern every time a single observer is the source of the data, because there is no certain guard against the impact of observers' subjectivity" (Babbie, 2010:151). Another best practise to ensure reliability was to standardize the process and refrain from being bias. In addition, participants completed the questionnaire in their own physical and psychological environment where participants were relaxed, thereby ensuring the privacy, confidentiality and general physical comfort of the participants. Although reliability does not necessarily ensure accuracy (Babbie, 2010), the participants from which the data was collected were well-informed and knowledgeable about the study's rationale and the IA function within municipalities. As such, the data solicitated through the questionnaire was confirmed to be reliable.

3.7.2 Validity

According to Cooper and Emory (1995:149), "validity refers to the extent to which a test measures what it is meant to measure". In the same vein, Babbie (2010:153) notes that "validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration". That is, to measure the effectiveness of the IA function, the employees involved in this function become the valid source of information given their knowledge, expertise and experiences in the subject matter under consideration. Therefore, face validity was ensured in the study because the attributes of the participants made were deemed a reasonable measure of the concept. In addition, construct validity was ensured because the operational questions were based on a conceptual framework found in literature, which guided the researcher to pose the questions in alignment with the research objectives and questions. Construct validity is "the degree to which a measure relates to other variables as expected within a system of theoretical relationships" (Babbie, 2010).

In summary, the data obtained through the questionnaires was considered valid and reliable. The data was then analysed using quantitative and qualitative data analysis software to further enhance the trustworthiness of the study's findings.

3.8   Data preparation and analysis

The data presentation and analysis stemmed from the qualitative survey conducted in this study. This strategy involved retrieving the open-ended and the closed questions from online survey software known as Monkey Survey. On the one hand, the quantitative data in the form of Likert ordinal scale, ratio frequencies and nominal measures was retrieved and analysed using SPSS software. The data was then presented through descriptive statistics using Microsoft Excel's bar and pie charts as well as tables before it was transferred to a Microsoft Word document.

On the other hand, the qualitative data was retrieved and uploaded to the qualitative data analysis software called MAXQDA for coding and categorising as the preliminary steps towards qualitative data analysis. The coding process of the qualitative data analysis followed the procedures as suggested by Saldaña (2013) in terms of NVivo and descriptive coding for thematic analysis, consolidation and interpretation of the participants suggestions. According to Ershadi et al. (2021), "adopting this approach is beneficial in searching across a data set and placing similar ideas together to find repeated patterns of meaning". The six phases actioned thematically analyse the data set are explained in table 3.1.

Table 3.1: Thematic qualitative analysis procedures

Phases	Implications on the analysis
Phase one	Familiarising with data: In this phase, the descriptive responses obtained from participants were reviewed so that we can identify the depth and breadth of the data set before beginning the formal coding process.
Phase two	Generating initial codes: Codes represent short and the most essential segments of raw data, which initially group relevant ideas.
Phase three	Searching for themes: Themes are broader than codes and are elicited because of further interpretation of the data set.
Phase four	Reviewing themes: After devising the set of candidate themes, they were reviewed systematically to ensure both their internal homogeneity and external heterogeneity.
Phase five	Defining and naming themes: Reaching a satisfactory combination of themes, a concise label was selected for each theme considering the aspects and information relevant to the respective themes.
Phase six	Producing the report: The themes were interpreted and discussed in the thesis to explain the concepts that were identified during the data analysis process.

(Adopted from: Ershadi et al., 2021)

The application of the MAXQDA software has enabled the thematic analysis process to be efficient and effective. Saldaña (2013:30) comments that programs like MAXQDA involves a user-assigned colour coding feature, which is a highlighting function that alters the text's background colour to align with its code's colour. Reviewing similarly color-coded data during the second cycle of coding makes it easier to refine first cycle of coding and create new or revised categories. All the necessary ethical considerations were considered during the study.

3.9   Ethical considerations

The phrase 'ethical considerations' can be interpreted as a set of values that unites a society (Rodgers, 2010:83). In this study, the researcher considered the ethical considerations with the intent of providing assurance that the manner in which the particular research study was conducted, is in line with the principle of *uberrima fides* (Remenyi et al., 1998:227, 282). Accordingly, the ethical approval was obtained from the university (see annexure B), and the below ethical considerations have been seriously observed during the study, particularly during the data collection process:

- **Informed consent:** Before consenting to participate in the study, participants were notified of the aim and scope of the research by means of (i) an introductory paragraph on the first page of the questionnaire, briefly explaining

what the study involved, and (ii) alongside the link to the survey, a consent letter from each municipality.

- **No favouritism:** All participants received equal and fair treatment. No participant was selected to participate in the study on the basis of gender, race and political circumstances.

- **Confidentiality and Anonymity: To ensure that there is no potential for risk and harm,** the right to confidentiality and anonymity were availed for participants; their responses were used strictly for research purposes. The data collection tool (survey) did not require participants' names, surnames, addresses and contact details. The participants are presented as interviewees in the data presentation and analysis chapter.

- **Voluntary participation:** Before any participant could partake in this research study, they had to consent to voluntarily participation in the survey. In addition, participants were made aware that they could retract from the study at any time, for whatever reason, without any repercussions. Moreover, the participants were informed that the data collected is strictly for academic purposes, as such, their participation and responses will not have any effect whatsoever on their work and positions in their respective workstations.

3.10 Chapter summary

This chapter presented the in-depth research design methodologies underpinning the orientation of this study. Research design and methodology include a host of considerations, ranging from specific research methods to how data and other records are stored, and how we analyse data and interact with key stakeholders such as study participants (Cassim, 2015). Accordingly, the research design, sampling method, sample size, data collection and analysis tools, questionnaire design, empirical data collection and data analysis techniques were explained. The limitations of the study in addition to ethical considerations that strengthen this research were clearly set out.

Chapter Four elaborates the data analysis and findings that emerged from the methodology and procedures explained in this chapter.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter provides a comprehensive and detailed presentation, analysis and interpretation of the empirical data as derived from the questionnaires, which consisted of both structured and unstructured questions. The questionnaire was developed and administered using an online facility that enabled the solicitation of responses from 104 participants employed at various organisations. To analyse the empirical data, the descriptive quantitative data was analysed using SPSS version 25.0 for Windows, while the qualitative thematic analysis procedure was performed through applying the MAXQDA software.

The descriptive quantitative data presented in this chapter includes frequencies and percentages of variables in relation to demographic profiles, as well as Likert scale type of responses about the concepts being investigated. On the other hand, the qualitative data presented in this chapter consists of the participants' opinions and experiences about the phenomenon related to internal auditors in municipalities. Moreover, the descriptive coding procedures were followed during the first level of coding the qualitative data. "The terms used by [participants] themselves" (Strauss, 1987, cited in Saldaña, 2013:91). Similarly, the descriptive coding was useful in categorising the data at a basic level to provide the researcher with an organisational grasp and picture of the phenomenon being studied.

The second level of coding was based on axial coding to create properties and dimensions of categories and explore how the categories and sub-categories relate to each other (Saldaña, 2013). Therefore, the analysis and interpretation performed in this chapter is drawn from both the qualitative and quantitative approaches, which is a form of mixed methods research.

4.1.1 Age categories of participants

In this category, the age group of the employees were determined to understand whether there is a link between their age and their understanding of the internal control functions. The results of the investigation are presented in table 4.1 below.

Table 4.1: Age categories of participants

N=104

Please indicate your age category				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		12	11.5	11.5	11.5
	30 – 39	30	28.8	28.8	40.4
	40 – 49	26	25.0	25.0	65.4
	50 – 59	24	23.1	23.1	88.5
	60 or above	12	11.5	11.5	100.0
	Total	104	100.0	100.0	

The survey participants ranged in age from 30–60 years and above. It's worthy to note that 28.8% of the participants were between the ages of 30–39 years at the time of the data collection. In total, 25% were between the ages of 40–49 years. Twenty-three-point-one percent (23.1%) of participants were between the ages of 50–59, while 11.5% were over the age of 60.

4.1.2 Highest level of education of participants

The purpose of this category was to discover the level of education of municipality employees within the West Coast District. Figure 4.2 depicts the level of education of the participants.
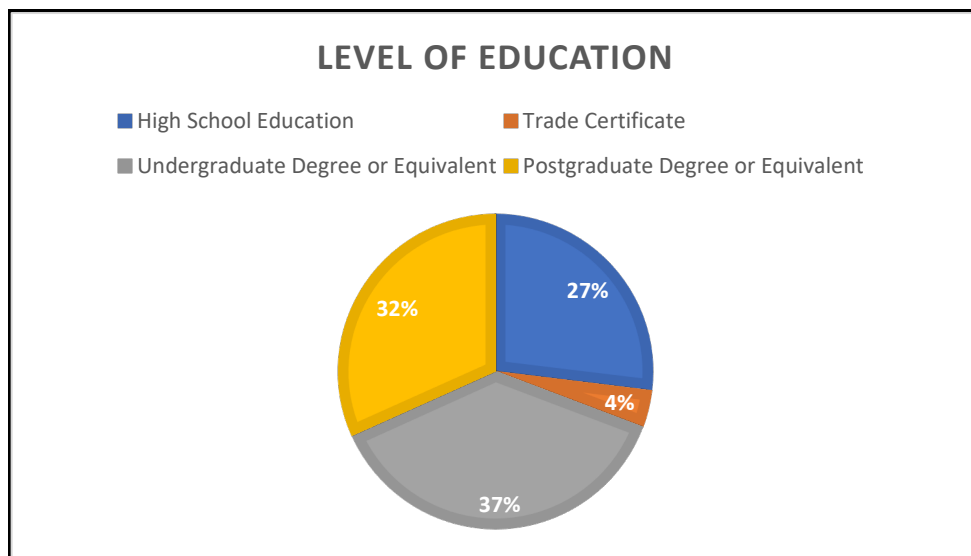
Figure 4.1: Participants' level of education

It is worthy to note that 37% of the participants stated they have an undergraduate degree or equivalent, 32% have postgraduate degree or equivalent, 27% have high school education, and a further 4% have a trade certificate.

4.1.3 Designation and position of employment

Figure 4.2 depicts the findings of employment status in relation to employees' ability to understand the IA functions and internal controls.
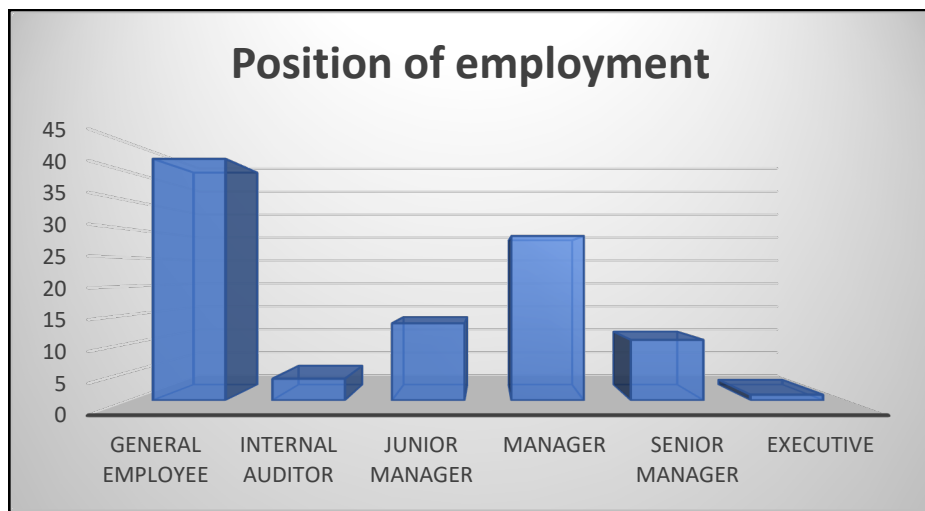
Figure 4.2: Participants' position of employment

For designation and position of employment, the study shows that 1% of the participants said they hold an executive position and 10.6% a senior management position. In total, 28.8% said they are managers, 13.5% junior managers, 3.8% internal auditors (some municipalities in the district insource internal auditors), and the majority (42.3%) said they are general employees.

4.1.4 Working experience of participants

This category determined the working experience of the total number of participants employed by the West Coast District municipalities (WCDMs) to understand whether there is a link between their perceptions and their understanding of the internal auditing function (IAF) within the municipality. Table 4.2 presents the results.

Table 4.2: Participants' working experience

N=104

When did you start working in this department?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Past 12 months or less	9	8.7	8.7	8.7
	2 – 5 years	24	23.1	23.1	31.7
	More than 5 years	71	68.3	68.3	100.0
	Total	104	100.0	100.0	

In terms of working experience, the poll shows that 8.7% of participants have been with the municipality for 12 months or less, and 24% had in the range of 2–5 years of experience, while 68.3% indicated they have more than 5 years of experience.

4.2   Organisational profile and organogram

4.2.1   Levels and structures of the West Coast District municipalities

The findings of the participants' level and the structure of the organisation are presented in figure 4.3.
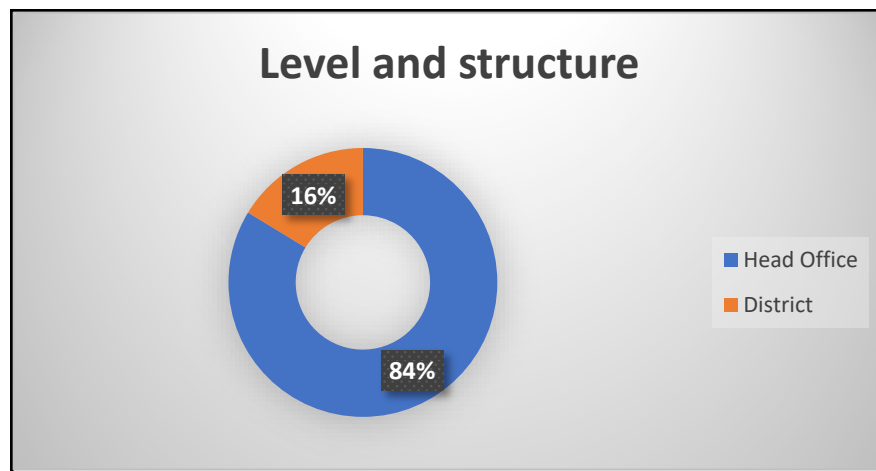
Figure 4.3: Levels and structures of the West Coast District municipalities

The study shows that 16% of the participants work at a district municipality (Bergrivier, Cederberg, Matzikama, Saldanha), while 84% work at the headquarters (Swartland).

4.2.2 Auditing tools ownership

Based on participants' perceptions, figure 4.3 depicts the results of the auditing tools that exist within the WCDMs.
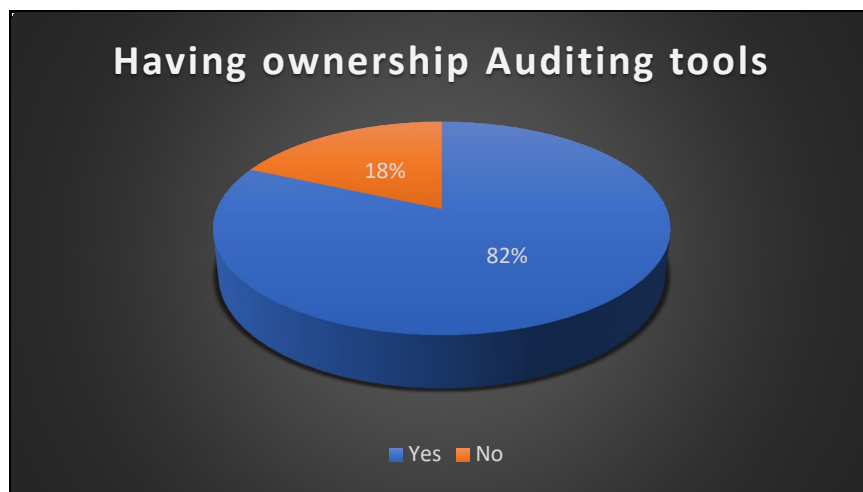
Figure 4.4: Auditing tools ownership

A significant 82% of the participants indicated that their organisation owns auditing tools that they are using, while 18% indicated otherwise, they do not own auditing tools.

4.2.3 Availability of the IA department

Figure 4.5 shows the results of the investigated availability of the IA department within the WCDMs.
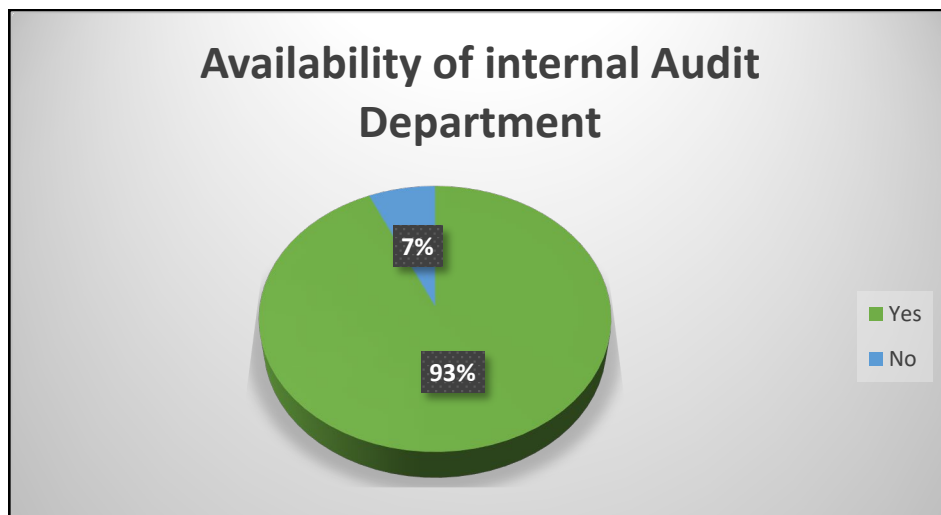
Figure 4.5: Availability of the IA department

Of the total number of participants, 93% indicated that they have a fully operational internal auditing department, which supports that they have awareness of IA, while 7% said they do not have an IA department.

4.2.4 Market base of the organisation

This category aimed to determine the market base of the WCDMs. Figure 4.6 shows the investigated results.
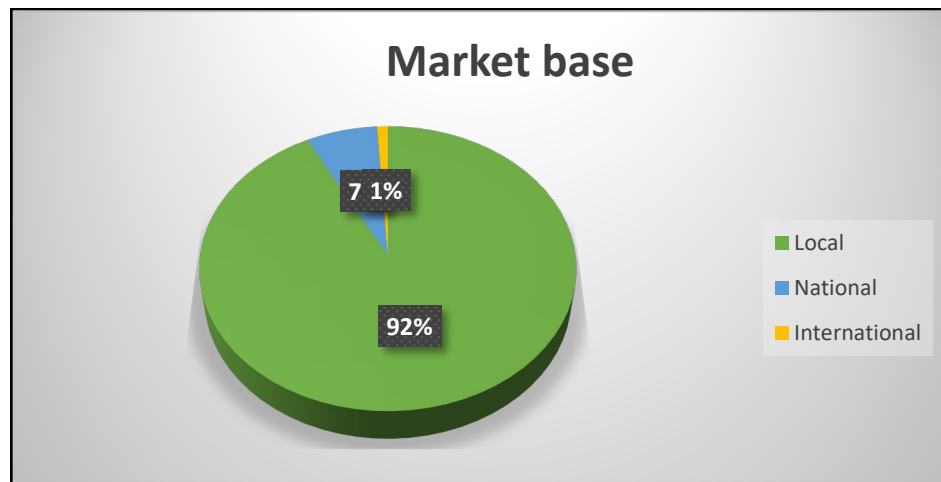
Figure 4.6: Market base of the West Coast District municipalities

In terms of the WCDMs' market base, 92% of the participants indicated that their municipality is classified as Category B (local), 7% said their municipality is classified as Category C (national), and 1% said their municipality's market base is international.

4.2.5 Number of employees in the IA departments

As shown in the figure 4.7 below, this category determined how many employees work in the investigated departments, i.e., an overview of the participants was obtained.
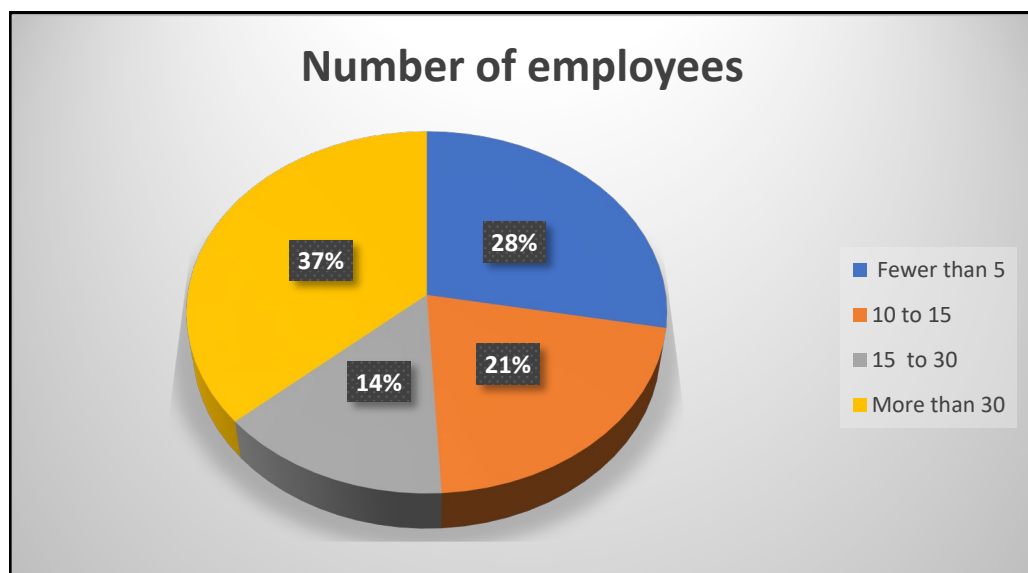
Figure 4.7: Number of employees in the IA departments

The above data depicts the number of employees in the IA departments of the WCDMs. In total, 37% of the participants said they have more than 30 employees in their IA

department, 28% said they have fewer than 5 employees, 21% indicated a total of 10–15 employees in their IA department, and 14% said they have between 15 and 30 employees working in their IA department.

4.3 Significance of the IA function

4.3.1 Awareness of the IA function

This category aimed to discover how aware the employees are of the IA function within the WCDMs. The results show that most of the participants across the five municipalities are familiar with the IA function. Figure 4.8 depicts the findings.
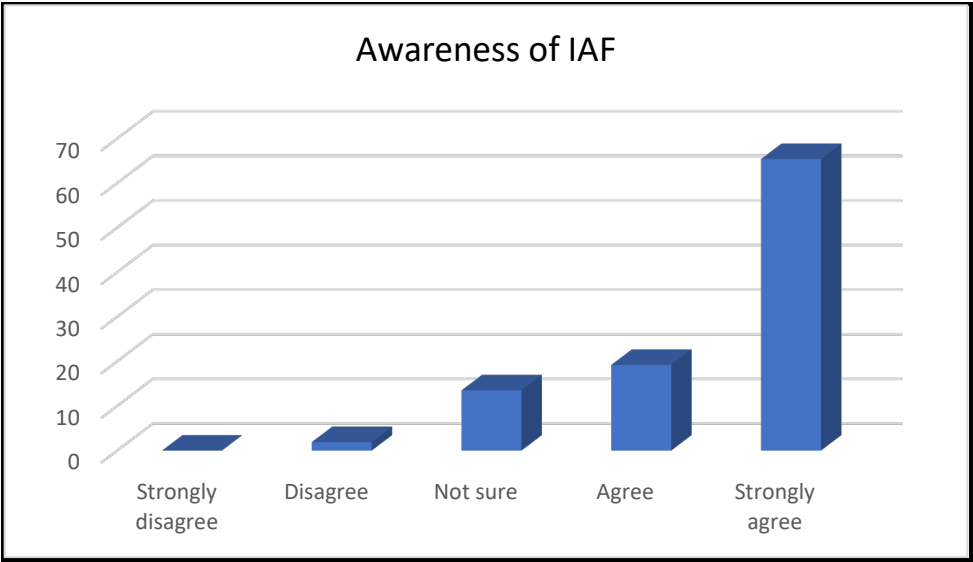
Figure 4.8: Employee awareness of the IA function

4.3.2 Importance of the IA function

This category discovered employees' perceptions of the importance of the IA function within the WCDMs. The results are presented in figure 4.9.
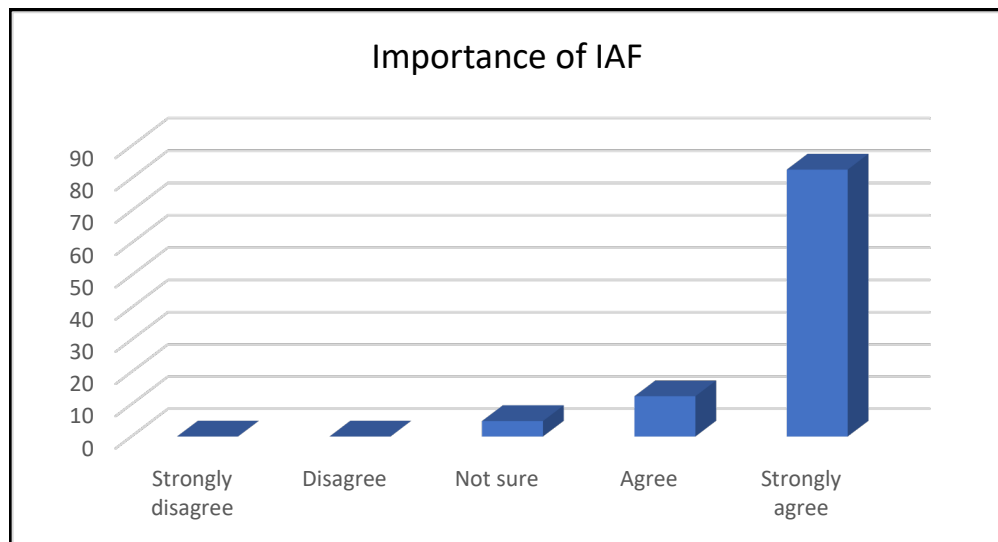
Figure 4.9: Importance of the IA function

The analysis shows that most of the participants (82.7%) agree to the importance of the IA function within their respective municipalities.

4.3.3 Intra-organisational mutual relations

This category determined the employees' views of how the IA department or unit (IA in short) maintains a satisfactory relationship with other employees in the organisation. The results are depicted in figure 4.10.
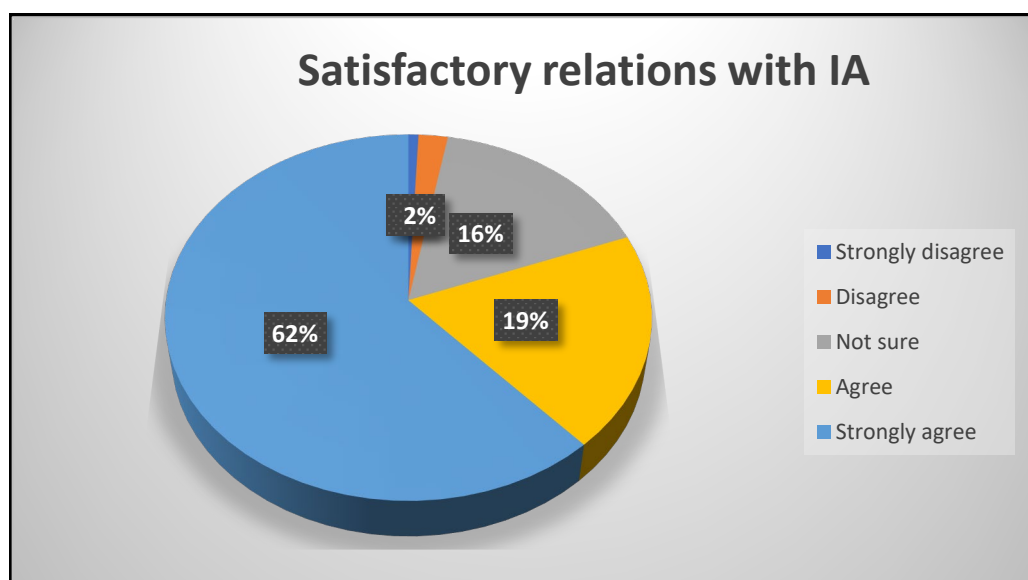
Figure 4.10: Intraorganisational mutual relationships

Of the total participants, 62% indicated that IA maintains a satisfactory relationship with other employees in the organisation. A significant 16% of participants said they are unsure**.**

4.3.4 IA as a source of inspiration

This aim of this category was to discover whether employees believe IA inspires trust within their municipality. Results are shown in figure 4.11.
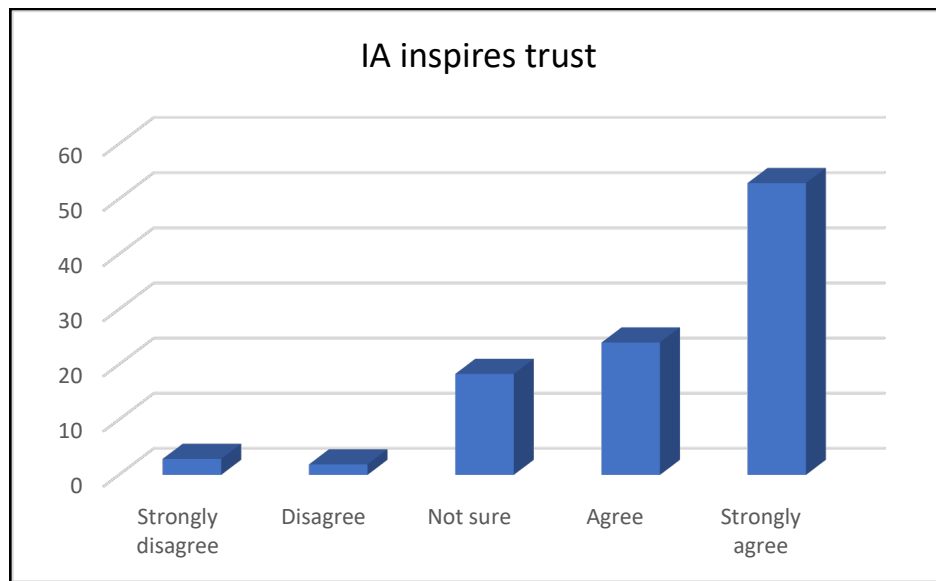
Figure 4.11: IA as a source of inspiration

In total, 52.9% of the participants said they strongly agree that IA inspires trust within their municipality, while 18.3% of the participants were not sure.

4.3.5 Difficulties in dealing with the IA unit

For this category, the aim was to ascertain whether employees find it difficult to deal with IA within their municipality. Figure 4.12 presents the results.
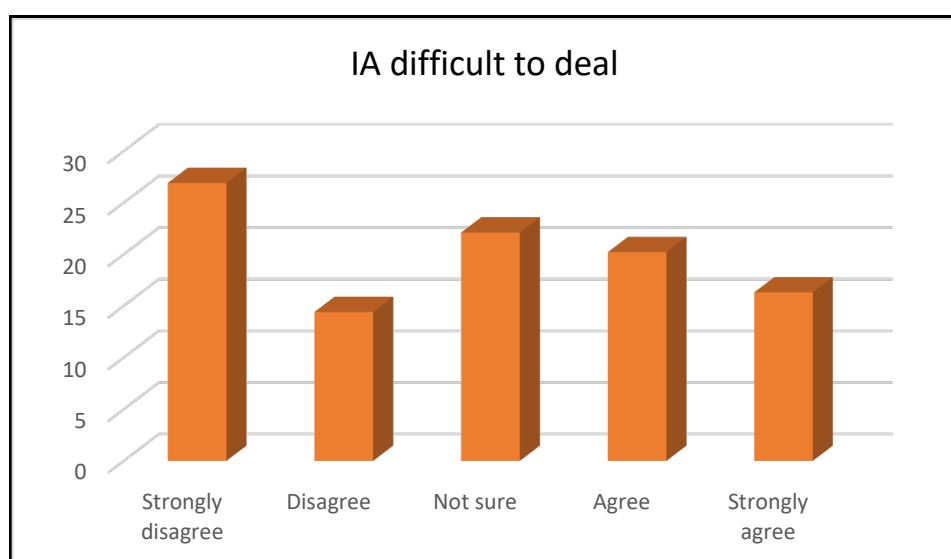
Figure 4.12: Difficulties in dealing with the IA unit

Of the total number participants, 20.2% indicated that they agree and 16.3% said they strongly agree with finding it difficult to deal with IA, while a significant proportion of participants were unsure. This supports the literature that there is a gap in employees' understanding of the IA function, which is mostly perceived as the 'police dogs' of IA.

4.3.6 The IA function as an enabler

The aim of this category was to determine whether employees consider the IA function as beneficial to the municipality in making sure that it meets its goals. The results of the investigation are shown in figure 4.13.
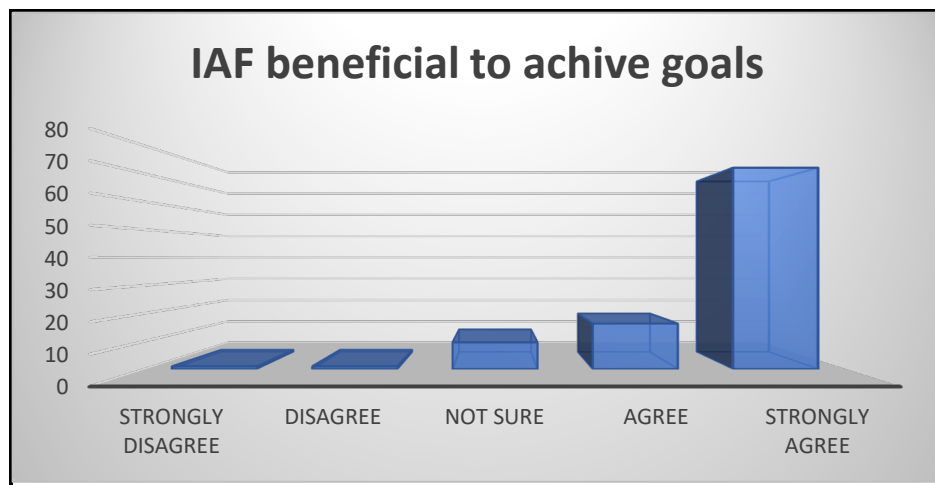
Figure 4.13: IA function as an enabler

In total, 72.1% of the participants indicated that they consider the IA function to be beneficial to the municipality in terms of making sure that its goals are met. IA's role is to support municipal management by reviewing, assessing and helping them to improve and ensure adequate internal monitoring systems and achieving its goals. IA goals include the provision of primary services through the assessment of risk management, control and governance processes as well as the efficiency of the different insurance and consulting facilities outlined in the assessment report in each municipality (IIA, 2016:23).

4.4 The independence of the IA function

Regarding the question related to understanding the independence of the IA function, several contrasting views and responses were provided by the participants, which suggests a state of being independent as well as a situation of being compromised in different forms. The second level of coding the empirical data revealed that IA operates

professionally and objectively and is independent. However, some participants were of the opinion that the functioning of IA is compromised and often seen to be selective when auditing is done in the organisation, as shown in the figure 4.14 and elaborated on in the next sections.
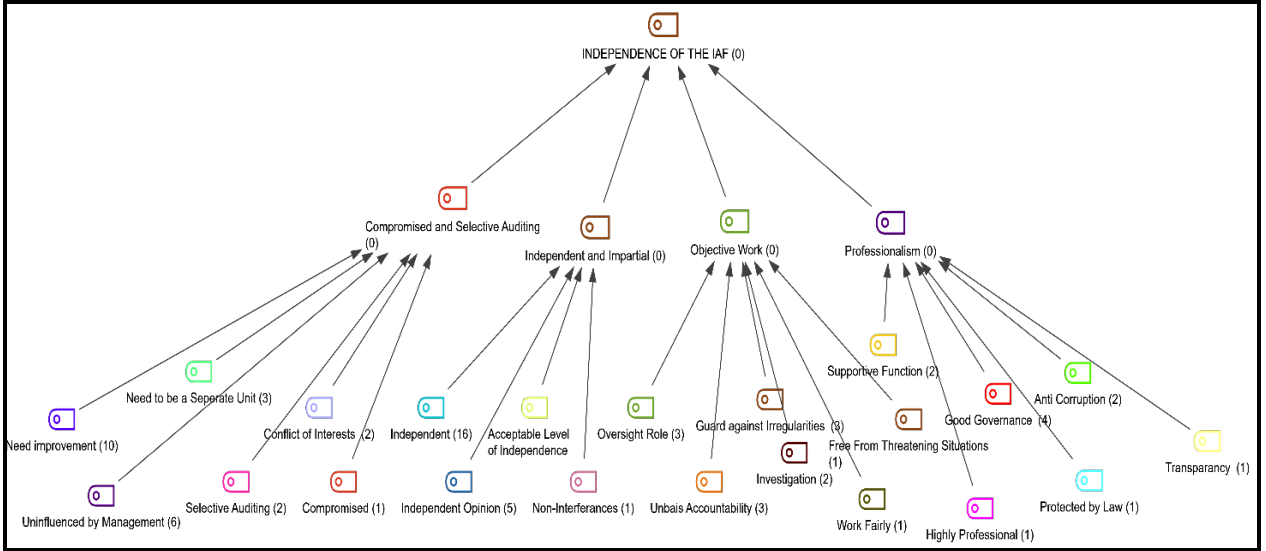
Figure 4.14: Independence of the IA function

4.4.1 Independent and impartial

A common view among the participants was that IA activities must be independent of interferences in terms of ascertaining the scope of IA. Performing auditing work should be independent from the day-to-day running of municipalities.

Most respondents expressed the views that:

The Internal Audit department maintains acceptable levels of independence (Participant 23).

The purpose of Swartland Municipality's IAA is to deliver unbiased, objective assurance and advisory services intended to streamline and enhance Swartland Municipality's operations (Participant 32).

The independence and impartialness of IA is further expressed in the evidence as illustrated in the excerpts in table 4.3.

Table 4.3: Coded segments: Independence of the IAF (Independent and impartial)

Code	Coded segments

INDEPENDENCE OF THE IAF > Independent and Impartial > Non-Interferences	We report administratively to the MM and operationally to the PAC. There is no interference from management. Participant 5: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Independent and Impartial > Independent Opinion	They can assist with independent opinion. Participant 2: 2 – 2 (0)
	It must be independent so that the auditing can not be influenced by the relationship between them. Auditors are expected to give an honest opinion of financial statements. Participant 20: 2 – 2 (0)
	The purpose of Swartland Municipality's IAA is to deliver unbiased, objective assurance and advisory services intended to streamline and enhance Swartland Municipality's operations. Participant 36: 2 – 2 (0)
	They were completely impartial to processes currently followed and made valid suggestions to improve. Participant 37: 2 – 2 (0)
	My view is that they perform their work independently without allowing management to influence their work and opinions that they give. Participant 41: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Independent and Impartial > Independent	All the work done by the IAF is independent from the day-to-day running of the municipality. Participant 1: 2 – 2 (0)
	High Independence. Participant 6: 2 – 2 (0)
	Truly independent. Participant 8: 2 – 2 (0)
	Internal auditors are independent. Participant 12: 2 – 2 (0)
	They are independent. Participant 14: 2 – 2 (0)
	Very independent. Participant 22: 2 – 2 (0)
	They operate independently. Participant 24: 2 – 2 (0)
	Good. Participant 25: 2 – 2 (0)

	Independent. Participant 28: 2 – 2 (0)
	They were completely impartial to processes currently followed and made valid suggestions to improve. Participant 37: 2 – 2 (0)
	Very independent. Participant 46: 2 – 2 (0)
	Independent. Participant 54: 2 – 2 (0)
	Positively. Participant 59: 2 – 2 (0)
	Must be independent agree. Participant 63: 2 – 2 (0)
	The work independent from other departments. Participant 72: 2 – 2 (0)
	Internal Auditing Function is independent as stated in the Internal Audit Charter. Participant 78: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Independent and Impartial > Acceptable Level of Independence	Internal Audit department maintains acceptable levels of independence. Participant 23: 2 – 2 (0)
	In line with best practices and IIA standards. Participant 26: 2 – 2 (0)

4.4.2 Objective work

Views expressed include the following:

The IAA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content (Participant 51).

[To] identify irregularities/fraudulent activities within the organisation (Participant 68).

The duties and responsibilities of IA were made clear in the literature review. The IIA's definition of IA, which states that it is "an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations", is

crucial to this concept (IIA, 2017a). It is evident that participants have an understanding of the core objective of the IAF. Table 4.4 illustrates the IA objectives within an organisation.

Table 4.4: Coded segments: Independence of the IAF (Objective work)

Code	Coded segments
INDEPENDENCE OF THE IAF > Objective Work > Investigation	Investigate fraud. Participant 18: 2 – 2 (0)
	Investigation fraud. Participant 19: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Objective Work > Oversight Role	Better oversight role. Participant 17: 2 – 2 (0)
	Doing oversight and ensuring accountability for public funding. Participant 61: 2 – 2 (0)
	To ensure adherence to financial regulations laid down procedures policies and plans are established. Participant 64: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Objective Work > Unbiased Accountability	IA independent and working with Audit committee. Participant 10: 2 – 2 (0)
	The IAF is independent in the sense that we report to the municipal manager for administrative concerns and functionally to the AC. Participant 38: 2 – 2 (0)
	IA is independence reports to the audit committee functionally and administratively to the MM therefore no influence. Participant 40: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Objective Work > Free From Threatening Situations	"The IAA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content." Participant 51: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Objective Work > Work Fairly	That is good to do their work in a fair manner. Participant 56: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Objective Work > Accountability for Public Funds	Doing oversight and ensuring accountability for public funding. Participant 61: 2 – 2 (0)

INDEPENDENCE OF THE IAF > Objective Work > Guard against Irregularities	Check for irregular expenditure. Participant 60: 2 – 2 (0)
	To identify irregularities/fraudulent activities within the organisation. Participant 68: 2 – 2 (0)
	To eliminate fraudulent activities, fruitless and waste and irregular expenditure. Participant 73: 2 – 2 (0)

4.4.3 Compromised and selective auditing

Another common concern among the respondents was that the IA function is somehow being compromised as they are often instructed on what to audit in the activities of the organisation. One respondent expressed concern that the audit must be conducted in all the departments:

> *Inspection must be done on a regular basis to the whole of the Municipality and not specific departments. They must work totally independently and must have a very good interest in all the different kind of work done in municipalities – inside and outside* (Participant 66).

This finding validates the opinion that the public procurement operations and activities of national government are complex. As a result, a wide range of factors and a substantial amount of data impact the SCM (Ambe, 2016). Hence, internal auditing must be comprehensive. Another participant was concerned that the internal auditors' relationship with management may compromise the issuing of unbiased opinion:

> *It must be independent so that the auditing cannot be influenced by the relationship between them. Auditors are expected to give an honest opinion of financial statements* (Participant 20).

Similarly, Participant 4 indicated that the involvement of IAs in certain processes of the organisation places them in a dilemma, wherein they become a referee and a player at the same time. That is, they are expected to audit what they have also participated in, as illustrated hereunder:

> *IA needs to stay independent from business process[es], however in some instances the independence of the IA Activity is compromised, by involving them in certain processes* (Participant 4).

The concerns regarding the selective auditing and bias of IA is further expressed in the evidence as illustrated in the excerpts in table 4.5.

Table 4.5: Coded segments: Independence of the IAF (Compromised and selective auditing)

Code	Coded segments
INDEPENDENCE OF THE IAF > Compromised and Selective Auditing > Selective Auditing	Inspection must be done on a regular base to the whole of the Municipality and not specific departments. They must work totally independent and must have a very good interest in all the different kinds of work done in municipalities – inside and outside. Participant 66: 2 – 2 (0)
	They audit what the Municipal Manager ask them to audit. Participant 70: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Compromised and Selective Auditing > Uninfluenced by Management	Good independence from management and inappropriate influence of management. Participant 11: 2 – 2 (0)
	It must be independent so that the auditing cannot be influenced by the relationship between them. Auditors are expected to give an honest opinion of financial statements. Participant 20: 2 – 2 (0)
	To be fair, evidence-based, and free from management interference. Participant 31: 2 – 2 (0)
	IA is independence accounts to the AC operationally and administratively to the MM therefore no influence. Participant 40: 2 – 2 (0)
	My view is that they perform their work independently without allowing management to influence their work and opinions that they give. Participant 41: 2 – 2 (0)
	To reach a fair and impartial decision that is supported by the evidence and isn't unduly influenced by management or interpersonal relationships. Participant 73: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Compromised and Selective Auditing > Compromised	IA needs to stay independent from business process, however in some instances the independence of the IA activity is compromised, by involving them in certain processes. Participant 4: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Compromised and	Agreed to but can be improved. Participant 13: 2 – 2 (0)

Selective Auditing > Need improvement	
	IAs should be independent. Participant 29: 2 – 2 (0)
	Reasonably independent however a centralised district model could assist more in terms of resource, skill and cost sharing and also independence can be strengthened. Participant 30: 2 – 2 (0)

4.4.4 Professionalism

Some participants expressed the following views:

Internal audits play a big role in the municipalities growth by ensuring that the company is moving in the right direction (Participant 71).

To give assurance and recommendations on improvements of control measures and processes and policies (Participant 15).

As discussed in the literature review, IA activities in municipalities assist in enhancing transparency and improving the quality of public services and efficient administration.

Table 4.6: Coded segments: Independence of the IAF (Professionalism)

Code	Coded segments
INDEPENDENCE OF THE IAF > Professionalism > Supportive Function	They can assist with independent opinions. Participant 2: 2 – 2 (0)
	To give assurance and recommendations on improvements of control measures and processes and policies. Participant 15: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Professionalism > Anti Corruption	It's a good thing it will minimise corruption. Participant 21: 2 – 2 (0)
	Should be independent, route out all corruption and fraud. Participant 33: 2 – 2 (0)
INDEPENDENCE OF THE IAF > Professionalism > Highly Professional	Their conduct is professional. They will explain their procedures. They give time to departments to respond and explain. Participant 9: 2 – 2 (0)

73

INDEPENDENCE OF THE IAF Professionalism Transparency	> >	That shows transparency. Participant 32: 2 – 2 (0)
INDEPENDENCE OF THE IAF Professionalism Good Governance	> >	It will ensure good governance. Participant 43: 2 – 2 (0)
		In order to guarantee compliance with financial principles, guidelines and policies, plans, and procedures are established. Participant 64: 2 – 2 (0)
		Doing internal audits on processes and people. Participant 67: 2 – 2 (0)
		Internal audits play a big role in the municipalities growth by ensuring that the company is moving in the right direction. Participant 71: 2 – 2 (0)
INDEPENDENCE OF THE IAF Professionalism Protected by Law	> >	There are clear regulations and procedures put in place to safeguard the confidentiality and impartiality of the internal auditing function. Participant 44: 2 – 2 (0)

4.5   Scope and activities of the IA function

According to the Statement of Internal Auditing Obligations, internal auditing includes examining and evaluating the sufficiency and efficacy of the organisation's internal control framework, as well as the standard of performance in completing assigned duties. The participants further expressed their understanding of the scope and activities of the Internal auditing functions as discussed in the figure 4.15.
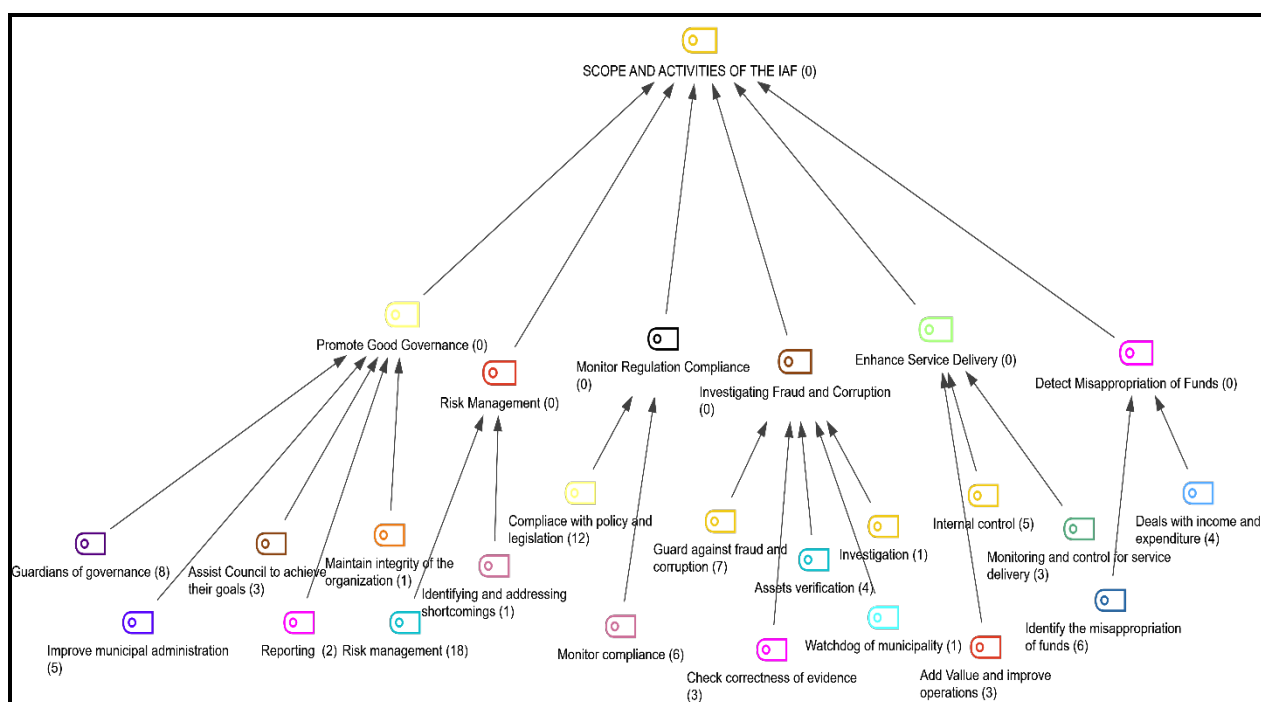
Figure 4.15: Scope and activities of the IA function

4.5.1   Enhanced service delivery

As implied by the definition, internal auditing may help management accomplish its goals by carrying out different assurance and advisory engagements. Municipalities' primary goal is to provide their communities with essential services. Most participants emphasised this obligation.

IA's primary areas of attention, as acknowledged by the largest part of the participants, are risk management, governance and internal control assessments and to make sure sufficient control measures are in place. Additionally, IA must confirm the existence of assets, suggest appropriate measures to protect them, assess how well the internal control system is working, and make recommendations for control enhancements.

Table 4.7: Coded segments: IAF scope and activities (Enhance service delivery)

Code	Coded segments
SCOPE AND ACTIVITIES OF THE IAF > Enhance Service Delivery > Internal control	We provide assurance and consulting services on the risk management, governance and internal controls. Participant 38: 2 – 2 (0)
	IA evaluate governance, regulatory compliance, and internal control. Participant 40: 2 – 2 (0)

	To make sure efficient control measures are in place. Participant 56: 2 – 2 (0)
	Doing internal audits on processes and people. Participant 67: 2 – 2 (0)
	Evaluating management threat system. Assisting management enhance internal control. Participant 71: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Enhance Service Delivery > Add Value and improve operations	The IA function should add benefit and place reliance on internal controls. Participant 12: 2 – 2 (0)
	"Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations". Participant 14: 2 – 2 (0)
	"Internal Auditing Functions is an independent and objective assurance and consulting function designed to add value". Participant 75: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Enhance Service Delivery > Monitoring and control for service delivery	IA is there to evaluate controls to ensure service delivery is done. Participant 4: 2 – 2 (0)
	Verify the existence of assets and recommend proper safeguards for their protection; Evaluate the adequacy of the system of internal controls; Recommend improvements in controls. Participant 16: 2 – 2 (0)
	Checking and control, monitoring and evaluation. Participant 62: 2 – 2 (0)

4.5.2 Promote good governance

A common view among the participants was that the mandate and scope of work of the internal auditors is the promote good governance in the municipality. According to Ambe (2016), "the procurement transformation started in 1995 and was directed at two broad focus areas, namely the promotion of the principles of good governance and the introduction of a preferential system to address socio-economic objectives". The findings of this study suggest that the internal audit is a tool to enable good governance in the municipal administration, as stated by Participant 7 and 10, respectively, when

stating that the internal auditor "*provide[s] assurance on governance and compliance*" and "*focus on compliance to improve municipal administration standard*".

The evidence about the notion that the scope and activities of the internal auditors are focused on good governance is further illustrated in table 4.8.

Table 4.8: Coded segments: IAF scope and activities (Promote good governance)

Code	Coded segments
SCOPE AND ACTIVITIES OF THE IAF > Promote Good Governance > Improve municipal administration	Focus on compliance to improve municipal administration standard. Participant 7: 2 – 2 (0)
	To provide organisations assurance that their process is working. To prevent fraud and corruption. Participant 15: 2 – 2 (0)
	To ensure that all the municipalities are district are on the same level. Participant 43: 2 – 2 (0)
	Establish processes and systems enabling compliance with the policies, procedures, laws, and regulations that could significantly impact a municipality. Participant 47: 2 – 2 (0)
	Manage risks as well as improve the Municipalities operations. Participant 75: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Promote Good Governance > Reporting	Reports based on evidence, unbiased and fair processes. Participant 31: 2 – 2 (0)
	Analysing operations and confirm information. Participant 71: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Promote Good Governance > Guardians of governance	Provide assurance on governance and compliance. Participant 10: 2 – 2 (0)
	"It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." Participant 14: 2 – 2 (0)

	Assurance providers of the Municipalities. Participant 28: 2 – 2 (0)
	The scope of that fall under the purview of internal auditing includes, but is not restricted to, impartial reviews of the results in order to provide unbiased reviews to the PRAC, management, and other organisations regarding the efficiency, efficacy and compliance governance. Participant 36: 2 – 2 (0)
	We provide consulting services and assurance on the threat management, governance, and internal controls. Participant 38: 2 – 2 (0)
	Compliance with the policies, procedure, laws and regulations that could have a substantial impact on SM is accomplished by established processes and systems. Participant 51: 2 – 2 (0)
	Assessment conducted through internal auditing include determining whether: Risk associated with SA's objectives being achieved is properly identified and managed. The policies and procedure of SM, along with any applicable legislation, and are adhered to by the actions of SM's directors, employees and contractors. Participant 77: 2 – 2 (0)
	IAF are the guardians of governance within our municipalities. Participant 78: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Promote Good Governance > Maintain integrity of the organisation	To maintain integrity of the municipality. Participant 27: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Promote Good Governance > Assist Council to achieve their goals	Assist the Accounting officer and Council to fulfil their objectives. Participant 55: 2 – 2 (0)
	Assist the Accounting officer and Council to meet their goals. Participant 57: 2 – 2 (0)
	To provide independent, objective assurance and consulting services to assist the organisation to reach its objectives. Participant 76: 2 – 2 (0)

4.5.3 Risk management

Since it is simply not feasible and possible to audit every existing cycle, a risk-based approach helps IA identify and manage areas of high risk, as drawn from literature (Coetzee & Lubbe, 2011:45). This will be the case until the Chief Audit Executive (CAE) is able to conduct a high-level assessment of the risks that a municipality has been assessed for in order to establish the direction of the annual audit plan. In addition to the required or prescribed audit activities mentioned in the statutes or statutory rules, priority needs to be assigned to the ten highest threats during annual audit planning (Cascarino, 2015:53).

The study found that participants are of the same view that IA is responsible for ensuring that processes and functions are completed properly with little risk of non-compliance. Controls, checks and balances are put in place to mitigate risks and evaluating risk management in order to support management in strengthening internal controls.

Table 4.9: Coded segments: IAF scope and activities (Risk management)

Code	Coded segments
SCOPE AND ACTIVITIES OF THE IAF > Risk Management > Risk management	IAF's responsibility is to ensure that processes and functions are completed properly with little risk for non-compliance. Controls, checks and balances are in place to alleviate risks. Participant 1: 2 – 2 (0)
	To assist senior management managing risks identified through risk-based audit procedures. Participant 11: 2 – 2 (0)
	"It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." Participant 14: 2 – 2 (0)
	Assist to put controls for risks in place. Participant 17: 2 – 2 (0)
	Internal Audit should perform audit procedures that identify weaknesses within internal controls, they should assist in improving that weakness to prevent it from re-occurring. Participant 23: 2 – 2 (0)
	They need to identify possible risks and recommend improvements. Participant 29: 2 – 2 (0)

	The audit of matters relating to the management of risks identified and prioritised by management in conjunction with a risk manager. Participant 30: 2 – 2 (0)
	Identify risks and how to manage it. Participant 34: 2 – 2 (0)
	Identify risk, promote compliance. Participant 35: 2 – 2 (0)
	Risk management, and control processes for SM. Internal auditing assessments include evaluating. Participant 36: 2 – 2 (0)
	We provide assurance and consulting services on the risk management, governance and internal controls. Participant 38: 2 – 2 (0)
	IA evaluate internal control, risk management and governance. Participant 40: 2 – 2 (0)
	Make sure risk are managed and controls are adhered to. Participant 46: 2 – 2 (0)
	To manage risk and address risk items. Participant 69: 2 – 2 (0)
	To manage risk and address risk items. Participant 69: – 2 (0)
	Assessing the management of risk. Assisting management in the improvement of internal control. Participant 71: 2 – 2 (0)
	Responsible and guide correctness of evidence and risk updates. Participant 74: 2 – 2 (0)
	Manage risks as well as improve the municipalities' operations. Participant 75: 2 – 2 (0)

4.5.4 Monitor regulation compliance

The involvement of IA in the creation of control documentation and their function in guaranteeing adherence to regulatory and financial reporting mandates facilitate management's comprehension and oversight of high-risk domains (Hass et al., 2006:837). Therefore, IA plays a critical role in ensuring that public sector organisations comply with legal requirements and maintain the efficacy of their internal controls, risk management and governance procedures as well as compliance with policies and

legislation. Participants 47 and 16 expressed the view that IA's scope of activity within the municipality is to:

Provide systems and processes that allows adherence to the laws, guidelines and policies that could have an great impact on a municipality.

and

Evaluate whether sound business practices and policies are being followed.

Therefore,

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the PRAC, management, and outside parties on the compliance, adequacy, effectiveness and efficiency of governance, risk.

Table 4.10: Coded segments: IAF scope and activities (Monitor regulation compliance)

Code	Coded segments
SCOPE AND ACTIVITIES OF THE IAF > Monitor Regulation Compliance > Compliance with policy and legislation	MFMA section165 gives guidance on the functions and the standards. So, we comply to the Act and Standards to perform internal auditing functions. Participant 5: 2 – 2 (0)
	To ensure compliance with legislation, policy and SDBIP. Participant 6: 2 – 2 (0)
	Focus on compliance to improve municipal administration standard. Participant 7: 2 – 2 (0)
	Evaluate whether sound business practices and policies are being followed. Participant 16: 2 – 2 (0)
	Compliance with policies and legislation. Participant 22: 2 – 2 (0)
	Identify risk, promote compliance. Participant 35: 2 – 2 (0)
	IA assures that there is complied with legislation. Participant 39: 2 – 2 (0)

	Provide systems and processes that allows adherence to the laws, guidelines and policies that could have a great impact on a municipality. Participant 47: 2 – 2 (0)	
	Processes and systems have been established that enable adherence with guidelines, policies, laws and regulations that could have a major impact on SM. Participant 51: 2 – 2 (0)	
	IA will ensure that all procedures and processes are adhere to and executed accordingly. Participant 63: 2 – 2 (0)	
	Internal auditing is a guideline for an organisation to ensure employers adhere to Standard Operating Procedures, policies and bylaw. Participant 73: 2 – 2 (0)	
	IA activities include, but are not restricted to, impartial reviews of the evidence to provide independent opinions to the PRAC, management, and other organizations regarding the risk, compliance, sufficiency, and effectiveness of governance. Participant 77: 2 – 2 (0)	
SCOPE AND ACTIVITIES OF THE IAF > Monitor Regulation Compliance > Monitor compliance	Important function for monitoring compliance to policies. Participant 8: 2 – 2 (0)	
	To determine if all functions are according to norms and standards. Participant 9: 2 – 2 (0)	
	Provide assurance on governance and compliance. Participant 10: 2 – 2 (0)	
	My understanding of their activities is that they perform audits to verify and confirm that other departments are compliant and perform their work accordingly. Participant 41: 2 – 2 (0)	
	To practice financial audits and compliance audits. Participant 44: 2 – 2 (0)	
	To ensure that everyone is on the right track, path. Participant 45: 2 – 2 (0)	

4.5.5 Detect misappropriation of funds

Participants further expressed that the duty of IA is to ensure that public funding is spent accordingly and to combat malfunction and corruption.

Furthermore,

Information is dependable, simple to use, and has integrity, as are the methods used to detect, measure, analyse, classify, and report it on time. Assets and resources are obtained affordably, utilised effectively, and sufficiently safeguarded.

Table 4.11: Coded segments: IAF scope and activities (Detect misappropriation of funds)

Code	Coded segments
SCOPE AND ACTIVITIES OF THE IAF > Detect Misappropriation of Funds > Deals with income and expenditure	To address the status of income and expenses. Participant 32: 2 – 2 (0)
	To make sure funds are spent on the correct items, assets and reporting. Participant 33: 2 – 2 (0)
	All financial balances and checks. Participant 54: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Detect Misappropriation of Funds > Identify the misappropriation of funds	To ensure no misappropriation of funds are made and that all expenses can be accounted for. Participant 48: 2 – 2 (0)
	Internal audit is completed to ensure fiscal honesty and to assist in preparing an accurate budget. Participant 52: 2 – 2 (0)
	Check for irregular expenditure. Participant 60: 2 – 2 (0)
	To ensure that public funding is spend accordingly and to combat malfunction and corruption. Participant 61: 2 – 2 (0)
	To identify irregularities/fraudulent activities within the organisation. Participant 68: 2 – 2 (0)
	Information is dependable, simple to use, and has integrity, as are the methods used to detect, measure, analyse, classify, and report it on time. Assets and resources are obtained affordably, utilised effectively, and sufficiently safeguarded. Participant 77: 2 – 2 (0)

4.5.6 Investigating fraud and corruption

Risk management, monitoring and governance mechanisms are other critical factors for achieving corporate goals and sustained progress. IA's duty is to assess and

develop those mechanisms (Reding et al., 2013). This study found that employees'
perception of the scope of investigating fraud and corruption is as follows:

*The scope of internal audit activities encompasses, but is not limited to, objective
examinations of evidence for the purpose of providing independent assessments
to the PRAC, management, and outside parties on the compliance, adequacy,
effectiveness and efficiency of governance, risk.*

To check if everything is in order and that there no corruption in the municipality.

They do regular audits to prevent fraud, theft and corruption.

Table 4.12: Coded segments: IAF scope and activities (Investigating fraud and corruption)

Code	Coded segments
SCOPE AND ACTIVITIES OF THE IAF > Investigating Fraud and Corruption > Check correctness of evidence	To investigate found and reported discrepancies in cases of resource wastage or general violation or misuse of the monetary and government assets. Responsible and guide correctness of evidence and risk updates. Participant 74: 2 – 2 (0)
	The scope of internal auditing activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the PRAC, management and outside parties on the compliance, adequacy, effectiveness and efficiency of governance, risk. Participant 77: 2 – 2 (0) Information—and the means used to identify, measure, analyse, classify and report such information timely—is reliable, easily and has integrity. Resources and assets are acquired economically, used efficiently, effectively and protected/safe guarded adequately. Participant 77: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Investigating Fraud and Corruption > Guard against fraud and corruption	To provide organisations assurance that their procedures are effective. Fraud and corruption. Participant 15: 2 – 2 (0)
	To check if everything is in order and that there [is] no corruption in the municipality. Participant 21: 2 – 2 (0)
	To ensure all processes are fair and honest with no underhanded deals being done. Participant 37: 2 – 2 (0)
	To assure corruption free municipalities.

	Participant 49: 2 – 2 (0)
	They must make sure there isn't theft or corruption. Participant 50: 2 – 2 (0)
	They do regular audits to prevent fraud, theft and corruption. Participant 53: 2 – 2 (0)
	To ensure that public funding is spent accordingly and to combat malfunction and corruption. Participant 61: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Investigating Fraud and Corruption > Investigation	They should investigate the whole municipality. Participant 70: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Investigating Fraud and Corruption > Watchdog of municipality	They must be the watch dogs of the municipalities. Participant 66: 2 – 2 (0)
SCOPE AND ACTIVITIES OF THE IAF > Investigating Fraud and Corruption > Assets verification	Ascertain the existence of assets and suggest appropriate measures to protect them; evaluate the internal control system's efficacy; and suggest control enhancements. Participant 16: 2 – 2 (0)
	Examine financial reports. Examine inventory reports. Examine expense reports and budgeting. Participant 20: 2 – 2 (0)
	To make sure funds are spent on the correct items, assets and reporting. Participant 33: 2 – 2 (0)
	To practice Financial audits and Compliance audits. Participant 44: 2 – 2 (0)

4.6 Duties of internal auditors

According to Reding et al. (2013), internal auditors' goal within the company is to accomplish objectives and engagement targets. The purpose of an internal auditor is to assist the company with achieving its goals. Furthermore, it is imperative to clearly and systematically identify the goals of engagement within a given organisation. Efficient risk management, monitoring and governance mechanisms are another critical factor for achieving corporate goals and sustained progress. Internal auditors' duty is to assess and develop those mechanisms. Figure 4.16 details the employees' perceptions of the duties of internal auditors.
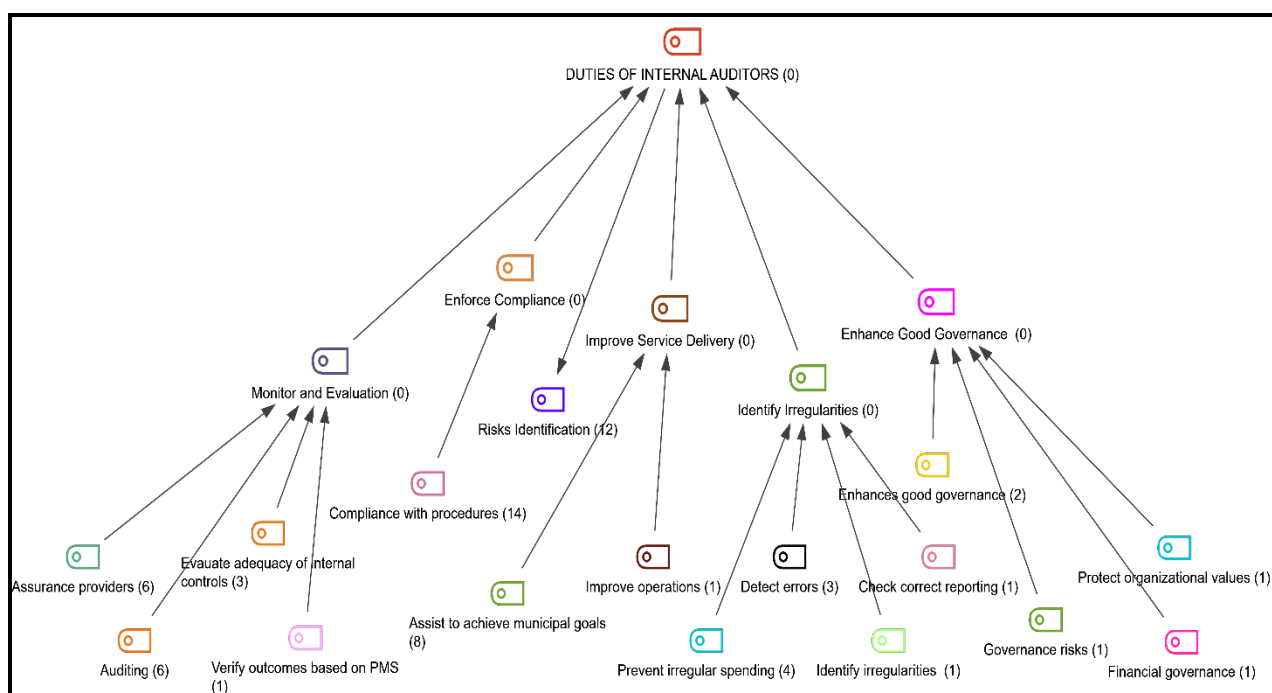
Figure 4.16: Duties of internal auditors

4.6.1 Improve service delivery

The empirical data also revealed that internal auditors' duties are to enhance service delivery for improved operations, which are expressed in the excerpts of the participants in table 4.13.

Table 4.13: Coded segments: Duties of internal auditors (Improve service delivery)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Improve Service Delivery > Improve operations	"To provide independent, objective assurance and consulting services designed to add value and improve operations." Participant 47: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Improve Service Delivery > Assist to achieve municipal goals	Assisting the council and the municipal manager in achieving their goals. Participant 19: 2 – 2 (0)
	Provide independent, objective assurance and consulting services designed to add value and improve the municipality's operations. Participant 36: 2 – 2 (0)
	Assisting the municipalities in achieving their strategic goals by evaluation the processes in place and giving advice to management. Participant 40: 2 – 2 (0)
	To keep service delivery on point.

86

	Participant 49: 2 – 2 (0)
	To provide management in municipality with support to achieve their goals, must give independent, objective assurance and ensure accountability. Participant 55: 2 – 2 (0)
	To provide management in municipality with support to achieve their goals, must give independent, objective assurance and ensure accountability. Participant 57: 2 – 2 (0)
	The IA duties within a municipality is to assist management in achieving the goals of the municipalities. Participant 64: 2 – 2 (0)
	The purpose of IA activities is to provide independent, objective assurance and consulting services designed to add value and improve municipalities operations. Participant 77: 2 – 2 (0)

4.6.2 Enforce compliance

The IA department or unit of a municipality must undergo an external and internal quality assessment. In compliance with Standards 1310 and 1320, an external impartial reviewer must undertake an external quality review every five years (IIA, 2016:8-9). This is done to determine if the IA unit of a municipality is compliant with the IIA Standards. Table 4.14 depicts employees' views on enforcing IA compliance.

Table 4.14: Coded segments: Duties of internal auditors (Enforce compliance)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Enforce Compliance > Compliance with procedures	IA audit processes to ensure that the correct procedures are followed to prevent fruitless and wasteful expenditure. Participant 1: 2 – 2 (0)
	Audit compliance with legislative requirements. Participant 7: 2 – 2 (0)
	To ensure that procedures are followed, and SOPs are adhered to. Participant 9: 2 – 2 (0)
	Audit internal processes and procedures according to legislation/policies. Participant 17: 2 – 2 (0)
	Monitor compliance.

	Participant 22: 2 – 2 (0)
	Ensure accuracy and validity of information, correct internal control processes, compliance. Participant 31: 2 – 2 (0)
	To ensure that all policies are adhere to. Participant 43: 2 – 2 (0)
	Keeping up with evolving laws, regulations, and compliance standards. Participant 44: 2 – 2 (0)
	To ensure that work is being done according to rule and policies. Participant 45: 2 – 2 (0)
	To make sure the Municipality adhere to control measures are in place. Participant 56: 2 – 2 (0)
	To ensure everything in the organisation is right. Participant 59: 2 – 2 (0)
	Monitor and evaluate compliance and people cause IA from smooth operation (mindset). Participant 63: 2 – 2 (0)
	To check if employers in an organisation implement/adhere to standard operating procedures, policies, financial circulars and bylaws. Participant 73: 2 – 2 (0)
	Ensuring compliance with statutory regulations as laws. Participant 75: 2 – 2 (0)

4.6.3 Identify irregularities

Both the Public Finance Management Act (RSA, 1999:9) and the National Treasury (2014:2) explain irregular expenditure as any expense (excluding unauthorised expenditure), incurred in violation of or non-compliant with a requirement of any appropriate statute, such as:

- "The Public Finance Management Act of 1999.
- The State Tender Board Act, 1968 (No. 86 of 1968), or any regulations made in terms of that Act.
- Any provincial legislation that provides for procurement procedures in that provincial government.
- This [concept of] irregular expenditure applies to all departments of the national government and other branches of government. The internal auditors' role in any municipality should be to assist municipal management to achieve their

objectives (which includes delivery of basic services) through the evaluation of risk management, control and governance processes, and the performance of various assurance and advisory services detailed in each municipality's audit plan" (IIA, 2016:23).

- The King III Report (IOD, 2009) describes offering information when needed about cases of fraud, corruption, unethical behaviour, and other discrepancies, as crucial responsibilities of the IA function, and the King II Report (Kneale, 2002) also endorses the IA function as one of the methods for establishing checks and balances in organisations.

Table 4.15 depicts participants' views of IA duties relating to irregularities.

Table 4.15: Coded segments: Duties of internal auditors (Identify irregularities)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Identify Irregularities > Prevent irregular spending	Duties...to ensure that we receive clean audits and prevent irregular spending of funds. Participant 27: 2 – 2 (0)
	To account for all income and expenses of the municipalities and to report all irregularities to the appropriate institutions and holding those accountable and bring them to book who sway from the law and regulations. Participant 48: 2 – 2 (0)
	To check for irregular expenditure. Participant 60: 2 – 2 (0)
	To ensure that the projects match the budget. Participant 61: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Identify Irregularities > Detect errors	To detect errors and weakness in the control. Participant 23: 2 – 2 (0)
	Ensure accuracy and validity of information, correct internal control processes, compliance. Participant 31: 2 – 2 (0)
	They must investigate problems and done the preparing for the visit of the external audits. Participant 66: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Identify	To identify irregularities/fraudulent activities within the organisation. Participant 68: 2 – 2 (0)

Irregularities > Identify irregularities	
DUTIES OF INTERNAL AUDITORS > Identify Irregularities > Check correct reporting	Check correct reporting and financial governance. Participant 74: 2 – 2 (0)

4.6.4 Monitoring and evaluation

As reported by Diamond (2002:22-23) there is agreement amongst participants on the IA function in the public sector, which is to assist an organisation in fulfilling its objectives and evaluate and enhance the efficacy of the organisation's risk management, control and governance procedures as defined by the COSO frameworks. IAs in public service organisations not only support senior management but also offer appropriate advice to the organisations on risk management and internal control systems based on the COSO frameworks. Diamond (2002:22-23) outlines the duties and roles of IAs within public service institutions as evaluating the efficient of internal control systems.

Table 4.16 depicts the participants' perception on monitoring and evaluation.

Table 4.16: Coded segments: Duties of internal auditors (Monitoring and evaluation)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Monitor and Evaluation > Verify outcomes based on PMS	To verify outcomes as per PMS and to guard towards certain risks. Participant 65: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Monitor and Evaluation > Assurance providers	Assurance providers of the municipalities. Participant 28: 2 – 2 (0)
	Offer impartial, unbiased assurance and advisory services with the goal of enhancing and augmenting the municipality's operations. Participant 36: 2 – 2 (0)
	We provide assurance and consulting services on the risk management, governance and internal controls. Participant 38: 2 – 2 (0)
	Their duty is to provide assurance to management on business processes. Participant 41: 2 – 2 (0)

	To provide independent, objective assurance and consulting services designed to add value and improve operations. Participant 47: 2 – 2 (0)	
	Internal auditors should provide assurance that the municipality's risk management as well as internal control processes are operating effectively. Participant 75: 2 – 2 (0)	
DUTIES OF INTERNAL AUDITORS > Monitor and Evaluation > Evaluate adequacy of internal controls	Evaluating the efficiency and sufficiency of internal controls. Participant 33: 2 – 2 (0)	
	The operating process includes assessing certain areas for compliance with relevant laws and evaluating how effective this department has been at implementing its controls into practices. Participant 52: 2 – 2 (0)	
	Recommend improvements in controls. Participant 71: 2 – 2 (0)	
DUTIES OF INTERNAL AUDITORS > Monitor and Evaluation > Auditing	The duties are to perform necessary audits according to their audit charter. Participant 2: 2 – 2 (0)	
	Perform internal audit plan. Participant 11: 2 – 2 (0)	
	Checking accuracy of financial reports. Checking efficiency of municipal processes. Doing assessment on municipality financial risks. Participant 20: 2 – 2 (0)	
	To audit everything. Participant 21: 2 – 2 (0)	
	To perform audits and assist with risk management. Participant 42: 2 – 2 (0)	
	Doing internal audits on processes and people. Participant 67: 2 – 2 (0)	

4.6.5 Enhance good governance

Audit committees require IA to position themselves in organisations as competent assurance providers and consultants on internal control structures, risks and processes of governance (IIA, 2010). Below is an employee's view on the IA function in promoting good governance:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Table 4.17: Coded segments: Duties of internal auditors (Enhance good governance)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Enhance Good Governance > Enhances good governance	"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." Participant 14: 2 – 2 (0)
	Fair and clear operations. Participant 72: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Enhance Good Governance > Governance risks	Provide assurance on governance risk and control and advise management on same. Participant 26: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Enhance Good Governance > Financial governance	Check correct reporting and financial governance. Participant 74: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Enhance Good Governance > Protect organisational values	IA's goal is to increase and safeguard an organization's value by providing objective, risk-based assurance, guidance, and insight. Participant 51: 2 – 2 (0)

4.6.6 Guarding against corruption

Participants are of the strong opinion that IAs should be preventing corruption and any fraudulent activities. Their views correlate with the perspective of Stačiokas and Rupšys (2005:22) and Pickett (2003:115-117), namely, that IAs are usually responsible for: "assessing the safeguarding of assets; facilitating self-assessment; assessing business risks; evaluating governance processes; performing quality reviews; investigating fraud; evaluating internal controls; reviewing and assessing operating processes; reviewing accounting and financial information; ensuring compliance with laws, regulations and contracts; and assessing the efficient use of resources".

Table 4.18: Coded segments: Duties of internal auditors (Guarding against corruption)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Guarding against Corruption > Prevent theft and corruption	They must make sure there isn't theft or corruption. Participant 50: 2 – 2 (0)
	To prevent fraud, theft and corruption. Participant 53: 2 – 2 (0)
	To help with corruption. Participant 70: 2 – 2 (0)
	Internal auditors should detect acts of fraud and corruption. Participant 75: 2 – 2 (0)
DUTIES OF INTERNAL AUDITORS > Guarding against Corruption > Investigate fraud	Investigate fraud. Participant 18: 2 – 2 (0)

4.6.7 Risk identification

Although there is no limit to the number of dangers that can be detected, not all are relevant to a company. Only risks that jeopardise the achievement of corporate goals are important according to the above definition of risk management. Identification should ideally be done by a group of employees from various divisions inside a company, each with their own distinct viewpoint. The identification procedure involves unpacking each business threat, and occurrences probable to hinder success should be recognised. Internal auditors are able to offer advice on whether the risk register appropriately reflects the risks faced by the company. Protests over service delivery are an ongoing example of risks that have manifested, and management must detect and assess control flaws (Sobel & Reding, 2012:84). Below are participants coded segments on their perception of IA risk identification.

Table 4.19: Coded segments: Duties of internal auditors (Risk identification)

Code	Coded segments
DUTIES OF INTERNAL AUDITORS > Risks Identification	Identifying risks and develop tools to minimise risks. Participant 3: 2 – 2 (0)

	Internal auditors' duties are to add value and assist the municipality with internal controls and risk management. Participant 5: 2 – 2 (0)
	"It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." Participant 14: 2 – 2 (0)
	Doing assessment on municipality financial risks. Participant 20: 2 – 2 (0)
	Duties – as mentioned – execution of audit strategy in response to risks identified. Participant 30: 2 – 2 (0)
	Identify risks and put systems in place to rectify it. Participant 34: 2 – 2 (0)
	We provide assurance and advisory services on the risk assessment, governance and internal controls. Participant 38: 2 – 2 (0)
	To perform audits and assist with risk management. Participant 42: 2 – 2 (0)
	Internal auditing's aim is to protect and increase the value of the organisation by providing objective, risk-based assurance, guidance, and insight. Participant 51: 2 – 2 (0)
	The role of the IA is to make sure that business procedures within the company are risk compliant. Participant 52: 2 – 2 (0)
	IA should assure that risk management and the internal control systems of the Municipality are functioning optimally. Participant 75: 2 – 2 (0)
	Assess and enhance the efficiency of the control, risk, and governance procedures. Participant 77: 2 – 2 (0)

4.7   Operational challenges of internal auditors

This section determined possible operational challenges faced by internal auditors when conducting an audit. Figure 4:17 presents these challenges, which are elaborated on in the coded segments thereafter.
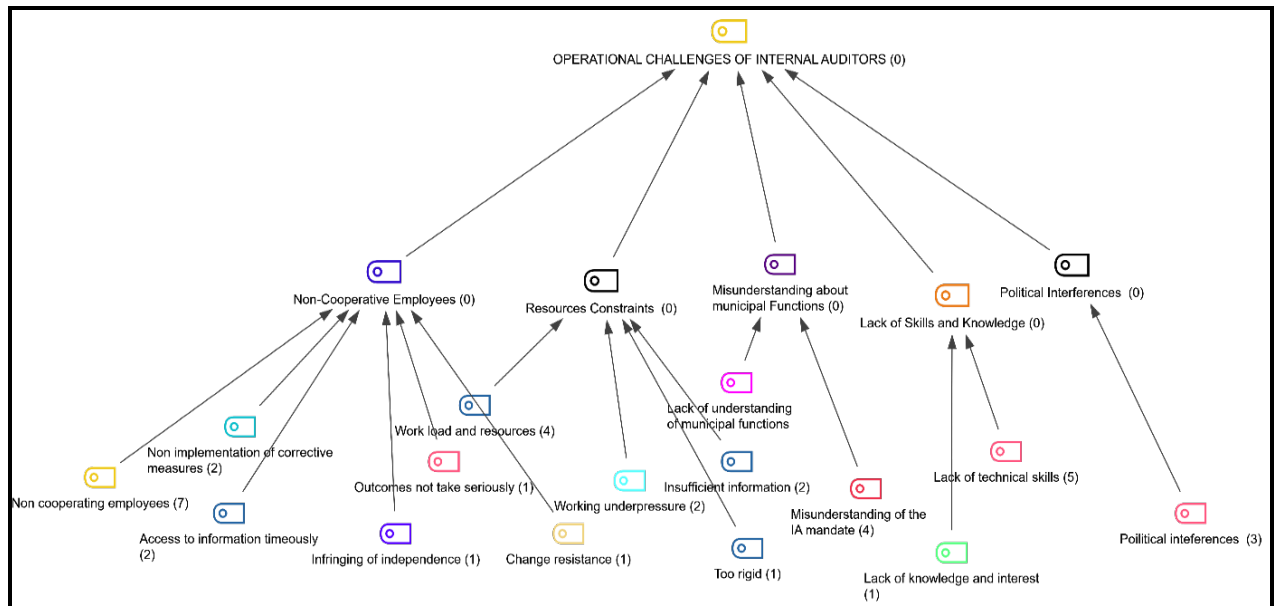
Figure 4.17: Operational challenges of internal auditors

4.7.1 Misunderstanding of municipal functions

According to the participants, one of the major challenges or difficulties faced by internal auditors in terms of smooth operations is the misunderstanding of the IA mandate within municipalities. Employees are of the view that:

Difficulties experienced in the municipality as internal auditor is when officials view internal auditors as "Policemen" … Officials always think they did something wrong but do not understand the role of IA as a value adding activity (Participant 77).

Two participants were of the opinion that:

Internal auditors do not understand municipal functions (Participant 12).

Management not understanding the IA's mandate and involving IA in management's responsibility (Participant 13).

An examination of the aforementioned quotes revealed that the participants view IA's ignorance of business operations and working environment as a major obstacle.

Table 4.20: Coded segments: Operational challenges of internal auditors (Misunderstanding of municipal functions)

Code		Coded segments
OPERATIONAL CHALLENGES	OF	Sometimes lack of understanding of processes.

95

INTERNAL AUDITORS > Misunderstanding about municipal Functions > Misunderstanding of the IA mandate	Participant 24: 2 – 2 (0)
	Don't always understand operation of activities. Participant 29: 2 – 2 (0)
	Management not understanding the IA's mandate and involving IA in management's responsibility. Participant 40: 2 – 2 (0)
	Difficulties experienced in the municipality as Internal Auditor is when officials view IA as "Policemen". Officials always think they did something wrong but do not understand the role of IA as a value adding activity. Participant 77: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Misunderstanding about municipal Functions > Lack of understanding of municipal functions	Internal auditors do not understand municipal functions. Participant 12: 2 – 2 (0)
	Understanding municipal functions. Participant 13: 2 – 2 (0)

4.7.2 Political interferences

In terms of operational challenges of internal auditors in municipalities, the participants view political interference as one of the significant causes undermining IA's ability to achieve its goals. Participants stated the following:

IA are told what to investigate and what not.

IAs are encumbered by insufficient training and inexperience, political interference and if the department is not staffed sufficiently.

Accordingly, when an IAs independence is compromised by political connections, a potential conflict of interest may emerge in the public sector. Furthermore, explained in Standard 1130 (IIA, 2009), the requirement is to notify the relevant parties of any impairment to independence or objectivity.

Table 4.21: Coded segments: Operational challenges of internal auditors (Political interference)

Code	Coded segments
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Political Interferences > Political interferences	IAs are encumbered by insufficient training and inexperience, political interference and if the department is not staffed sufficiently. Participant 52: 2 – 2 (0)
	When the Council interfere in the Administration. Participant 56: 2 – 2 (0)
	To be told what to investigate and what not. Participant 70: 2 – 2 (0)

4.7.3 Non-cooperative employees

The study revealed that non-cooperative employees contribute to the operational challenges of internal auditors. Participants expressed that:

The only difficulty that hampers a smooth engagement is when the auditee does not submit audit evidence timeously.

Non-responsiveness from employees and or managers.

Unfortunately, we find that more often than not the components are tested too late in the year for corrective actions to be implemented or even after an external audit has been completed.

Cooperation from staff hinders execution of duties.

Table 4.22: Coded segments: Operational challenges of internal auditors (Non-cooperative employees)

Code	Coded segments
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Non-Cooperative Employees > Access to information timeously	Access to information timeously. Participant 35: 2 – 2 (0)
	The only difficulty that hampers a smooth engagement is when the auditee does not submit audit evidence timeously. Participant 76: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS >	IA gets included in some process that conflicts with the principle of independence. Participant 4: 2 – 2 (0)

Non-Cooperative Employees > Infringing of independence	
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Non-Cooperative Employees > Non implementation of corrective measures	Unfortunately, we find that more often than not the components are tested too late in the year for corrective actions to be implemented or even after an external audit has been completed. Participant 23: 2 – 2 (0)
	Difficulties are experienced when management don't implement agreed actions within the required deadlines. Participant 38: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Non-Cooperative Employees > Non cooperating employees	Departments or employees that doesn't cooperate may hamper their functionality. Participant 2: 2 – 2 (0)
	Difficulties is managers that do not want to work with internal auditing. Participant 5: 2 – 2 (0)
	Non-responsiveness from employees and or managers. Participant 6: 2 – 2 (0)
	Cooperation from staff hinders execution of duties. Participant 11: 2 – 2 (0)
	Many departments within the municipality with different tasks make it difficult. Participant 33: 2 – 2 (0)
	Co-operation of personnel. Participant 46: 2 – 2 (0)
	Officials can be sometimes very defensive or rude when performing audits. Participant 77: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Non-Cooperative Employees > Outcomes not taken seriously	Is the outcomes of IA taking seriously. Participant 65: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Non-Cooperative	Not always practical to change existing procedures. Participant 37: 2 – 2 (0)

Employees > Change resistance

4.7.4 Resource constraints

Another contributing factor mentioned by participants is resource constraints, which hinders IA's smooth operation. Below are their views shared:

Too little staff, ill planning and limited guidance.

Difficulties are not getting enough information for them to compile their reports.

Difficulties are the timing and scope of the audits in that there are certain pressure periods audits can't be performed and when large samples are requested.

The revealed challenges therefore compromise IA's ability to function effectively.

Table 4.23: Coded segments: Operational challenges of internal auditors (Resource constraints)

Code	Coded segments
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Resources Constraints > Working under pressure	Difficulties are the timing and scope of the audits in that there are certain pressure periods audits can't be performed and when large samples are requested. Participant 30: 2 – 2 (0)
	Deadlines may be a challenge. Participant 49: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Resources Constraints > Insufficient information	Difficulties are not getting enough information for them to compile their reports. Participant 18: 2 – 2 (0)
	Missing of information. Participant 19: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Resources Constraints > Workload and resources	Workload and resources. Participant 8: 2 – 2 (0)
	Time and personnel constraints. Participant 22: 2 – 2 (0)
	Too little staff, ill planning and limited guidance. Participant 23: 2 – 2 (0)

Code	Coded segments
	Not sufficient manpower. Participant 34: 2 – 2 (0)
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Resources Constraints > Too rigid	Too rigid. Participant 54: 2 – 2 (0)

4.7.5 Lack of skills and knowledge

The study further found that lack of skills and knowledge is another challenge at hand for IAs. Participants expressed the following:

IAs are encumbered by insufficient training and inexperience, political interference and if the department is not staffed sufficiently.

Attraction of requisite skills, as candidate prefers to working cities or urban areas and not in far municipalities.

No technical skills to properly audit technical matters.

Table 4.24: Coded segments: Operational challenges of internal auditors (Lack of skills and knowledge)

Code	Coded segments
OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Lack of Skills and Knowledge > Lack of technical skills	Not all fields are covered within their expertise. Participant 10: 2 - 2 (0)
	Time and personnel constraints. Participant 22: 2 – 2 (0)
	No technical skills to properly audit technical matters. Participant 25: 2 – 2 (0)
	IAs are encumbered by insufficient training and inexperience, political interference and if the department is not staffed sufficiently. Participant 52: 2 – 2 (0)
	Attraction of requisite skills, as candidate prefers to working cities or urban areas and not in far municipalities. Participant 78: 2 – 2 (0)

| OPERATIONAL CHALLENGES OF INTERNAL AUDITORS > Lack of Skills and Knowledge > Lack of knowledge and interest | What holds them from smooth operation – lack of knowledge and interest.

Participant 66: 2 – 2 (0) |

4.8   Causes of irregularities amidst audit functions

This section determined employees' perception of the possible causes of irregularities amidst audit functions within the WCDM. These irregularities are pointed out in figure 4.18 and explained in the coded segments thereafter.
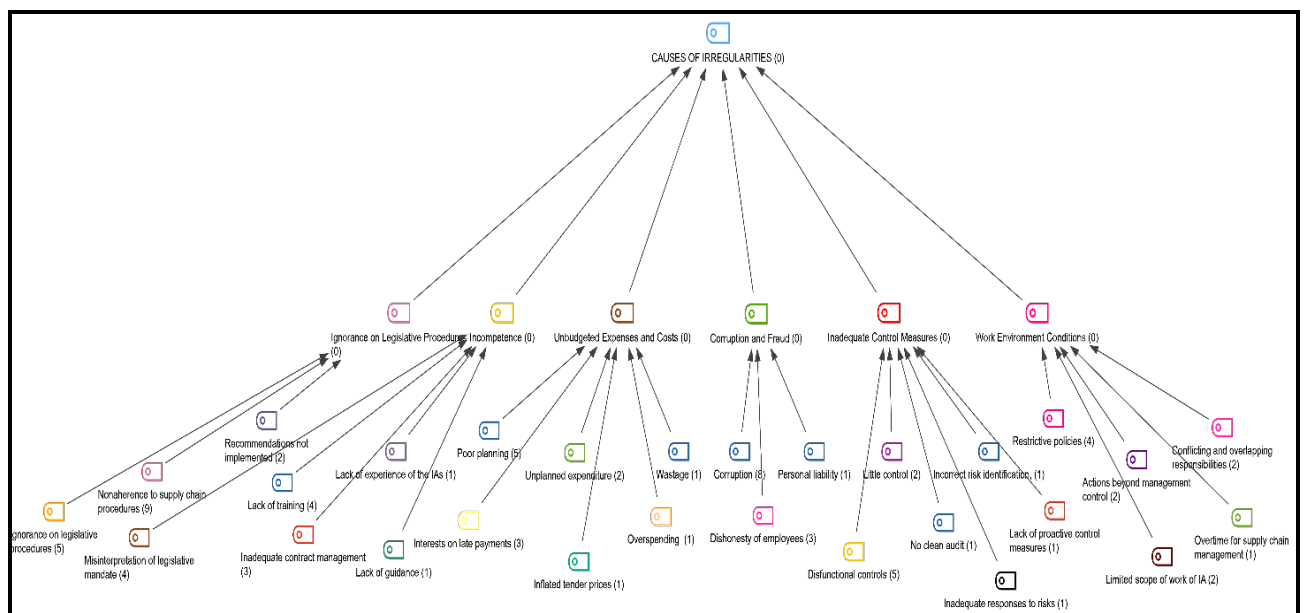
Figure 4.18: Causes of irregularities amidst audit functions

4.8.1   Work environment conditions

This study revealed the causes of irregular expenditure within municipalities amidst IA. Participants were of the opinion that:

The existence of IAF has no bearing on causes of irregular expenditure.

Internal audit scope might not include the evaluating of irregular expenditure.

Below coded segments further indicate overall employee perceptions.

Table 4.25: Coded segments: Causes of irregularities (Work environment conditions)

Code	Coded segments
CAUSES OF IRREGULARITIES > Work Environment Conditions > Actions beyond management control	Actions out of control of management. Participant 10: 2 – 2 (0)
	The existence of IAF has no bearing on causes of irregular expenditure. Participant 14: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Work Environment Conditions > Overtime for supply chain management	Over Time supply chain management procedures. Participant 20: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Work Environment Conditions > Limited scope of work of IA	Internal auditing scope might not include the evaluating of irregular expenditure. Participant 40: 2 – 2 (0)
	I don't think there is any difference made by the existing Internal Audit – more done by external auditors. Participant 66: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Work Environment Conditions > Conflicting and overlapping responsibilities	Irregular expenditure can be effectively monitored by management and internal auditing can only advise. Participant 5: 2 – 2 (0)
	This expenditure is identified by finance officials while performing tasks not related to the identification of irregular expenditure. Participant 23: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Work Environment Conditions > Restrictive policies	Policies that are too restrictive. Participant 8: 2 – 2 (0)
	Determine compliance with policies and procedures. Participant 19: 2 – 2 (0)
	Internal policies more strict than regulations. Participant 25: 2 – 2 (0)
	Stringent compliance requirements. Participant 26: 2 – 2 (0)

4.8.2 Corruption and fraud

Further perceptions on causes of irregularities within municipalities are depicted below.

Greed, tender fraud, self-gain … When people are not honest about the work that is done, and the material used.

Table 4.26: Coded segments: Causes of irregularities (Corruption and fraud)

Code	Coded segments
CAUSES OF IRREGULARITIES > Corruption and Fraud > Corruption	Corruption Participant 15: 2 – 2 (0)
	Municipal manager steal[s] governments money. Participant 18: 2 – 2 (0)
	Corruption. Participant 34: 2 – 2 (0)
	Greed, tender fraud, self gain. Participant 48: 2 – 2 (0)
	Corruption and theft. Participant 53: 2 – 2 (0)
	Management and politics doing favouritism when it comes to tenders. Participant 61: 2 – 2 (0)
	Officials work together. Participant 65: 2 – 2 (0)
	Fraud. Participant 73: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Corruption and Fraud > Dishonesty of employees	When people are not honest about the work that is done and the material used. Participant 21: 2 – 2 (0)
	No independent contract management is reviewed, contract owners are not finance officials and tries to hide the irregular expenditure. Participant 23: 2 – 2 (0)
	They pay it under other jobs. Participant 70: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Corruption and Fraud > Personal liability	Personal liability. Participant 12: 2 – 2 (0)

4.8.3 Inadequate control measures

South African municipalities are created by statute to render services to the residents of the municipalities. IA activities are established to enable internal controls, monitoring, evaluation and assurances of the controls embedded in the MFMA. According to the participants, the findings on irregularities is caused by the lack of or little control within the municipalities. Participants further expressed:

Incorrect risk identification.

Controls that are not working.

While there may be an internal audit function within the municipality, if it is not functioning effectively, it can contribute to irregular expenditure.

Table 4.27: Coded segments: Causes of irregularities (Inadequate control measures)

Code	Coded segments
CAUSES OF IRREGULARITIES > Inadequate Control Measures > No clean audit	No clean audit. Participant 49: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Inadequate Control Measures > Little control	Little control. Participant 1: 2 – 2 (0)
	Necessary steps have to follow. Participant 59: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Inadequate Control Measures > Dysfunctional controls	Controls that are not working. Participant 2: 2 – 2 (0)
	Could be that the controls are not effective. Participant 17: 2 – 2 (0)
	While there may be an internal auditing function within the municipality, if it is not functioning effectively, it can contribute to irregular expenditure. Participant 44: 2 – 2 (0)
	No control measures in place. Participant 58: 2 – 2 (0)

Code	Coded segments
	No control measures. Participant 60: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Inadequate Control Measures > Incorrect risk identification,	Incorrect risk identification. Participant 11: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Inadequate Control Measures > Inadequate responses to risks	Inadequate IA response in terms of procedures and scope. Participant 11: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Inadequate Control Measures > Lack of proactive control measures	For unauthorised expenditure to be incurred, the non-compliant must be connected to an exchange. Although an exchange or an event may trigger unauthorised Expenditure, the municipality will usually identify irregular expenditure only when a payment is made. Participant 47: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Inadequate Control Measures > Poor review reports	Bad reviews from the AG office and none-clean audits. Participant 43: 2 – 2 (0)

4.8.4 Misunderstandings about legislative procedures

The empirical data also suggests that there are some elements of misunderstanding about the legislative procedures and requirements when dealing with the purchasing of goods and services in the organisation. These elements are presented in excerpts of the participants views as illustrated in table 4.28:

Table 4.28: Coded segments: Causes of irregularities (Misunderstanding legislative procedures)

Code	Coded segments
CAUSES OF IRREGULARITIES > Misunderstanding on Legislative Procedures > Ignorance on legislative procedures	Officials unaware of procedures. Participant 29: 2 – 2 (0)
	The lack of management oversight, not being up to date with current legislation. Participant 30: 2 – 2 (0)
	Ignorance.

	Participant 63: 2 – 2 (0)
	Lack of knowledge of acts and prescripts. Participant 73: 2 – 2 (0)
	Non-compliance with supply chain management legislation Human error. Participant 75: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Misunderstanding on Legislative Procedures > Recommendations not implemented	Internal auditing recommendation not implemented by management. Participant 28: 2 – 2 (0)
	Non-compliance to internal auditing recommendations. Participant 35: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Misunderstanding on Legislative Procedures > Nonadherence to supply chain procedures	Supply chain processes not followed. Participant 3: 2 – 2 (0)
	Non-compliance with legislative requirements is the cause of irregular expenditure. Participant 7: 2 – 2 (0)
	Non-compliance to SCM processes and procedures. Not following correct procedures in bidding processes. Participant 31: 2 – 2 (0)
	Non-compliance with a Treasury regulation. Procurement without following competitive bidding or quotation processes. Participant 36: 2 – 2 (0)
	Non-compliance with laws, regulations and internal policies. Participant 38: 2 – 2 (0)
	Procurement without following competitive bidding or quotation processes, non-compliance with procurement process requirements. Participant 64: 2 – 2 (0)
	Non-compliance with supply chain management legislation. Human error. Participant 75: 2 – 2 (0)
	Procuring of goods or services by means of quotations where the value of the goods/services exceeds the set threshold as determined in the SCM policy. Participant 77: 2 – 2 (0)

| | Non-adherence to the delegation of authority as approved. Expenditure outside contracts or contracts expired and not extended in terms of MFMA section 116 - Expenditure resulting from non-adherence to an institutions delegation of authority is also regarded as irregular expenditure. |
| | Participant 77: 2 – 2 (0) |

4.8.5 Lack of oversight

The empirical data suggests that there are some elements of lack of oversight and poor management controls contributing to the causes of irregularities in the organisation. These elements are presented in the following excerpts of the participants' views as illustrated in table 4.29:

Table 4.29: Coded segments: Causes of irregularities (Lack of oversight)

Code	Coded segments
CAUSES OF IRREGULARITIES > Lack of Oversight > Poor management controls	Poor management controls. Participant 4
	Lack of oversight and controls. Participant 13
	Municipalities have a dismal history of holding people accountable and handling erratic spending. Participant 16
	Lack of controls. Participant 24
	Lack of preventative controls such as using checklists. Participant 30
CAUSES OF IRREGULARITIES > Lack of Oversight > Lack of management oversight	The lack of management oversight, not being up to date with current legislation. Participant 30
	Lack of oversight. Participant 41
	Poor municipal management and not enough profit. Participant 68
	Lack of oversight by management. Participant 69

4.8.6 Unbudgeted expenses and costs

The empirical data also revealed that there are some elements of unbudgeted expenses and costs as well as inflated tender prices contributing to the causes of irregularities in the organisation. These elements are presented in the following excerpts of the participants' views as illustrated in table 4.30:

Table 4.30: Coded segments: Causes of irregularities (Unbudgeted expenses and costs)

Code	Coded segments
CAUSES OF IRREGULARITIES > Unbudgeted Expenses and Costs > Inflated tender prices	I think where the tender prices differ from one financial year to another and also wrong figures are indicated. Participant 56
CAUSES OF IRREGULARITIES > Unbudgeted Expenses and Costs > Interests on late payments	Unnecessary interest, the payment of inflated prices. Participant 52
	Can be due to expenditures made in vain that could have been avoided for example interest on payments not made on time etc. Participant 55
	Can be due to expenditures made in vain that could have been avoided for example interest on payments not made on time etc. Participant 57
CAUSES OF IRREGULARITIES > Unbudgeted Expenses and Costs > Wastage	Wastage. Participant 54
CAUSES OF IRREGULARITIES > Unbudgeted Expenses and Costs > Unplanned expenditure	Unplanned expenses not budgeted for. Participant 37
	The cost of litigation that could have been avoided. Participant 52: 2 – 2 (0)
CAUSES OF IRREGULARITIES > Unbudgeted Expenses and Costs > Overspending	Not sticking to budgets and overspending on vote numbers Participant 27
CAUSES OF IRREGULARITIES > Unbudgeted Expenses and Costs > Poor planning	Poor planning. Participant 26

	Lack of planning. Participant 32
	Unplanned expenses not budgeted for. Participant 37
	Poor planning. Poor communication. Participant 73

4.9   Chapter summary

In this chapter, the data analysis was presented, and results were provided. The findings were examined and evaluated considering the study's goals, which included determining how employees perceive the roles and tasks of IA the West Coast District municipalities. The sample's composition was explained using descriptive statistics. The primary findings of this study were also discussed in this chapter. The results were presented in three sections: A) Demographic information; B) Organisational profile; and C) Perceptions, describing the views of employees regarding the independence, duties and activities of IA as well as the causes of irregular expenditures and general information on how municipalities manage human resources.

Content analysis was performed on the responses collected from the participants, and the results were presented in tables. However, the findings are not definitive to all government departments in the country; rather, the findings are based on the responses received from the sampled institutions within the West Coast District municipalities. The discussion section aimed to bridge the gap between the crucial evidence and the literature through summarising the significant findings.

In the final chapter (Chapter Five), the study is summarised, and recommendations are made for future research.

CHAPTER FIVE: RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

In Chapter Four, the data analysis, interpretation and presentation of the empirical results were covered. Employee perceptions of the work completed by the internal auditing department or unit (IA in short) within the West Coast District municipalities (WCDMs) were established. Content analysis was adopted to analyse and present the participants' responses.

In this chapter, the research problem and research questions are re-stated and elaborated on, and conclusions and recommendations are discussed in line with the literature as the latter supports the empirical data. The research findings discussed in section 5.3 substantiate the recommendations made in section 5.4 and the conclusion drawn in section 5.6.

5.2 Defining the research problem, questions and approach of the study

The IAs in municipalities were discussed in Chapter One as a monitoring and security instrument (i.e., the organisational 'policeman' and inspectors). The IA function has been accepted as a crucial component required for organisational control, but they were also seen as complying with the achievement of important corporate goals (Roussy, 2013). For public sector organisations where activities are governed by the Public Sector Financial Management Act (PFMA), IA is extremely important. In 2017, Municipal IQ (2017) reported 152 service protests. Many of these protests were found to relate to the provision of service. Such demonstrations are targeted at South African municipalities having an IA department or unit that helps them fulfil their duties, including those in authority positions/government.

These demonstrations targeting South African municipalities has led to the question: "What are the difficulties faced by the municipalities in spite of having internal auditing functions?" This is further confirmed by Pillay (2016:2), who notes that wrongdoing is more prevalent when there is a systemic and organisational motive for someone to be corrupt, which begs the question, "What is the standing of IA in this situation?" There is animosity between employees and IA in municipalities, which is perceived to be influenced by employees' perceptions towards internal auditors within municipal settings. The need for research in this direction is thus apparent. The absence of such research is surprising in the wake of communication challenges, the prevention of

fraudulent activities, adverse audit reports, prevalent misinterpretation and frequent maladministration reports.

Against this backdrop, the research problem statement was formulated as follows: **IA in the West Coast District municipalities is adversely affected by the perceptions of employees of the internal auditing function (IAF) within these municipalities.**

Therefore, this study aimed to investigate employee perceptions of the work done by IA within the WCDMs. Creswell (2013:48) states that an enhanced understanding means having clear and summative knowledge of issues. A clear understanding within the context of this study was achieved through issuing a standardised questionnaire to participants, which enabled them to describe their experiences and expectations of the IA function within the WCDMs. Furthermore, employees' views of the barriers affecting IA activities were shared.

From the research objectives, the following research questions were posed:

1. What do employees understand with regards to the IA function in the West Coast District municipalities?
2. What are the duties and responsibilities of IA in municipalities and which difficulties prevent the smooth running of IA operations in municipalities?
3. What prevents West Coast District Municipalities from carrying out pertinent and adequate internal control measures to avert fruitless and unauthorised expenditure?
4. What are the antecedent causes of unauthorised spendings in municipalities where the IA function is operational?
5. What is the extent of the level of independence of IA within the West Coast District municipalities, and how do they relate to other employees?

The five questions posed were answered in this study (see the findings section in Chapter Four for a summary). The analysis and interpretation performed in this study were drawn from both qualitative and quantitative approaches in the form of mixed methods research.

5.3 Discussions on findings

From the findings derived in the data analysis, employees understand the IA function, their independence, and the obligations and responsibilities of IA within municipalities

as well as the causes of erratic spending where there is an existing functional IA. Another trend facing IA in terms of significant threats to their efforts in fulfilling their responsibilities at the WCDMs is that management does not always provide IA with all the requested information, they resist co-operation, and there is political interference.

The study also revealed a lack of internal control systems implementation to halt and identify erratic spending. In addition, the trend has also emerged around resource constraints that hinder the smooth operation of the IA function and the non-compliance of properly qualified internal auditors to execute their duties, which was one of the emerging factors (a lack of skills and knowledge).

The study also discovered that the IAF of the WCDM is perceived to be facing numerous challenges, perhaps the most significant being its lack of knowledge. The ability of the IAF to operate to its fullest potential is further hampered by the lack of management support and official audit follow-up action monitoring procedures. These findings could indicate the IAF's position in the WCDM has not yet reached its optimal level. Improving the IAF's status can only be achieved if the challenges identified above are substantially met or addressed, which should then have a positive impact on customers' perceptions of the IAF.

The main themes emerged from analysing the research findings, namely; The independence of the IAF, Scope and activities of the IAF, Duties of IA's, Operational challenges of IA's, and the Causes of irregularities which are thoroughly discussed in Chapter4 of the study for full insight.

In view of the findings in Chapter Four, recommendations are provided to help the West Coast District municipalities and other government institutions with improving their IA function and governance practices.

5.4   Recommendations on findings

The study's conclusions prove to be helpful in pinpointing areas where the internal auditing function in municipalities requires improvement. Participants also discussed how they perceived the difficulties faced by IA in their respective municipalities. Based on the empirical results, key employees who took part in the study disclosed that they are reasonably satisfied with the IA function in the WCDMs.

The following recommendations are made to enhance the IA function in the WCDMs:

- In an efficient, ethical and effective manner, IA should keep providing assurance and guidance regarding risk management, control and governance procedures regarding the finding of the lack of internal control systems. To be able to effectively audit risks across the organisation, IA need to know what those risks are. This implies to that an Enterprise Risk Management (ERM) program needs to be developed or supported by the audit department.

- IA should continue to maintain their independence in the municipalities without bias and affiliations in line with the finding that the management does not always provide IA with all the requested information, they resist co-operation, and there is political interference.

- This recommendation is consistent with Standard 2050 of the ISPPIA of the IIA, which calls for CAEs to distribute information and synchronise undertakings with other external and internal assurance providers and advisory services to confirm and guarantee that activities are covered in a suitable way and repeating efforts are minimised (IIA, 2009).

- To obtain and increase business knowledge, IA must frequently seek advice and guidance from executive and senior managers, and also from operational and programme managers. Seeking knowledge from consultations may help IA gain a holistic comprehension of the main threats that the institution is faced with. IA must also be able (or allowed) to obtain in-depth insight into business activities and through studying the institution's systems, threat assessment procedures, and strategies.

- To obtain further insight into the company, IA may also utilise the threat analysis and profile data kept by the Chief Risk Officer. Auditors will have a better understanding of what matters most in their organisation and the network to take action if they persistently work to establish and preserve relationships with stakeholders and employees at all levels.

- IA is recommended to regularly take part in refresher training and guest auditor programmes on financial information reporting to broaden their knowledge about new developments and requirements relating to the finding of lack of skills and knowledge. Revolving guest auditors and subject matter experts are other ways that a robust internal audit function supports its core team.

- The IA department should seek executive approval to enrol rotational programmes which is a career development initiative that enables non-auditors

to gain experience within the IA department and understand the role. The value of audit and risk mindset will be promoted throughout the organisation by allowing members of other teams gain auditing experience and this will impact the organisations positively.

- Enhance employee education on the IA function to minimise misconceptions of the work done by IA. This can be done by means of regular team buildings and raising IA awareness.

- To use technology to automate processes – Audit can free up time to engage in more value-adding activities by using technology to handle repetitive manual tasks. Organisations can find opportunities to integrate automation into business operations and processes with the help of internal audit. Automation can lead to increased efficiencies in monitoring controls, better visibility for all and substantial time and cost savings that can be allocated to initiatives that add value to the organisation.

5.5   Limitations of the study

Limitations are possible flaws in a study that directly influence how results are interpreted, and this is mostly beyond the researcher's control (Remenyi et al., 1998:68-69). The study identified the following limitations:

- There is a possibility that the researcher might not get all the information within the stipulated time.

- The municipalities might think the researcher want to investigate their processes and this will influence their responses.

- The participants might answer without genuine interest.

- It might be difficult to obtain fully relevant and accurate data on information from the sources.

5.6   Conclusion

The function performed by the IA department or unit within the West Coast District municipalities is thoroughly understood by the employees, as revealed in this investigation. The anticipation is that the insights and perceptions shared by the participants will improve IA's strategic role and help this department operate more effectively in the West Coast District municipalities and local municipalities. This will add value to future research studies and the IA's department's operations, enhance

risk management effectiveness, and achieve successful control and governance process implementation.

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APPENDIX A: QUESTIONNAIRE

Questionnaire: Employee perception of the role of IAF

___

Dear sir/madam

I, Akhona Ndyalivane am undertaking a master's degree research project entitled '***Employee perceptions of the role of the internal auditing function in municipalities within the West Coast district***' is intended at generating an in-depth understanding of key IAF employee perceptions of the work performed by the IAF in the West Coast District municipalities.

The researcher seeks your permission to share approximately 10-15 minutes of your valuable time during the questionnaire-based interviews.

Explanatory notes:
1. Your participation in this study is completely **voluntary**. Please **do not** provide your name or contact details.
2. All information given in this questionnaire will be kept strictly **confidential** and **anonymous**. Under no circumstances will other employees or the municipality have access to the information provided by you.
3. Your responses will be used in an aggregate form with other responses. At no time will your responses or your name be identified in any reports.
4. Please answer **ALL** questions even if you are not completely certain of your response.

Summary result of this research project will be used for producing Master thesis which may appear in the Cape Peninsula University of Technology library and research articles in research journals and at conferences.

Should you have any queries regarding this survey, you are welcome to contact the research team.

Prof J. Dubihlela (PhD)

Masters Student-FBMS
Cape Peninsula University of Technology
Faculty of Business & Management Sciences
Cape Town, 8000
South Africa
Tel: 021 460 6000

HOD Internal Auditing & FIS - School of Accounting Sciences
Cape Peninsula University of Technology
Cape Town, 8000
South Africa
Tel: 021 460 3266

SECTION A DEMOGRAPHIC DETAILS

In this section we would like to find out a little more about you. Please place a cross (x) in the appropriate block.

A1 **Please indicate your gender?** Male ❑1 Female ❑2

A2 **Please indicate your age category?**

Under 30 years	❑1
30-39 years	❑2
40-49 years	❑3
40-49 years	❑4
50-60years	❑5
60 years and over	❑6

A3 **What is your highest level of education?**

No formal education	❑1
Primary school education	❑2
High School education (Grade 12)	❑3
Trade certificate	❑4
Undergraduate or equivalent degree	❑5
Postgraduate or equivalent degree	❑6

A4 **When did you start working in this internal auditing department?**

In the past twelve months or less	❑1
Between 2-5 years	❑2
More than 5 years	❑3

SECTION B ORGANISATIONAL PROFILE

In this section I would like to find out a little more about your organisation. Please place a cross (x) in the appropriate block.

B1 **Which of the following constitute/s the market base for your organisation?**

Local ❑1   National   ❑2   International ❑3

B2 Your organisation owns auditing tools that you are using?

<div align="right">Yes ❑1   No ❑2</div>

B3 Does your organisation currently have a fully operational internal auditing department?

<div align="right">Yes ❑1   No ❑2</div>

B4 Which of the following categories does the department falls in?

<div align="right">Head office❑   District ❑</div>

B5 What is your position in the organisation?

General employee ❑1

Internal auditor ❑2

Junior manager ❑3

Manager ❑4

Senior manager ❑5

Executive ❑6

B6 Which section in the department do you work in?

Corporate Services ❑1

Financial Services ❑2

Technical Services ❑3

Community Service ❑4

Municipal Mangers office ❑5

B7 How many employees working under this section?

Under 5 ❑1

10 – 15 ❑2

15 – 30 ❑3

Over 30 ❑4

Working conditions:

Please indicate the extent to which you agree or disagree with the statements. Strongly agree = 7 and strongly disagree = 1.

B8   Are all employees under this section aware of Internal Audit Function?

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

B9   Do you think Internal Audit Activity is an important function or a necessity?

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

B10 Do internal auditors maintain satisfactory relationship with other employees in the organisation?

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

B11 Does IAs inspire trust within the municipality?

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

B12 Do you find IA difficult to deal with in the municipality?

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

B13 Do you consider IAFs as beneficial to the municipality in making sure that it meets its goals?

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

SECTION C PERCEPTIONS

We would like to find out a little about what you think about your organisation's working conditions. Below are a number of descriptors that affect the work of internal auditors. Please indicate the extent to which you agree or disagree with the statements. Strongly agree = 7 and strongly disagree = 1.

**CROSS ONLY ONE NUMBER FOR EACH STATEMENT**

Working conditions:

C1   The organisation provides basic benefits (e.g., health care, transportation assistance, food aid, etc.).

❑7   ❑6   ❑5   ❑4   ❑3   ❑2   ❑1

C2   The organisation has programs or processes that help employees cope with incidents and prevent workplace accidents.

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C3   The management enables business activities to be conducted.

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C4   The organisation is concerned with the safety of their employees by having access control of people who enter the company building/facilities.

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C5   The organisation provides additional benefits (e.g., membership in gyms, country clubs, and other establishments, etc.).

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C6   The facilities and physical condition (lighting, ventilation, noise and temperature) of the organisation are ergonomic, comfortable, and appropriate.

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C7   The organisation I work for is concerned with my health and quality of life.

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

DESCRIPTION OF THE ITEMS IN TRAINING AND SKILLS DEVELOPMENT

C8   I can use knowledge and behaviours learned in my training at work:

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C9   The municipality I work for helps me develop the skills I need for the successful accomplishment of my duties (e.g., training, conferences, etc.).

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

C10 The municipality work for invests in my development and education promoting my personal and professional growth in a broad manner (e.g., full or partial sponsorship of undergraduate degrees, postgraduate programs, language courses, etc.).

❏7   ❏6   ❏5   ❏4   ❏3   ❏2   ❏1

128

C11 In the municipality where I work, training is evaluated by participants.

❏7 ❏6 ❏5 ❏4 ❏3 ❏2 ❏1

C12 The municipality work for stimulates learning and application of knowledge...

❏7 ❏6 ❏5 ❏4 ❏3 ❏2 ❏1

C13 In the municipality where I work, training needs are identified periodically…

❏7 ❏6 ❏5 ❏4 ❏3 ❏2 ❏1

C14 What is your view of the independence of the Internal Audit Functions within the West Coast Municipalities be identified?

………………………………………………………………………………………………
…………………….

C15 What do you understand with regards to the activities of Internal Audit Functions within the West coast municipalities?

………………………………………………………………………………………………
…………………..

C16 What are the duties of Internal Auditors in municipalities and difficulties which hold IAF's from smooth operation in municipalities?

………………………………………………………………………………………………
…………………….

C17 Have the municipality been able to implement appropriate and effective internal control measures to prevent fruitless and irregular expenditure? If not, why?

………………………………………………………………………………………………
…………………..

C18 What are the causes of irregular expenditure within municipalities where there are existing Internal Audit Functions?

………………………………………………………………………………………………
…………………….

Thank you for your time and cooperation.

Your views are much appreciated.

APPENDIX B: ETHICS CLEARANCE

Cape Peninsula
University of Technology

Office of the Chairperson Research Ethics Committee	FACULTY: BUSINESS AND MANAGEMENT SCIENCES

The Faculty's Research Ethics Committee (FREC) on **25 August 2020**, ethics **Approval** was granted to **Akhona Ndyalivane (212025295)** for a research activity for **Master of Internal Auditing** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	**Employee perceptions of the function of internal auditing in municipalities within the West Coast district** Lead Supervisor (s): Prof J. Dubihlela

Comments:

Decision: Approved

	28 August 2020
Signed: Chairperson: Research Ethics Committee	Date

Clearance Certificate No | 2020FOBREC783

APPENDIX C: CONSENT LETTERS

Cape Peninsula
University of Technology

Cape Peninsula University of Technology

Faculty of Business and Management Sciences

Consent to participate in an academic study

Research conducted by: Akhona Ndyalivane

Student number: 212025295

Dear Sir/Madam,

Invitation to participate in an academic research study

You are kindly invited to participate in a research study titled "**Employee perceptions of the role of the internal auditing function in municipalities within the West Coast district**". This study is conducted by Akhona Ndyalivane, a Masters student at the Cape Peninsula University of Technology (CPUT). The purpose of this study is to **generate an in-depth understanding of key IAF employee perceptions of the work performed by the IAF in the West Coast Municipal.**

As the employees of the West Coast Municipalities, your opinions are very valuable to this study. Your participation in this study is voluntary and you are free to withdraw from it at any time without obligation. There are no risks associated with participating in this study. The study will not collect any information that can identify you as all responses will be recorded anonymously. No cost / compensation will be incurred by either the municipal or the individual participants. the information collected in this study will positively contribute to the **knowledge of how Internal Auditors are perceived by employees on their role of IAFs.**

Your consent to participate in this study is highly appreciated.

For further inquiries, you may contact me on

Cell: 078 169 5896 or

Via email: andyalivane@gmail.com or

My Supervisor: Prof. J. Dubihlela on 021 650 3266/3477 or

Via email: DubihlelaJ@cput.ac.za

If you consent to participate in this study, please sign this form to indicate that:

- you have read and understood the information provided above

- you hereby consent to participate in this study voluntarily

Name of the Municipal: *Cederberg Municipality*

Respondent's signature: _____ Date: 26/02/2020

Your consent to participate in this study is highly appreciated.

For further inquiries, you may contact me on

Cell: 078 169 5896 or

Via email: andyalivane@gmail.com or

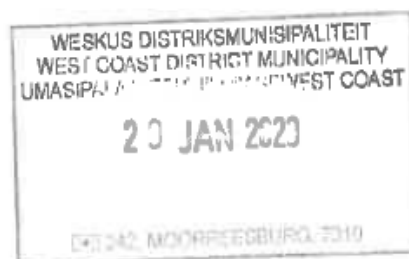My Supervisor: Prof. J. Dubihlela on 021 650 3266/3477 or

Via email: DubihlelaJ@cput.ac.za

If you consent to participate in this study, please sign this form to indicate that:

- you have read and understood the information provided above

- you hereby consent to participate in this study voluntarily

Name of the Municipal: _Swartland   Municipality_

Respondent's signature: _signature_ Date: _6/11/19_

S DE JONGH

Your consent to participate in this study is highly appreciated.

For further inquiries, you may contact me on

Cell: 078 169 5896 or

Via email: andyalivane@gmail.com or

My Supervisor: Prof. J. Dubihlela on 021 650 3266/3477 or

Via email: DubihlelaJ@cput.ac.za

If you consent to participate in this study, please sign this form to indicate that:

- you have read and understood the information provided above

- you hereby consent to participate in this study voluntarily

Name of the Municipal: West Coast District

Respondent's signature: _____   Date: 29/01/2020

Your consent to participate in this study is highly appreciated.

For further inquiries, you may contact me on

Cell: 078 169 5896 or

Via email: andyalivane@gmail.com or

My Supervisor: Prof. J. Dubihlela on 021 650 3266/3477 or

Via email: DubihlelaJ@cput.ac.za

If you consent to participate in this study, please sign this form to indicate that:

- you have read and understood the information provided above

- you hereby consent to participate in this study voluntarily

Name of the Municipality: _BERGRIVIER_____

Respondent's signature: _~Hinde_____ Date: __11 / 11 / 19.___

H LINDE

Your consent to participate in this study is highly appreciated.

For further inquiries, you may contact me on

Cell: 078 169 5896 or

Via email: andyalivane@gmail.com or

My Supervisor: Prof. J. Dubihlela on 021 650 3266/3477 or

Via email: DubihlelaJ@cput.ac.za

If you consent to participate in this study, please sign this form to indicate that:

- you have read and understood the information provided above

- you hereby consent to participate in this study voluntarily

Name of the Municipal Manager of Saldanha Bay Municipality: Mr Heinrich Mettler

Respondent's signature: _____ Date: _____ 2019 · 11 · 12 _____

APPENDIX D: EDITING CERTIFICATE

<div style="border:1px solid black; padding:10px;">

9 September 2024

AKHONA NDYALIVANE
Faculty of Business and Management Sciences
Cape Peninsula University of Technology
Cape Town, South Africa

CERTIFICATE - EDITING OF MASTER'S THESIS

I, the undersigned, herewith confirm that the editing of the Master's thesis of **Akhona Ndyalivane (Student No. 212025295)**, titled *"EMPLOYEE PERCEPTIONS OF THE FUNCTION OF INTERNAL AUDITING IN MUNICIPALITIES WITHIN THE WEST COAST DISTRICT"* has been conducted and concluded.

The finalised dissertation was submitted to Akhona on 9 September 2024.

Sincerely

A Jordaan

Professor Annelie Jordaan
DTech: Information Technology
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