

**AN EVALUATION OF CORPORATE GOVERNANCE PRACTICES AT
LOCAL AUTHORITIES: A CASE STUDY OF RUNDU TOWN COUNCIL**

**A THESIS SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION MANAGEMENT STRATEGY**

OF

THE UNIVERSITY OF NAMIBIA

BY

BLUEMY M. HAMUTENYA

9700404

APRIL, 2019

SUPERVISOR: DR. NYASHA KASEKE (UNIVERSITY OF ZIMBABWE)

Abstract

Corporate governance systems have evolved over the years, if not centuries. More often than not, it has been in response to corporate scandals or system failures. This study sets out to evaluate the corporate governance practices at the Rundu Town Council (RTC), in terms of organisational values of good corporate governance and the existence of various policies, strategies and plans as part of its corporate governance model. This RTC case study used a mixed approach (qualitative and quantitative research methods). The sample size was 18, equivalent to the target population but only 15 responded positively. Questionnaires were used to collect data and document analysis was carried out on secondary data. The data was imported into the SPSS with specific commands which enabled the retrieval of the results. Graphs and charts were analysed and postulated conclusions based on the analysis. The main findings were, among others, the minimal policy discretions on decisions with regards to HR, financial management, target group and policy instruments, non-existence of internal audit function and audit committee, existence of codes of conduct and strategic plan and, failure by the council to conduct regular performance assessment. In conclusion, a significant number of decisions in these important fields were taken in consultation with and within the limits set by the central government through its portfolio ministry, the MURD. This study recommends greater policy autonomy and accountability on HR, financial management, target groups and policy instruments. It also recommends the establishment of the internal audit function, audit committee and/or risk management committee. SLA should be considered between RTC and the portfolio ministry as a tool to measure and monitor performance by the respective ministry.

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SON	Ministry
MPA	Minister of Public Administration
MTEF	Medium Term Expenditure Framework
MURU	Ministry of Urban and Rural Development
NDC	National Development Corporation
OECD	Organisation for Economic Co-operation and Development
PO	Director of Philosophy
PMDs	Personnel Management and Development Systems
QMS	Quality Management Systems

List of Abbreviations and Acronyms

AG	Auditor General
CEO	Chief Executive officer
CoW	City of Windhoek
GIPF	Government Institutions Pension Fund
GRN	Government of the Republic of Namibia
HR	Human Resources
HRM	Human Resources Management
MBA	Master of Business Administration
MIN	Ministry
MPA	Master of Public administration
MTEF	Medium Term Expenditure Framework
MURD	Ministry of Urban and Rural Development
NDC	Namibia Development Corporation
OECD	Organisation for Economic Co-operation and Development
PhD	Doctor of Philosophy
PMDs	Performance Management and Development Systems
QMS	Quality Management Systems

RCCA Rundu Concerned Citizens Association

RTC Rundu Town Council

SLA Service Level Agreement

SPSS Statistical Package for the Social Sciences

SSC Social Security Commission

V2030 Vision 2030

DECLARATION **Acknowledgements**

In appreciating the significant contributions made to the successful completion of this study, I wish to thank the following people and institutions:

- My supervisor, Dr Nyasha Kaseke, for his professional guidance and encouragement.
- Staff at Rundu Town Council for finding time in their busy schedules to participate in the study.
- Rundu Town Council for agreeing to the conduction of the study at the respective local council.
- The Namibia Business School for academic guidance and provision of required information.


“Someday we shall all be free”.

DECLARATION

I, Bluemy Hamutenya, hereby declare that this study is my own work and is a true reflection of my research, and that this work, or any part thereof has not been submitted for a degree at any other institution.

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CHAPTER 1

INTRODUCTION

1 Introduction

This chapter addresses several components. Firstly, an orientation of the study is provided which gives a general overview and background of the research problem focusing on corporate governance experiences, practices and the need for such governance framework. Secondly, the statement of the problem and the research questions are presented, as well as the significance of the study. Thirdly, the limitation and the delimitation of the study are discussed.

1.1 Orientation of the study

Corporate governance systems have evolved over the years, if not centuries. More often than not, it is in response to corporate scandals or system failures. Since the independence of Namibia in 1990, corporate governance began to take baby steps prompted by the alleged fraudulent activities within SOEs including local authorities such as Government Institutions Pension Fund (GIPF), Namibia Development Corporation (NDC), and Social Security Commission (SSC), and internationally, the infamous Enron.

“The importance of corporate governance became dramatically clear in 2002 as a series of corporate meltdowns, frauds, and other catastrophes led to the destruction of billions of dollars of shareholder wealth, the loss of thousands of jobs, the criminal investigation

of dozens of executives, and record-breaking bankruptcy filings. Seven of the 12 largest bankruptcies in American history were filed in 2002 alone. The names Enron, Tyco, Adelphia, WorldCom, and Global Crossing have eclipsed past great scandals like National Student Marketing, Equity funding, and ZZZZ Best. Another reason for the impact of these stories was that they occurred in the context of a falling market, a drop off from the longest, strongest bull market in US history. However, the main reason these scandals became the most widely reported domestic story of the year was the sense that every one of the mechanisms set up to provide checks and balances failed at the time. All of a sudden, everyone was interested in corporate governance” (Monks & Minow, 2004, p.1). “For a short while in 2008-09, as the wave of the global financial crisis swept over us, it seemed that the world might change” (Vasudev & Watson, 2012, p.1).

“The tenets that underpinned our economic systems were called into question, and faith in the invisible hand of the market wavered. When speculative credit derivatives business began to unravel at many large financial institutions, it threatened to destroy giant companies of long standing, such as Citigroup and American International group (AIG). This sparked fears of a systematic collapse at the global level. The disaster, largely of human making, was averted by the ‘bailouts’ organised by the government of the United States in coordination with the Federal Reserve. Once the immediate crisis had passed leaving the rescued institutions intact, the immediacy of the need for a fundamental change also seemed to pass. Several years on, the world looks much more the same. The clean-up after the acute emergency of the sudden meltdown continues” (Vasudev & Watson, 2012, p.1).

Namibia is no exception as the nation has witnessed a huge number of reported fraud cases in the procurement sector especially in the public enterprises including local authorities and/or municipalities. The Government of the Republic of Namibia (GRN) found it necessary to develop legal frameworks from which corporate governance frameworks, standard rules, procedures and policies are drafted. This was a significant and critical part of strategic vision aimed at governing the delivery of services for the betterment of the wellbeing of citizens. The publication of this protocol on corporate governance provided guidance to the public sector including RTC. This assisted the public sector in their endeavours to meet corporate governance standards and best practice as the cost to the public purse is massive in the absence of a corporate governance framework which would result in inefficiency, ineffectiveness, and conflicts in the workplace including unethical leadership.

With the creation of the Ministry of Public Enterprises, the Parliament has passed the Public Enterprises Governance Amendment Act of 2015 which demonstrates the seriousness and the importance the Government of the Republic of Namibia places on corporate governance especially for public enterprises, otherwise known as State-Owned Enterprises (SOEs). It set the tone for the development of a framework including policies on corporate governance for public enterprises.

The Rundu Town Council, in terms of her governance structure, is made up of a hierarchical structure consisting of politicians and administrative officials. The structure consists of the council (7 political leaders), the management committee (3 councillors with voting rights, CEO, and all heads of departments as advisors with no voting rights), CEO office, finance and IT, corporate services, HR, administration and economic

development, technical services, and community services. The Namibian Law makes provision, through the Local Authority Act (Act 23 of 1992), for 7 members of the local authority who are politically elected serving as decision makers on the town council. These members serve for a period of five (5) years in office after which other members are elected during the country's local authority elections where all political parties take part. Rundu is the capital and largest town of the Kavango Region located in the northeast of Namibia along the Kavango River. It is also the second largest town in Namibia in terms of population. This town is strategically position in the sense that all road traffic from Namibia's neighbouring countries of Angola, Zambia, Zimbabwe and Botswana must route through Rundu to reach the port of Walvisbay, supported by the Trans Caprivi Highway. As a frontier-town, Rundu is a commercial town which attracts cross-border business. Sadly, the Kavango Region is the poorest region in Namibia with a Human Development Index of 0.5. Being one of the fast-growing towns in Namibia, it faces critical challenges in terms of corporate governance to deliver municipal services, including housing, to its residents. Other challenges include lack of finance, managing staff, engaging residents, rapidly evolving technologies, socio-economic demographics, infrastructure development, and so on.

1.1.1 The Local Authorities Act 1992, Local Authorities Amendment Act, 2003

The Local Authorities Act, Local Authorities Amendment Act, 2003 (Act No. 27 of 2003), assigned certain powers, duties, functions, rights and obligations to a local authority council. They may only exercise and perform these as conferred by law (Act of Parliament and subordinate legislation) upon a local authority council, of which they are

members. Part V of the Local Authorities Act deals with the powers, duties, functions, rights and obligations of local authority councils in general. It further deals with the delegation of powers by local authority councils, the signing of contracts, agreements between local authority councils or local authority councils and the Government of Namibia or regional councils in relation to the exercise or performance of powers, duties and functions of local authority councils, Government or regional councils and limitation of liability.

Part XVII of the Local Authorities Act regulates the funds of local authority councils, the accounting officers of local authority councils, the financial year of local authority councils, estimates of revenue and expenditure of local authority councils. It also regulates the application of funds of local authority councils, the auditing of accounting records of local authority councils, the accounting records of local authority councils and financial statements and audit reports (section 80 up to and including section 87 of the Local Authorities Act). The accounting officer of a local authority council must within 3 months (or a longer period approved by the Auditor-General) after the end of a financial year of the council make out financial statements in the form determined by the Auditor-General for that financial year. The financial statements must be submitted to the Auditor-General (Local Authority Amendment Act of 2003).

1.1.2 King III report

The underpinning philosophies of King III revolve around: (i) ethical and effective leadership; (ii) corporate citizenship – the status of organisation in society; (iii) sustainability (iv) stakeholders' inclusivity and responsiveness; (v) integrated thinking; (vi) integrated annual reports. Such leadership is expected to include four overarching

responsibilities: (i) defining strategy, providing strategic direction; (ii) approving policy to put strategy into effect; (iii) establishing ethics and values that will influence and guide practices and behaviour with regards to sustainability performance, providing informed oversight of implementation and performance and (iv) disclosing.

King III states the role and function of the board, among others: (i) act as the focal point for corporate governance; (ii) ensure that the company acts as and is seen to be a responsible corporate citizen; (iii) cultivate and promote an ethical corporate culture; (iv) appreciate that strategy, risk, performance and sustainability are inseparable; (v) consider sustainability as a business opportunity; (vi) ensure that the company implements an effective compliance framework and effective processes..

One of the King III's recommendations is the establishment of an effective audit committee, by the governing body to deal with issues of audited financial statements. Its role should be to provide independent oversight of: (i) audit and assurance requirements; (ii) independence of the auditor and other assurance providers; (iii) audit quality, and (iv) integrity, also known as the reliability and usefulness of reports (The King III Report on Corporate Governance for South Africa of 2009).

1.1.3 King IV report

The recently released King IV has certain concepts which form its foundation stones. They are: i) ethical leadership, ii) the organisation in society, iii) corporate citizenship, iv) sustainable development, v) stakeholder inclusivity, vi) integrated thinking and integrated reporting. These concepts are believed to be relevant to three connected paradigm shifts in the corporate world. One of the shifts "from financial capitalism to

inclusive capitalism” suggests the move from general acceptance that the employment, transformation and provision of financial capital represents only a fraction of an organisation’s activities to an inclusive capitalism which takes account of the employment, transformation and provision of all sources of capital (the six capitals). This is in order to reposition capitalism as the engine of shared prosperity reasoning that it gives parity to the sources of value creation.

The second shift relates to moving from “short-term capital markets to long-term, sustainable capital markets” with the emphasis on value creation in a sustainable manner. By definition, it means a reference to an economic system in which value is created in a sustainable manner of which the period, longer term, would depend on the strategic objectives of the organisation and the risks and opportunities presented by its external environment including its material stakeholders. The third shift from “siloes reporting to integrated reporting” recognises the era we live in requiring radical transparency prompting a rethink on corporate reporting. The shift from siloes reporting to integrated reporting is consistent with the concept of an inclusive, sustainable capital market system taking cognizance of the triple context in which organisations operate not to mention the evolution of integrated thinking (The King IV Report on Corporate Governance for South Africa, 2016).

1.1.4 NamCode

Legislation on governance matters is limited in Namibia. The NamCode, the Corporate Governance Code for Namibia, became necessary because of the Companies Act No 28 of 2004 (Companies Act) and changes in governance internationally. Therefore, there was a need to create a code, based on the principles contained in King III and other

international best practices, but adapted to suit the Namibian legislative landscape. The philosophy of the NamCode, like the King III Report, revolves around leadership and corporate citizenship with a sustainability goal. Effective leadership “characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu or humaneness”. The NamCode recommends that all Namibian entities should apply the principles in the NamCode and consider the best practice recommendations in the NamCode. Also, all entities should by way of explanation make a positive statement about how the principles have been applied or have not been applied. The NamCode further argues that the level of disclosure would allow stakeholders to comment on and challenge the board on the quality of its governance (The NamCode: The Corporate Governance Code for Namibia February, 2014).

1.2 Statement of the problem

Rundu Town Council has, in recent times, found itself shrouded in a compromising position regarding its alleged non-compliance to a code of principles and best practices in corporate governance. The report of the Auditor-General on the accounts of the Rundu Town Council for the financial year ended 30 June 2014 in terms of Article 127(2) of the Namibian Constitution and as required by the Local Authorities Act, 1992, and the State Finance Act, 1991 alleges, among its findings, that trade and other payables are overstated with an amount of N\$4,126,594.00 (NamWater); no documentation on creditors N\$ 593 085. Furthermore, water reading cards were not marked properly; the valuation roll is outdated, no proper list could be provided for sale

of even, therefore no test could be performed. There was also no documentation on the Build Together Loans amounting to N\$1,821,669.00; a difference on the bank reconciliation amounting N\$5,206,761.00; Adjustment amounting to N\$10,000,000.00 and advance receipts amounting N\$7,169,344.00 were made on the bank reconciliation. Moreover, no documentation could be provided to verify the adjustments; Incomplete fixed asset register and audit test procedures could not be performed; and Trade and other receivables were overstated by N\$2,235,180 (Report of the Auditor-General on the accounts of the Rundu Town Council for the financial year ended 30 June 2014 (2015)).

Due to the significance of the matters referred to on the basis of disclaimed audit opinion, the Auditor-General was unable to form an opinion as to whether those financial statements fairly presented the financial position of the Town Council on 30 June 2014. They could not verify the results of its operations, cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991. Such business practice by the Rundu Town Council demonstrates a lack of appreciation and understanding as far as corporate governance concepts, practices and systems are concerned. The current business practices at the RTC necessitated the study to evaluate the corporate governance practices at the Town Council with regard to policy field, organizational autonomy, accountability and responsibility, accountability and direction.

1.3 Research questions

This situation calls for research into the corporate governance practice of Rundu Town Council (RTC) based on the following research questions:

- i) How does the Council promote values for the local authority with regard to its policy field?
- ii) Which instruments are used by RTC to demonstrate the values of good governance through upholding high standards of conduct and behaviour?
- iii) Are the various policies, strategies and plans in place as part of the corporate governance model?
- iv) What are the levels of financial and human resources policies' autonomy and execution?
- v) What are the systems and processes used by RTC to assess and manage corporate risks?
- vi) What is the level of capacity and capability of council members in corporate governance developed to be effective in executing their roles and responsibilities?

1.4 Significance of the study

The study in corporate governance practice at Rundu Town Council or authority will define and expand current knowledge of service delivery efficiency in a local and/or regional authority environment. In so doing, it will improve the theory and practice of corporate governance in the said local council or authority settings and evaluate how it relates to local council or authority management and administration processes. It is assumed that the findings and recommendations of this study would be used by the respective local and regional authorities to assess, evaluate and correct current possible identified deficiencies in the systems and processes of the local and regional authorities.

1.5 Limitation of the study

This study could experience some limitations.

- Some of the answers provided by the respondents might be spiced up. Great efforts were made at obtaining very objective assessments of the corporate governance practice at the Rundu Town Council or authority by considering the fact that some of the documents might be spiced up and therefore needed to be assessed critically. Even so, a few of these might have escaped the scrutiny of the researcher.
- One-on-one interviews with the selected important members of the council were part of the process. The questionnaires were sent to only a few people as anticipated during the study design. The aim was to give an indication of the general situation on the ground within the municipality rather than a precise situation which would have required a different research approach. Related to the above is the envisaged limited time in which the study was conducted. The whole study was conducted in 60 days or two (2) months and there might have been limited time for respondents to fill in and to send back the questionnaires. Some participants also responded late.
- Conducting the study from a remote location in Windhoek while the Local Authority under investigation was in Rundu obviously hindered the opportunity to observe and obtain first-hand information that could not be found online, or in any written publication.

1.6 Delimitation of the study

The delimitation of the study entailed Corporate Governance system and structures applied at Rundu Town Council to assess the governance practices as well as the organisation's performance.

1.7 Summary

In this chapter, orientation of the study, statement of the problem, research questions, significance of the study, limitation of the study and delimitation of the study were discussed. The next chapter is to deal with the literature review.

2.1 Overview of corporate governance

Corporate governance has evolved over the years and so is its definition or definitions. It is true to assume that corporate governance definitions vary depending on the user's perspective. To illustrate that variation of corporate governance definitions, Tucker (2015, p.28) affirms the definition of corporate governance by Sir Adrian Cadbury Report on the Financial Aspects of Corporate Governance as "system by which companies are directed and controlled" and further explains that "boards of directors are responsible for the governance of their companies; while the shareholders' role in governance is to appoint the directors and auditors, and to satisfy themselves that an appropriate governance structure is in place". While this is true in the context of public and private companies, the same could not be said about the local authorities' governance structures. Local authority councillors are nominated and elected at polling stations by the community of the respective towns or cities as regulated by the Local

CHAPTER 2

2 LITERATURE REVIEW

2.1 Introduction

In this chapter, the study looked at the existing literature on the governance framework, King Code and protocol on corporate governance including Rundu Town Council Strategic Plan 2013/14 – 2017/18. It also examines if there was any research conducted in this field of corporate governance at local authorities in Namibia and review it accordingly.

2.2 Overview of corporate governance

Corporate governance has evolved over the years and so is its definition or definitions. It is true to assume that corporate governance definitions vary depending on the user's perspective. To illustrate that variation of corporate governance definitions, Tricker (2015, p.28) affirms the definition of corporate governance by Sir Adrian Cadbury's Report on the Financial aspects of Corporate Governance as "system by which companies are directed and controlled" and further explains that "boards of directors are responsible for the governance of their companies, while the shareholders' role in governance is to appoint the directors and auditors, and to satisfy themselves that an appropriate governance structure is in place". While this is true in the context of public and private companies, the same could not be said about the local authorities' governance structures. Local authority councillors are nominated and elected at polling stations by the community of the respective towns or cities as regulated by the Electoral

Act, 1992 (Act No. 24 of 1992) as amended by the Electoral Amendment Act, 2002 (Act No. 20 of 2002), and the Local Authority Amendment Act, 1998 (Act No. 30 of 1998). But what is true with respect to corporate governance applicable to the local authorities is the fact that council members are responsible for the governance of their respective local authorities. The mayor of a municipality or town, or the chairperson of a village council, upon receipt of a report from the Auditor-General, must submit the report to the next ordinary council meeting for consideration and to decide on steps to take to rectify issues and irregularities raised therein. The report must also be submitted to the regional council of the region in which the local authority council is situated, for consideration.

As part of the governance framework as defined in the Local Authority Act in relation to financial management, the mayor or the chairperson must submit to the minister within two months after the meeting, a copy of the minutes of the meeting, containing the comments of the council on the report and indicating which steps were taken or are to be taken in connection with any irregularity revealed by the report. The Minister may take further steps deemed necessary. The Minister submits a copy of the minutes to the Auditor-General and notifies the Auditor-General of further steps taken (section 86 of the Local Authorities Act). Part III of the Local Authorities Act deals with management committees of local authority councils. A management committee may establish subcommittees to advise it on the exercise of its powers or the performance of any of its duties and functions. A management committee may in writing request the council to reconsider a council decision with due regard to the facts and other considerations set out in the request (section 26).

Tricker (2015, p.28) also reaffirms the corporate governance definition by the Organisation for Economic Co-operation and Development that defines corporate governance as “the procedures and processes by which an organisation is directed and controlled.” This is regarded as an operational perspective definition which focusses more on the shareholders, the board, and the management of a company as far as corporate governance is concerned.

Monks & Minow (2004, p.2) suggest corporate governance as “the structure that is intended to make sure that the right questions get asked and that checks and balances are in place to make sure that the answers reflect what is best for the creation of long-term, sustainable value”. Furthermore, the operational perspective definition of corporate governance was enriched by the Organisation for Economic Co-operation and Development by including the relationship between and among various players of the company or organisation. “The corporate governance culture specifies the distribution of rights and responsibilities among the different participants in the organisation-such as the board, managers, shareholders, and other stakeholders-and lays down the rules and procedures for decision-making” (Tricker, 2015, p.29). Tricker (2015, p.29) found that Monks & Minow agreed with the Organisation for Economic Co-operation and Development, but added the employees by defining that “corporate governance involves the relationship among various participants, including the chief executive officer, management, shareholders, and employees, in determining the direction and performance of corporations”. “Corporate governance is the process by which corporations are made responsive to the rights and wishes of stakeholders as defined by Dembe and Neubauer” (Tricker, 2015, p.29). This is a typical corporate governance

definition from a stakeholder perspective. From a financial economics perspective, Tricker (2015, p.29) confirms Shleifer and Vishny's definition: "Corporate governance deals with the way suppliers of finance assure themselves of getting a return on their investment".

A societal perspective of corporate governance addresses the role played by every participant including, not only those directly involved with the company but those outside the organisation whose interests are likely to be affected by the behaviour and/or activities of the organisation. From a societal perspective on corporate governance, Tricker (2015, p.30) informs that "Blair set corporate governance in this context as the whole set of legal, cultural, and institutional arrangements that determine what public corporations can do, who controls them, how that control is exercised, and how the risks and return from the activities they undertake are allocated" while Cadbury defines corporate governance as it is "concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society".

According to Davies (2011, p.3-4), the World Bank defines corporate governance from both corporate and public policy perspectives as "from the standpoint of the corporation, the emphasis is put on the relationship between the owners, management board and other stakeholders (the employees, customers, suppliers, investors and communities). Major significance in corporate governance is given to the board of directors and its ability to attain long term sustained value by balancing these interests. From a public

policy perspective, corporate governance refers to providing for the survival, growth and development of the company and at the same time its accountability in the exercise of power and control over companies. The role of public policy is to discipline companies and, at the same time, to stimulate them to minimize differences between private and social interests”.

King III argues on the importance of boards to have a balance of skills, experience, diversity, independence and knowledge of the organisation, as an overriding consideration to be able to fully discharge its duties. Diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and sex. On the composition of the board, King III advises that the board should comprise a balance of executive and nonexecutive directors with a majority of non-executive. The balance is general and mostly achieved by considering the specific needs of the organisation. The governing body is to include the Chief Executive Officer (CEO) and at least one other executive member (director of finance) of the organisation. It emphasises that those charged with governance should ensure that compliance is understood not only for the obligations that it creates, but also for the rights and protections that it affords. The latest corporate governance report, King IV, defines corporate governance as “the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: i) ethical culture, ii) good performance, iii) effective control, and iv) legitimacy. Without contradiction, it is fair to assume that ethical and effective leadership should complement and reinforce each other. Ethical leadership revolves around integrity, competence, responsibility, accountability, fairness and transparency while effective

leadership is results-driven, in other words, the achievement of strategic objectives and positive outcomes including internal focus on effective and efficient execution.

Leading and serious organisations have already begun to change the way they operate in important areas such as stakeholder management, technology and strategy. To better understand these concepts, let us look at them and appreciate the meaning or these concepts at work. **Stakeholder management:** King IV reasons that “in order to know and understand the legitimate and reasonable needs, interests and expectations of an organisation’s major stakeholders, management needs an ongoing relationship with those stakeholders”. Some organisations have gone to the extent of appointing stakeholder relationship executives for the very same reason of stakeholders’ engagement including what the organisation expects of them. This engagement is critical for the development of better corporate strategy of the organisation. **Technology governance and security:** Technology has become so critical and part of the organisations’ DNA and provides the platform on which organisations do business serving as a source of future opportunities and potential disruption.

Strategy: When it comes to strategy, the world has shifted from siloed to integrated think by broaden the way people and organisations consider strategy. It has become crystal clear that strategy does not only consider inputs and outputs of the business but the outcomes of the organisation’s products and services as well, particularly the impact on critical aspects of the society and the environment. The concept of good corporate citizenship becomes vital if not critical in the value creation process.

King IV has also moved from “apply or apply” to “apply and explain” in effort to substantiate claims that good corporate governance is being practiced. The purpose for this move of required explanation is to allow stakeholders to make an informed decision as to whether or not the organisation is achieving the four good corporate governance outcomes and not just an act of mindless compliance. Principle 4 of King VI report, in terms of strategy, performance and reporting states that the governance body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. It further recommends, among others, practices that the governance body should assume responsibility for organisational performance by steering and setting the direction for the realization of the organisation’s core purpose and values through its strategy. The short, medium and long-term strategy as formulated by management should be approved by the governing body. When considering the proposed strategy for approval, the governing body should challenge it constructively with reference to, among others, timelines and parameters, risks, opportunities, resources, legitimate and reasonable needs, interests and expectations of material stakeholders. The governance body should ensure that it approves the policies and operational plans developed by management to give effect to the approved strategy. These should include key performance measures and targets for assessing the achievement of strategic objectives and positive outcomes over the short, medium and long term. It should also exercise ongoing oversight of the implementation of strategy and operational plans by management against agreed performance measures and targets. On reporting, the governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance,

and its short, medium and long-term prospects. It is therefore recommended that the governing body should assume responsibility for the organisation's reporting by setting the direction for how it should be approached and conducted. King IV further recommends that it should approve the management's determination of the reporting frameworks (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each report (The King IV Report on Corporate Governance for South Africa of 2016).

The importance of establishment an audit committee cannot be underscored in any institution. In some institutions, it is a legal or statutory requirement. "As matter of leading practice, the governing body of any organisation that issues audited financial statements should consider establishing an audit committee, the role of which should be to provide independent oversight of, among others, the effectiveness of the organisation's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function, and the integrity of the annual financial statements (The King IV Report on Corporate Governance for South Africa of 2016).

RTC adopted the Balanced Scorecard Strategic Planning Methodology to craft the Strategic Plan 2013/14 – 2017/18. As part of the strategic plan, this local council focused on twelve strategic objectives defined within four Strategic Themes, namely, (i) People and Systems, (ii) Municipal and Development Services, (iii) Stakeholder Value Addition and (iv) Financial Sustainability. By law, RTC is required to render the following municipal services, among others, provision of water, electricity and serviced land, provision and maintenance of roads and sidewalks, solid waste management and

local economic development. From personal observations when visited Rundu Town during the last 2 years (including 2018), the provision of these municipal services is at its lowest point in the history of this beautiful town on the banks of the Kavango river. To mention a few, the disruption of water and power supplies has become a daily occurrence. The servicing of urban land for housing is almost non-existence. The maintenance of roads and sidewalks is pretty poor; in fact, potholes are the order of the day. Solid waste management is very poor as Rundu has become one of the dirtiest towns in the Namibia. This is in contrast with the current RTC Strategic Plan. This can only be attributed to the ineffective leadership being provided at the RTC.

The board's responsibilities in terms of corporate governance, as per the NamCode, are:

- Responsible for determining the company's strategic direction (and, consequently, its ultimate performance) and for the control of the company. The board requires management to execute strategic decisions effectively and according to laws and the legitimate interests and expectations of stakeholders.
- Responsible to ensure that management actively cultivates a culture of ethical conduct and sets the values to which the company will adhere. These values should be incorporated in a code of conduct. The board is responsible to ensure that integrity permeates all aspects of the company and its operations and that the company's vision, mission and objectives are ethically sound. The manner in which the company conducts its internal and external affairs should be beyond reproach. An ethical corporate culture is more than social philanthropy or charitable donations. Companies are encouraged to establish a social and ethics committee.

- Responsible to align its conduct and the conduct of management with the values that drive the company's business. It also requires that the company takes active measures to ensure that its code of conduct is adhered to in all aspects of its business.
- Responsible for considering the legitimate interests and expectations of the company's stakeholders in its deliberations, decisions and actions. Corporate governance models around the world differ on the question of to whom the board is responsible. The NamCode intentionally follows the tradition of opting for an inclusive stakeholder model of governance, which considers, weighs and promotes the interests of all the company's stakeholders, thus ensuring the cooperation and support of all stakeholders the company depends on for its sustainable success. In this way, the company creates trust between itself and its internal and external stakeholders, without whom no company can operate sustainably.

The NamCode recommends that, as a steward of the company, each director should also discharge the following five moral duties:

- **Conscience:** A director should act with intellectual honesty and independence of mind in the best interests of the company and all its stakeholders, in accordance with the inclusive stakeholder approach to corporate governance. Conflicts of interest should be avoided or disclosed timeously and properly managed.
- **Inclusivity of stakeholders** is essential to achieving sustainability and the legitimate interests and expectations of stakeholders must be considered in decision-making and strategy.

- Competence: A director should have the knowledge and skills required for governing a company effectively. This competence should be continually developed and evaluated.
- Commitment: A director should be diligent in performing his duties and devote sufficient time to company affairs. Ensuring company performance and compliance requires unwavering dedication and appropriate effort.
- Courage: A director should have the courage to take the risks associated with directing and controlling a successful, sustainable enterprise, and also the courage to act with integrity in all board decisions and activities.

As part of the fiduciary duties towards a company, it is generally accepted as common law that a director should exercise his powers and duties bona fide and for the benefit of the company with the requisite care and skill. But, like most common law /sense issues the benchmarks against which directors are measured these are by no means clear or legislated in Namibia. But that is not to say directors, in terms of common law have no legal duties to the company as they are expected to act in the best interest of the company with due care, skill and diligence at all times.

The NamCode further argues that continual and rapid changes as well as the complexity of business, organisational dynamics and the regulatory environment often require companies to establish and maintain an effective internal audit function to assist with their risk management processes. If the board, in its discretion, decides not to establish an internal audit function, full reasons should be disclosed in the company's integrated report, with an explanation of how adequate assurance of an effective governance, risk management and internal control environment has been maintained. The key

responsibility of internal audit is to the board, its committees, or both, in discharging its governance responsibilities and as a minimum to perform the following functions:

- evaluating the company's governance processes including ethics, especially the 'tone at the top';
- performing an objective assessment of the effectiveness of risk management and the internal control framework;
- systematically analysing and evaluating business processes and associated controls; and
- providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

Internal audit's processes should be flexible and dynamic in addressing emerging business, organisational, operational and assurance needs. An internal audit charter should be formally defined and approved by the board (generally through its audit committee). The internal audit function should adhere to the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and Code of Ethics at a minimum (The NamCode: The Corporate Governance Code for Namibia February 2016).

In addition to King IV and NamCode statements on ethical leadership with respect to the promotion of values of corporate governance, the council of RTC is expected to align conduct and the conduct of management with the values that drive this local authority's business. As stated in the RTC Strategic Plan 2013/14 – 2017/18 as far as its core values were concerned, articulated values of this local authority can provide a framework for the collective leadership of RTC to encourage common norms of behaviour which will

support the achievement of its goals and mission. If those values are not religiously promoted, demonstrated and pursued by the council members as part of the good governance framework, individual employees of RTC would pursue behaviours that are in line with own individual value systems, which might be contrary to RTC core values. Deducing from the AG's report of 2014, it is evident that these core values are not being upheld at the RTC.

2.3 What is 'good' corporate governance?

Aras & Crowther (2010, p.38) argue that “good corporate governance depends on the paradigm to which the answer refers. The theoretical as well as empirical limits of the prevailing paradigm which is based on utilitarianism and defines enterprises as nexus of contracts, are more and more obvious. An epistemological break is necessary. The prevailing paradigm today gives the primacy to shareholders' interests and is embedded in a disciplinary perspective. We believe that if we are looking for relevant answers to questions of corporate governance, we have to achieve an epistemological rupture and to break off with the prevailing paradigm. In the prevailing paradigm, human beings are seen as enslaved to the pursuit of their self-interest; opportunism is the leitmotiv and monitoring, surveillance, alignment, conflicts, competition are the keywords. In the paradigm which we advocate, man is considered as a free and responsible person and the keywords are trust, self-achievement, concurrence and responsibility. It is important to underline that the only adoption of such an approach enable us to consider the ethical question; in the utilitarian perspective, this question cannot even be asked”.

Masegare (2016) argues that the absence of the municipal sector corporate governance implementation framework poses a major sector challenge for municipalities. He further

stated that the unsuccessful basic service provision and unsuccessful Operation Clean Audit (OPCA-2014) interventions have failed to correct poor governance, which gave rise to municipalities not receiving clean audit opinions from the Auditor-General of South Africa. The Masegare study also revealed that the challenge that municipal boards face is that they do not understand their governance role, resulting in service delivery protests as programmes are not implemented. In addition, the absence of a sector-specific framework is also a major contributor to ineffective administration and negative audit. Nelson (2016) revealed that the municipal officials are not utilising the monitoring and evaluation system to its full potential within the municipality and that this creates a disabling factor in the pursuit of good governance.

Maloba (2015) reasoned that the effectiveness of Ward Committees for institutional development in reflecting on the best practice at the operational level rests on the need to capacitate the said formed ward committees in terms of skills equipping to maintain a world class service standard. The author postulated that this will do away with incompetence at local level and will promote efficiency and effectiveness in the fulfilment of daily tasks. He further argues that there is interpenetration between the role of political and the one of administrative leadership as one can't separate them in practice since officials also play important role in policy development.

Kiamba (2008) established that financial performance by the local authorities in Kenya is influenced by their political composition, the manner in which internal audits are conducted, and managerial approaches applied by the chief officers. This is further linked to failure by the councils to conduct regular assessment of their performance;

poor coordination between the internal and external providers of assurance; and high staff turnover and transfers from within the top management of the councils.

2.4 The question of codes v. rules

Davies (2011, p.9) argues that “one key feature of corporate governance in the UK and some Commonwealth countries is a reliance on principles rather than rules”. Nolan distilled ‘Seven Principles of Public Life’ to act as touchstones for its series of inquiries in the public sector. These are:

- selflessness – acting solely in the public interests;
- integrity – avoiding obligations to third parties;
- objectivity – making judgements solely on merit;
- openness – explaining actions fully, restricting information only to protect the public interests;
- honesty – declaring any private interests which may conflict with the public interests;
- accountability – being open to any scrutiny appropriate to the office held;
- leadership – setting an example in observing these principles punctiliously.

Another set of principles was established by the OECD in 1998 which are still relevant today. These are:

- fairness – protecting shareholder rights and ensuring contracts with resource providers are enforceable;
- transparency – requiring timely disclosure of adequate information on corporate financial performance;

- accountability – ensuring that management and shareholder interests are kept in alignment;
- responsibility – ensuring corporate compliance with laws, regulations and society norms.”

In line with the RTC six defined core values of integrity, professionalism, transparency, equity, dedication and innovation, this local council has also developed codes of conduct including rules of engagement defining standards of behaviour for both council and employees. The critical part of this process is not only the establishment of such but rather the implementation, observance, monitoring and evaluation thereof. The latter seems to be the biggest challenge for this council. This could be attributed to weak leadership and lack of political will by the councillors who are responsible for ethical and effective strategic leadership of the RTC.

The researcher also noticed that not-so-much literature available in this field of corporate governance as many might still be in the development stage. The same can be said about the non-existence of studies in this field as far as local authorities are concerned.

The value of corporate governance as a key indicator or contributor to meeting these public demands has been realized and its potential for enhancing and fast-tracking service delivery is unquestionable. The principles and standards should be set out in the framework aimed at assisting local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. The Framework, by all means, is to assist authorities to improve their performance, give local people better local goods and services and provide stronger leadership for

communities. The Framework should emphasize the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It is expected to put high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation. Critically, to ensure that the Framework remains fit for purpose, it needs constant review or when required.

2.5 Summary

This chapter highlighted governance frameworks which exist in the public sector in terms of the law, policies and procedures. It provides clear guidelines on what institutions like RTC need to do to comply with the corporate governance frameworks, and the possible positive impact thereof. The usage of these regulations, policies and procedures by the local authority should assist in drafting internal framework to define service levels in terms of deliverables as per the defined strategic objectives and goals, and set procedures and codes of conduct in order to be seen being accountable and transparent.

CHAPTER 3

3 RESEARCH METHODS

This chapter provides the methodology applied in the study. The methodology that will be applied by the study has been chosen in order to acquire information and deduce conclusions about an evaluation of corporate governance practices at the Rundu Town Council. Data were collected by using a structured questionnaire completed by council members, management and employees at supervisory level.

3.1 Research Design

This section presents an overview of the methods used in this case study of RTC. The researcher used a mixed approach (qualitative and quantitative research methods) whereby the data collected was translated into a meaningful format for analysis and interpretation. A combination of data collection tools was used in this case study and a self-administered questionnaire was used as the principal instrument. The excel file was loaded with all the data using the correct tabular forms. The data was then imported into the SPSS and gave specific SPSS commands. Thereafter the results were retrieved for analysis. Graphs and charts were analysed to postulate conclusions from the analysis. Data from documents and interviews with councillors were used to supplement data collected by means of the questionnaires. The decision on the research methodology was guided by similar studies done elsewhere including those of the University of Namibia. The research design was closely linked to the framework of this case study and guided

the planning for implementation thereof. The approaches, in terms of literature in this research design, were highly structured and fluid reflecting a mixed approach.

3.2 Population

The total target population was 18 individuals which consist of 7 Councillors, 5 managers and 6 administrators (supervisory level) in all business units of the Rundu Town Council. Levine, Stephan and Szabat (2014, p.53) reasoned that “a population consists of all the items or individuals about which you want to reach conclusions”. The RTC assisted in the provision and identification of the respective participants as per defined target population.

3.3 Sample

Due to the population being so small, the sample was equal to the population of 18 individuals. Purposive sampling was used. The reason why this method used was so as to capture only respondents, who were most knowledgeable in the area of the study, and in turn, giving the study relevance and credibility. According to Levine, Stephan and Szabat (2014, p.53), a sample is “a portion of a population selected for analysis”, which is assumed to represent the characteristics of the entire population. Cost considerations also played an important role in the decision making process and questionnaires were sent to 18 individuals through the Rundu Town council.

3.4 Research Instruments

Questionnaires and document analysis were used to collect data for the Rundu Town Council corporate governance evaluation and implementation model. A cover letter describing the purpose and the need of the study as well as the importance thereof was attached to the questionnaire (Annexure A: Cover letter accompanying the questionnaire). Questions were designed in such a way that the data collected could easily be entered into the computer for analysis. Questions which require both open-ended and close-ended responses were included in the questionnaire (Annexure B: Questionnaire).

3.5 Procedure

The data was collected using a questionnaire and documents after the approval of the Council. The questionnaire comprised of questions, which were related to the participant's perception regarding corporate governance practices at Rundu Town Council. After the questionnaire had been validated, the questionnaires were distributed to the respondents at Rundu Town Council. Participants were given time to respond and then the researcher collected some of the questionnaires four days after. At least 40 percent of the responses were only collected after two months due to the delays by some of the participants not to have completed the questionnaires on time. The data was collected by using a structured questionnaire with both open-ended questions requiring written responses and close-ended questions that required predetermined responses in terms of options. Data collected using structured approach allowed the computation in

percentages. Researcher-completed instruments are rating scales, tally sheets and flowcharts while subject-completed instruments are in the form of questionnaires, notebooks and self-checklists. The researcher wished to conduct a pilot study on trial basis to detect any weaknesses in design process which would have provided a sound basis to determine and refine the sample. Given the resources constraints, in terms of time and funds, also the population size being so small, this process was not pursued, otherwise the researcher was going to reduce the available subjects of the study.

3.6 Data analysis

This researcher stated that once the data collection process was completed, the applicable statistical software system, SPSS, was used for analysis and to produce statistical reports with observations. The data for this study consisted of responses received over a period of two months from participants. In order for the analytic process to commence, the data collected had to be organized in preparation for interpretation. Data collected was entered into the SPSS (Statistical Package for Social Sciences for analysis). The responses to the structured questions were rated in percentages. Data was interpreted using the graphs such as bar graphs, line graphs; pie charts and scatter graphs. Qualitative data was interpreted as per respondents' remarks and reflected as research findings in this study.

3.7 Research Ethics

The purpose of the research and the rights of the participants were outlined. Participation was voluntary and one was able to withdraw at any time without prejudice.

Participants were in this study were informed and reminded about the voluntary participation during the process of this study. Participants were given information regarding the nature of the study, how their responses would be used, what to be done with materials collected, and the researcher secured their consent. The principle of beneficence and justice was observed by the researcher throughout the study. No reference to individual results was made in any reports or publications produced on the basis of the study results. The research applied Research Ethics to ensure genuine, impartial and objective answers were obtained through the data collection. All material used from other research work was correctly referenced to avoid plagiarism. The researcher sought ethical clearance from the University of Namibia. Data is being stored in a lockable safe at the researcher's home and will be destroyed by shredding and burning after 5 years.

3.8 Summary

This chapter discussed the concept of research methodology which was followed to gather data for this study. This included deliberations on research design, population, sample size, instruments used for data collection, procedure followed in the process of data collection and data analysis. The chapter rounded off with the discussion on research ethics explaining on how this ethical issue was dealt with during the study.

CHAPTER 4

4 RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, the results of the primary research are presented. Firstly, the primary and secondary functions of RTC as an organisation are discussed followed by the policy field in which it operates, government influence on the organisation and the legal status of this local authority. Secondly, the issues of autonomy and accountability in relation to HR and financial management were examined while the audit function followed thereafter. Policy autonomy and accountability in terms of target groups and policy instruments including strategy documents, reporting mechanisms, rewards and the sanctions regime was also analysed. Thirdly, this chapter also discussed the governance structures and the relationship between RTC and the portfolio ministry, and the type of form this relationship takes.

4.2 Findings of the study

It is advisable from the onset to make a clear distinction between the public sector and the public service with reference to the general definition and understanding of these two concepts. A public sector organisation could be defined as any employing body which directly derives the majority of its share capital from public funds, or most of its revenue from public sources. These are organisations that are both commercial and non-commercial in nature and character.

The development of public bodies outside of the central government ministries and offices has become a particular focus area of interest internationally especially in the

field of public administration and government. The issues of autonomy and accountability have become central in understanding of these organisations. Therefore, the general definition of an agency as a public service should have certain characteristics. These should include, among others, structural differentiation from other organisations, some capacity for autonomous decision making, expected to continue over time, public function performance, own personnel and some financial resources.

4.3 Local authority as an organisation

Rundu Town Council (RTC), in its current form, was established in 2004 but the organisation which preceded it was the Village Council. Prior to the Village Council, the function performed by the RTC fell under the Ministry of Local Government and Housing.

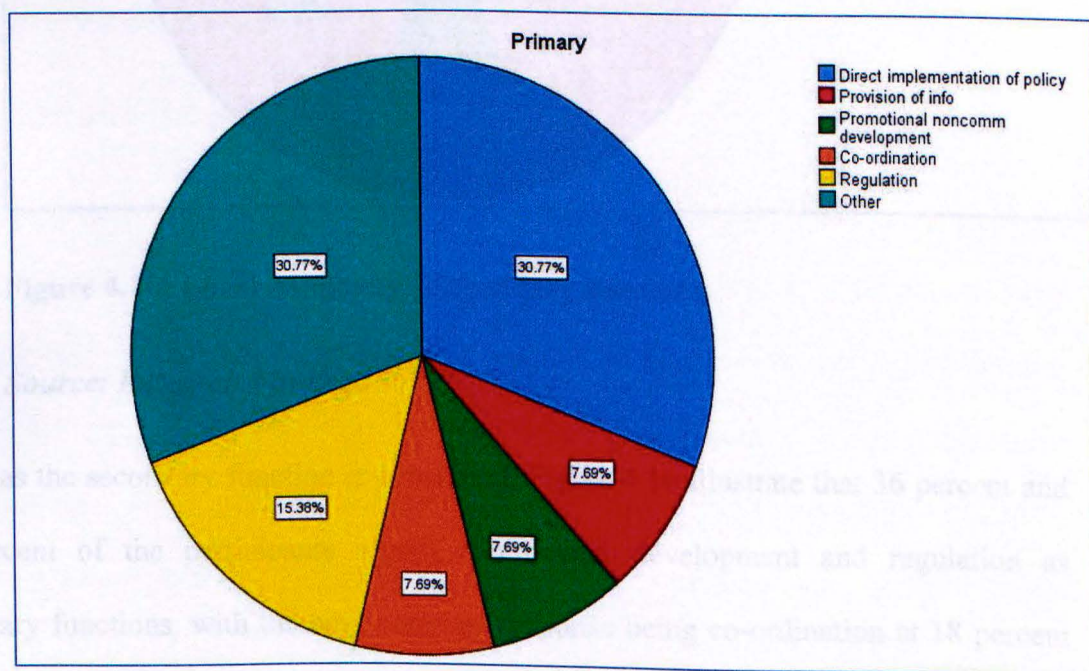


Fig. 4.1a: Local authority – Primary Function

Source: Research Findings

Figure 4.1a illustrates that 31 per cent of the respondents regard direct implementation of policy and other services as the primary functions of the local authority followed by regulation at 15 percent.

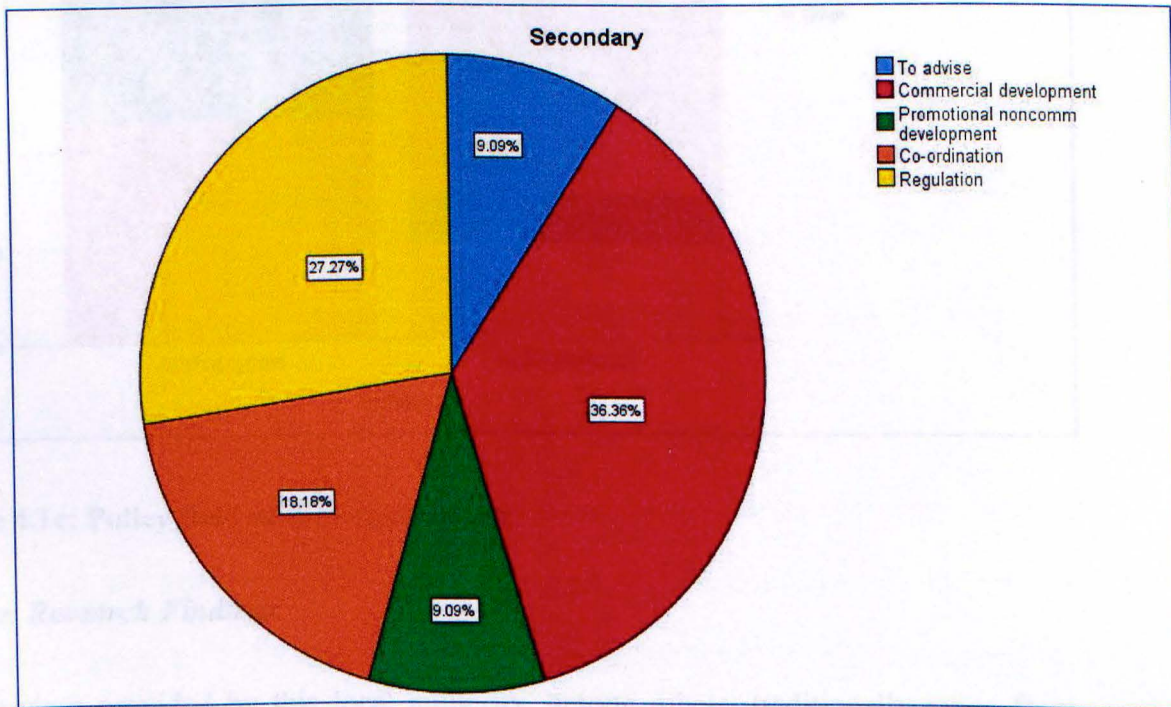


Figure 4.1b: Local Authority - Secondary Function

Source: Research Findings

As far as the secondary function is concerned, Figure 4.1b illustrate that 36 percent and 27 percent of the participants regard commercial development and regulation as secondary functions, with the next common response being co-ordination at 18 percent respectively.

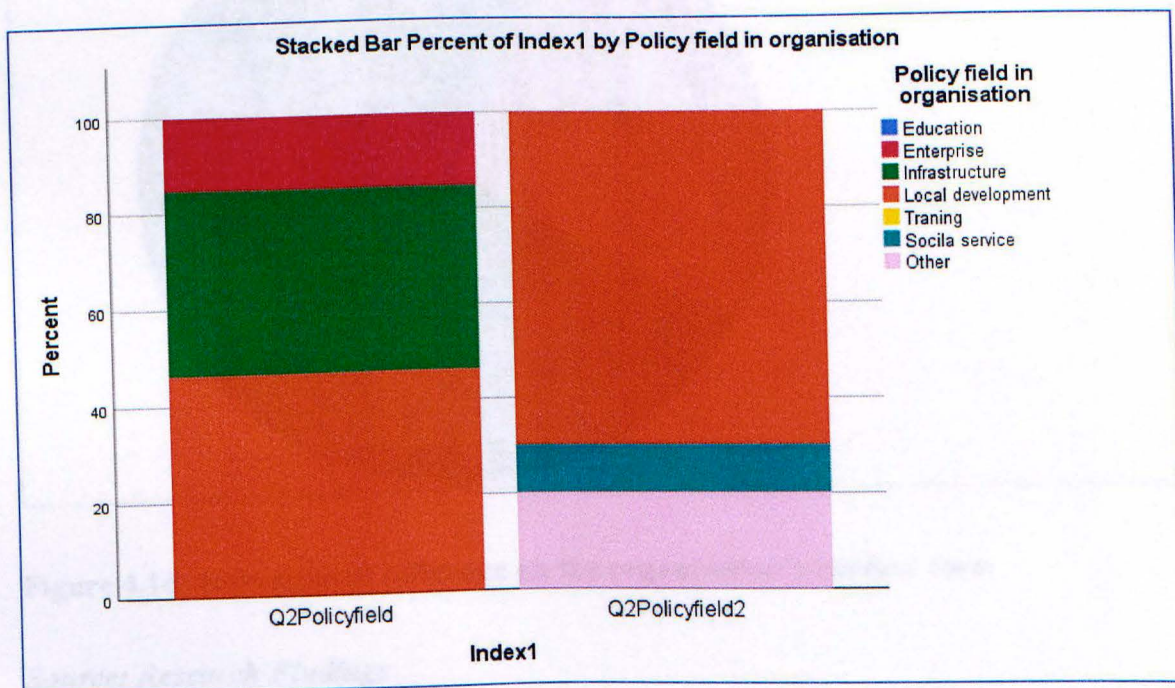


Figure 4.1c: Policy field of the organisation

Source: Research Findings

The services provided by this local authority, among others, traditionally range from local development, infrastructure to social services. This survey's responses have identified that, by far, the most common policy fields in which the local authority operates are local development and infrastructure. Seventy percent of the respondents stated that local development is the policy field of the Rundu Town Council followed religiously by infrastructure recording 40 percent of the responses, as depicted in figure 4.1c.

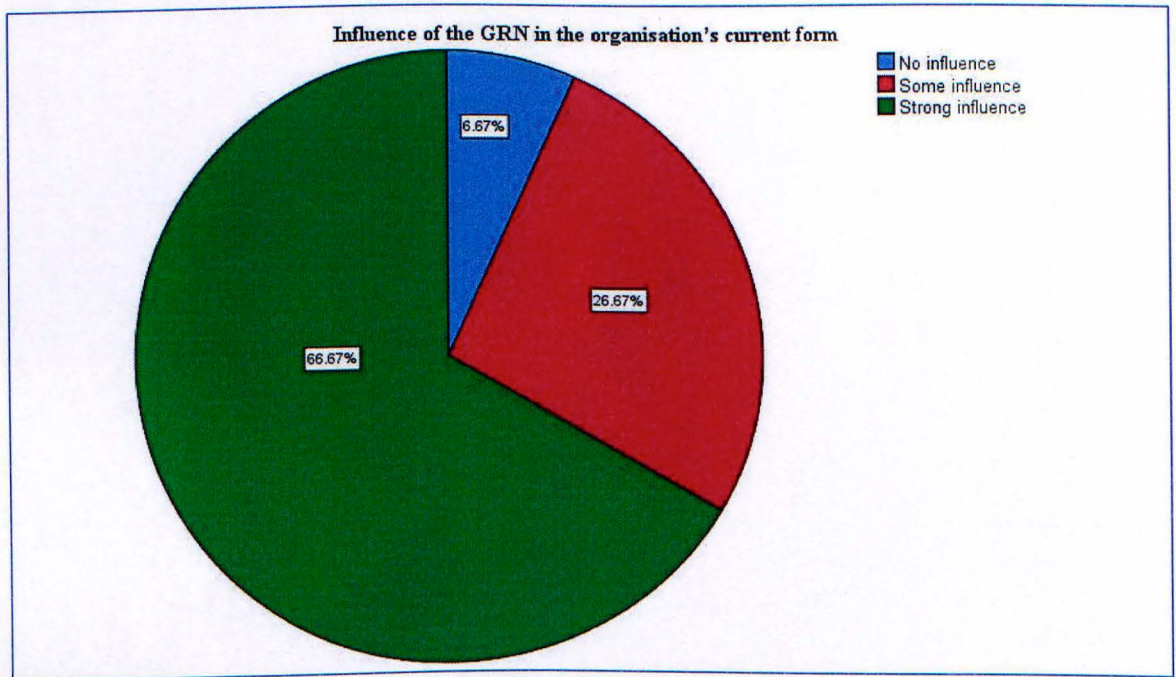


Figure 4.1d: Government influence on the organisation's current form

Source: Research Findings

As a shareholder of the local authorities, government exerts certain influence on these organisations and this local authority has no exemption from that either. As Figure 4.1d suggests, 67 percent of the response state that government has strong influence in the organisation in its current form, and 27 percent say government does so (some influence).

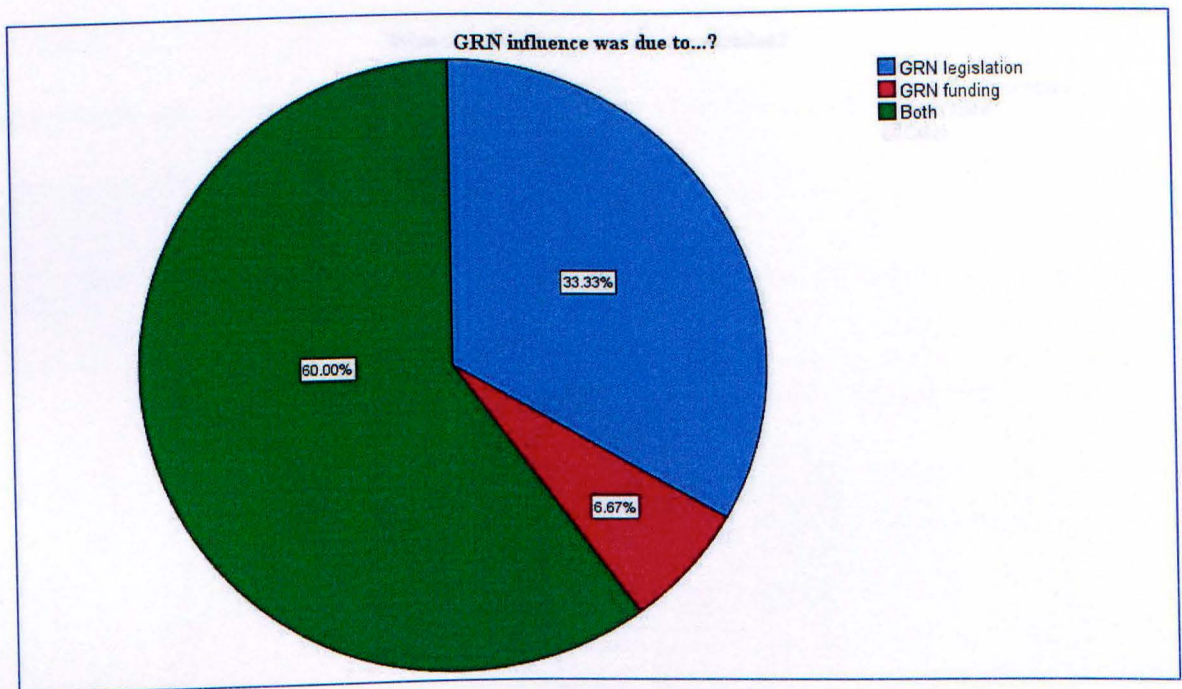


Figure 4.1d Annex: GRN influence was due to?

Source: Research Findings

Figure 4.1d Annex states that this influence comes in different forms such as government legislation and funding, and all respondents agreed on this notion. Sixty percent of the respondents stated that the influence is due to both government legislation and funding, while 33 percent indicate influence as a result of legislation and 7 percent of the responses recorded funding as the reason.

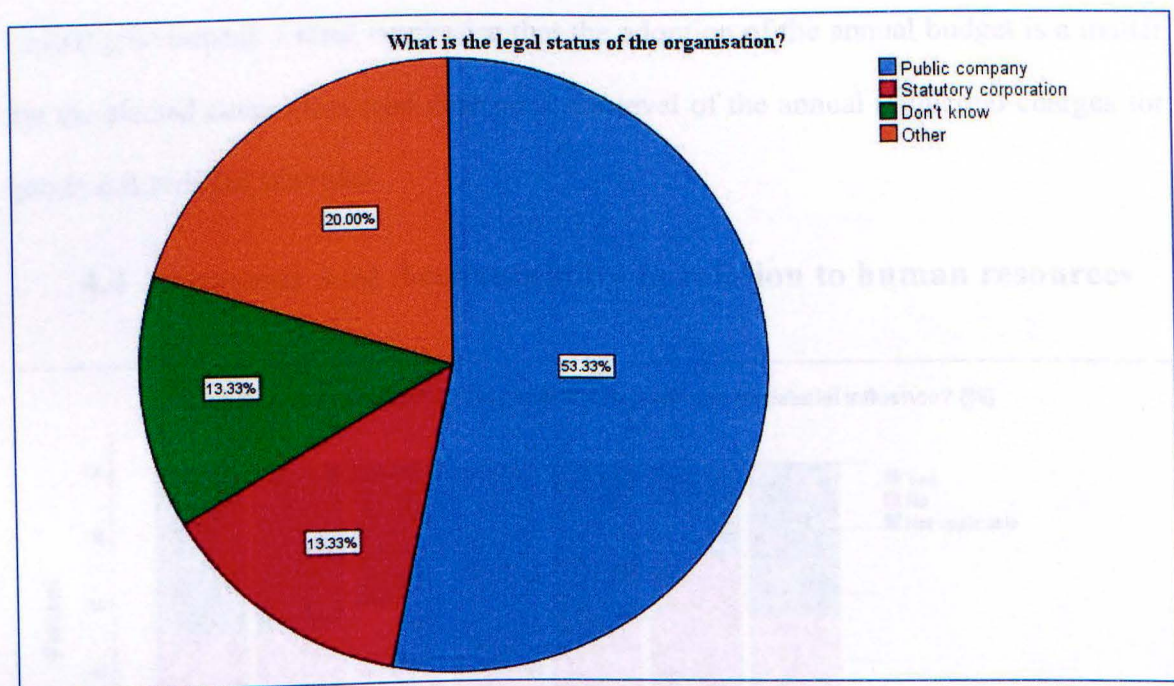


Figure 4.1e: Legal status of RTC

Source: Research Findings

It was critical for this researcher to gauge the feeling and understanding of the council members at that level of management as far the legal status of this organisation is concerned. In terms of that, 53 percent of the respondents believe that Rundu Town Council is public company while 20 percent think it is another form of an organisation rather than public company, private company or statutory corporation as denoted in Figure 4.1e. Interestingly, 13 percent of the surveyed members had no idea about the legal status of this local authority.

In terms of personnel, the survey established that Rundu Town Council employed approximately 198 staff (full-time equivalent) by the end of 2016. The budget for 2016 was N\$126.1 million but figures varied depending on the capital projects being undertaken by the local authority including availability of funds as appropriated by the

central government. I must emphasise that the adoption of the annual budget is a matter for the elected councillors who determine the level of the annual municipal charges for goods and services provided.

4.4 Autonomy and Accountability in relation to human resources

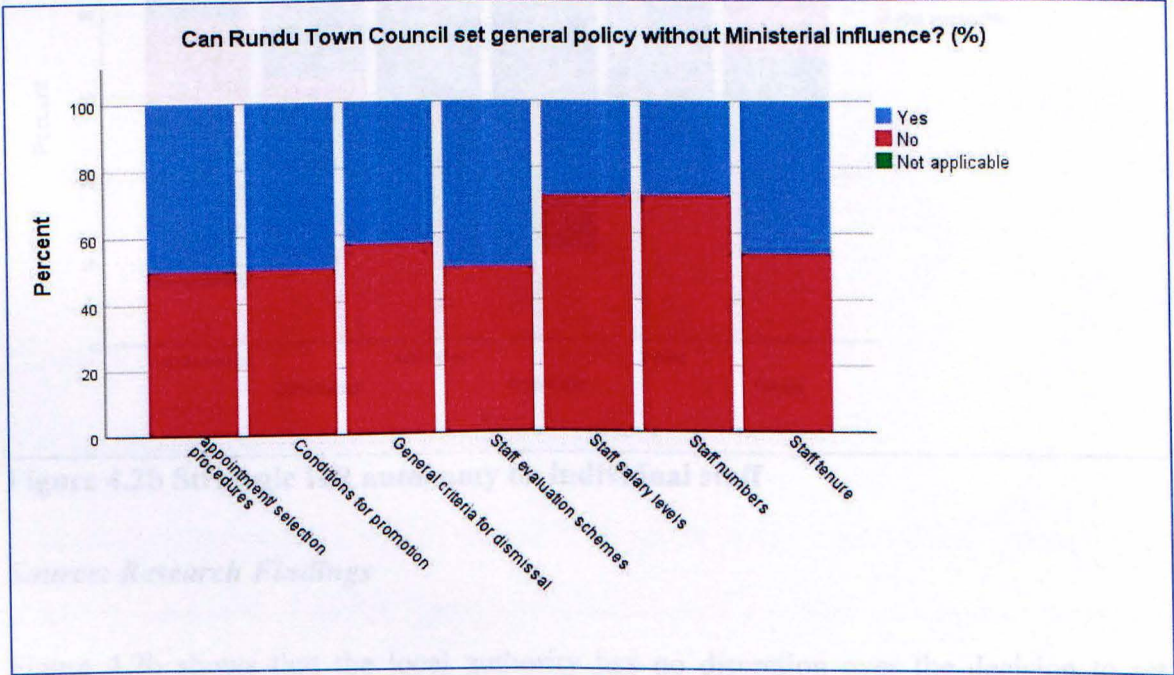


Figure 4.2a Strategic HR autonomy on policy

Source: Research Findings

Figure 4.2a demonstrates that the general aspect of human resource policy of Rundu Town Council is likely to have autonomy over the establishment of staff evaluation schemes. What is interesting to observe from the data analysis is that setting salary levels and staff numbers are the least likely for the local authority to have autonomy over. This is probably due to the centralization of such processes by the central government. The survey suggests that over 50% responses indicated that the local authority has more or considerable control on taking decisions with regard to staff

appointment and selection procedures, conditions for promotion, general criteria for dismissal, staff tenure and staff evaluation schemes.

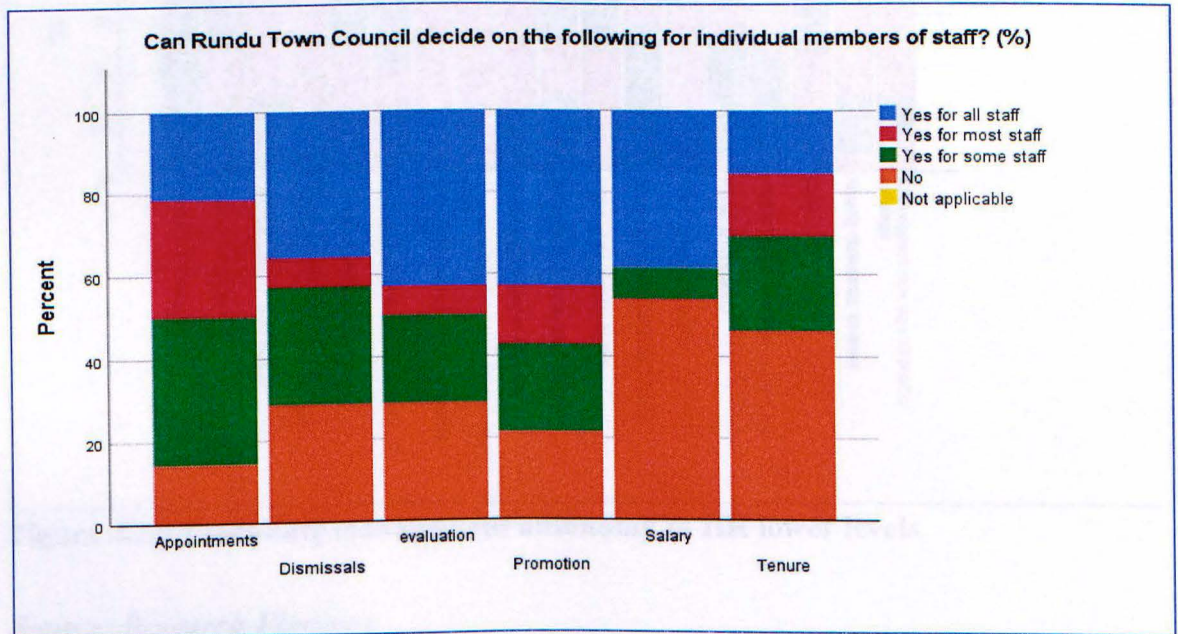


Figure 4.2b Strategic HR autonomy on individual staff

Source: Research Findings

Figure 4.2b shows that the local authority has no discretion over the decision to set salary levels for individual staff of the council with close to 58 percent of respondents reporting as such. In terms of promotion and evaluation, 43 percent of the responses suggest the council has the discretion to make such decisions, with 52 percent stating the council has no authority over the tenure of individual staff. Thirty-eight (38) percent also say that the council is able to decide on the dismissal of individual employees. As for appointments, 34 percent of the participants state that the local authority has the authority to appoint some individual employees. Overall, one can deduce that the local authority has a moderate level of autonomy as far as human resource issues are concerned.

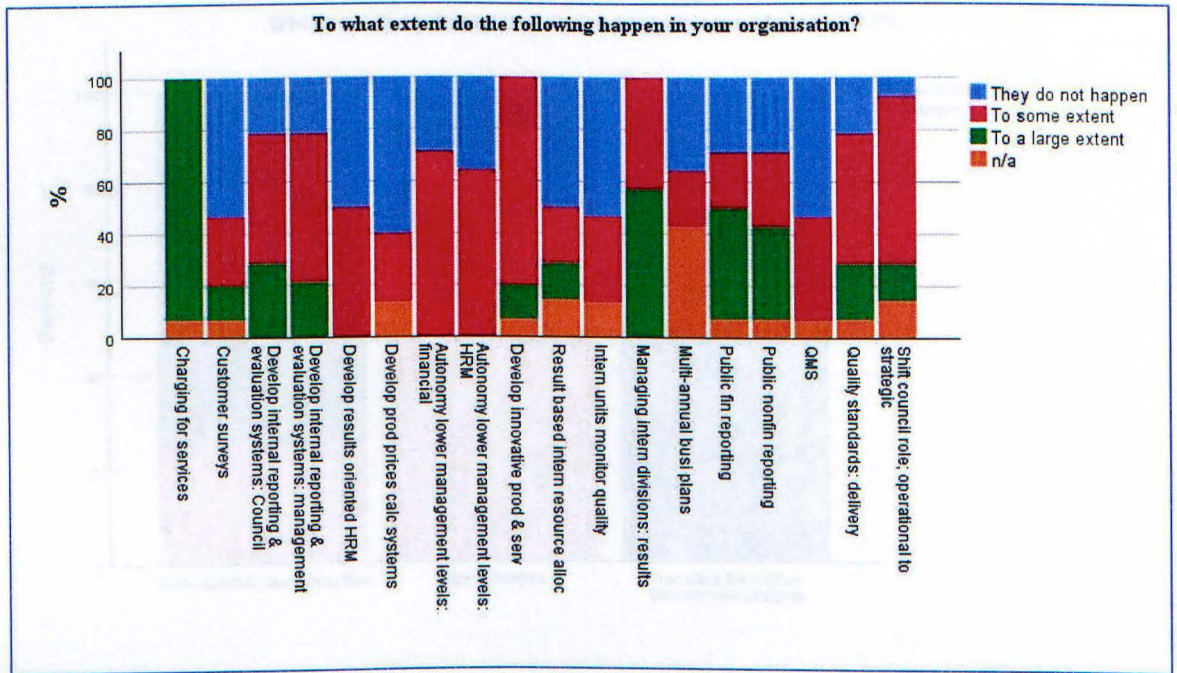


Figure 4.2c: Extending management autonomy to HR lower levels

Source: Research Findings

This local authority was also surveyed with regard to what extent internal management autonomy is extended to the lower management level in relation to human resources functions and management. Sixty-four percent of the respondents reported that this happened in the Rundu Town Council ‘to some extent’ while 38 percent stated to the contrary, such did not happen at all.

4.5 Autonomy and Accountability in relation to financial management

In this subsection, funding of local authority, Rundu Town Council is considered, that includes sources of funding, financial autonomy and accountability.

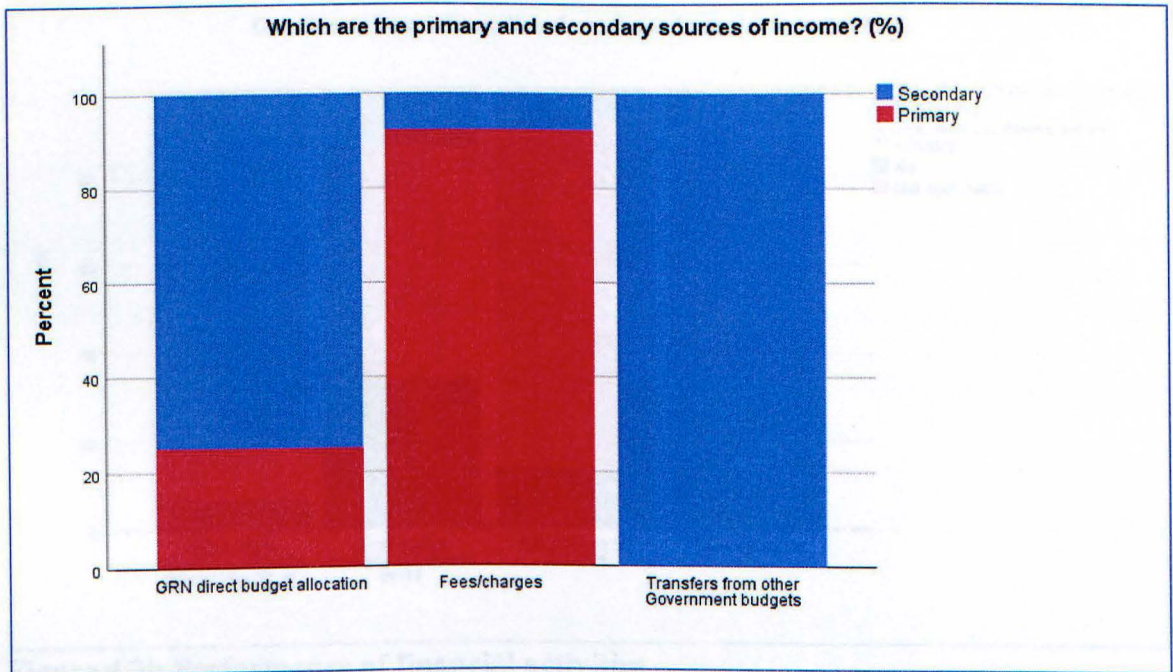


Figure 4.3a Primary and Secondary sources of income

Source: Research Findings

From the above analysis, 94 percent of the the respondents of this survey have identified fees or charges as a primary source of income for the Rundu Town Council while only 23 percent believe that government direct budget allocation as the primary source of income. However, all responses have indicated transfers from other government budgets as the secondary source of income for the local authority. Given the greater number of commercial premises in this local authority’s jurisdiction, it is no surprise that fees, rates or charges are in fact the primary source of income.

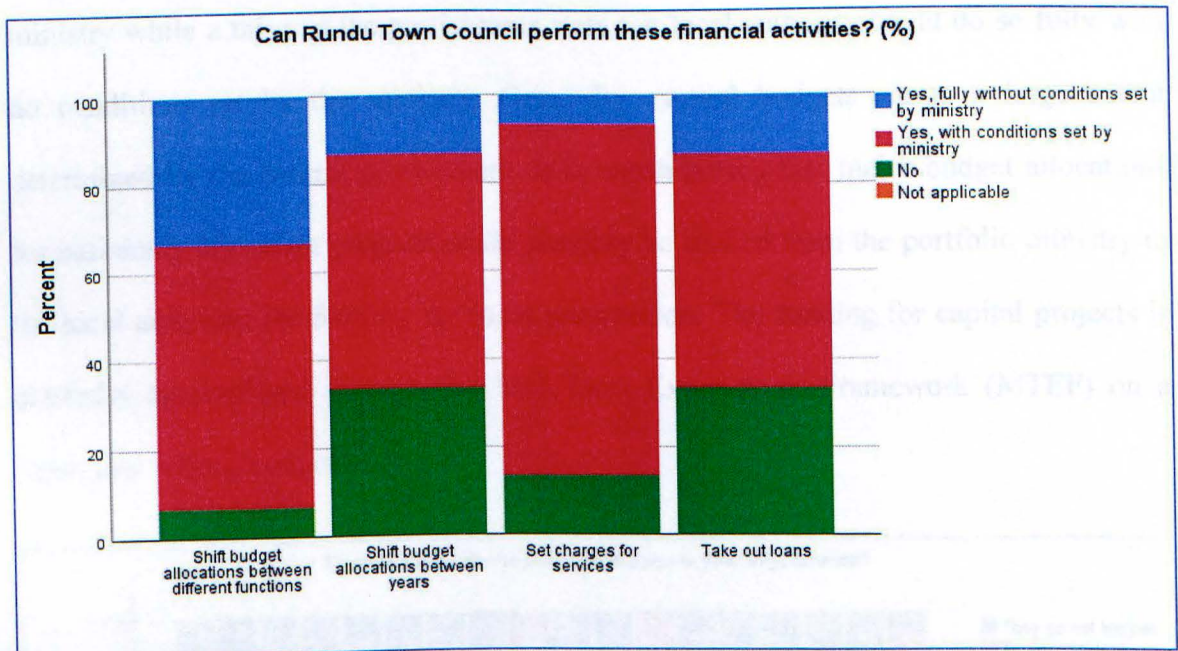


Figure 4.3b Performance of financial activities

Source: Research Findings

There are some variations, in terms of pattern, as far as financial autonomy is concerned. This is demonstrated by the responses as illustrated in figure 4.3b above. In totality, 55 percent of the responses report that the local authority is able to take out loans but such transaction is guided by the conditions set by the ministry or central government. A third of the responses indicate that the local authority is unable to take out loans without the permission from the ministry. In terms of setting charges, 85 percent of the respondents report that the Rundu Town Council is able to do so within the guidelines set by the central government through the portfolio ministry. Fifty-three percent of the responses say the local authority is in the position to shift budget allocations between years within the set central government guidelines, however, 32 percent believe the local authority has no power to do so. The survey states 60 percent of the participants indicated that the council could shift budgets between different functions with the permission from the

ministry while a third of the participants state the local authority could do so fully with no conditions set by the ministry. Generally, capital budgets are to a large extent determined by the central government. It is worth noting that major budget allocations for nationally important projects could possibly be shifted from the portfolio ministry to the local authority for funding for local progression. The funding for capital projects is generally appropriated through the Mid-Term Expenditure Framework (MTEF) on a three-year rolling budget.

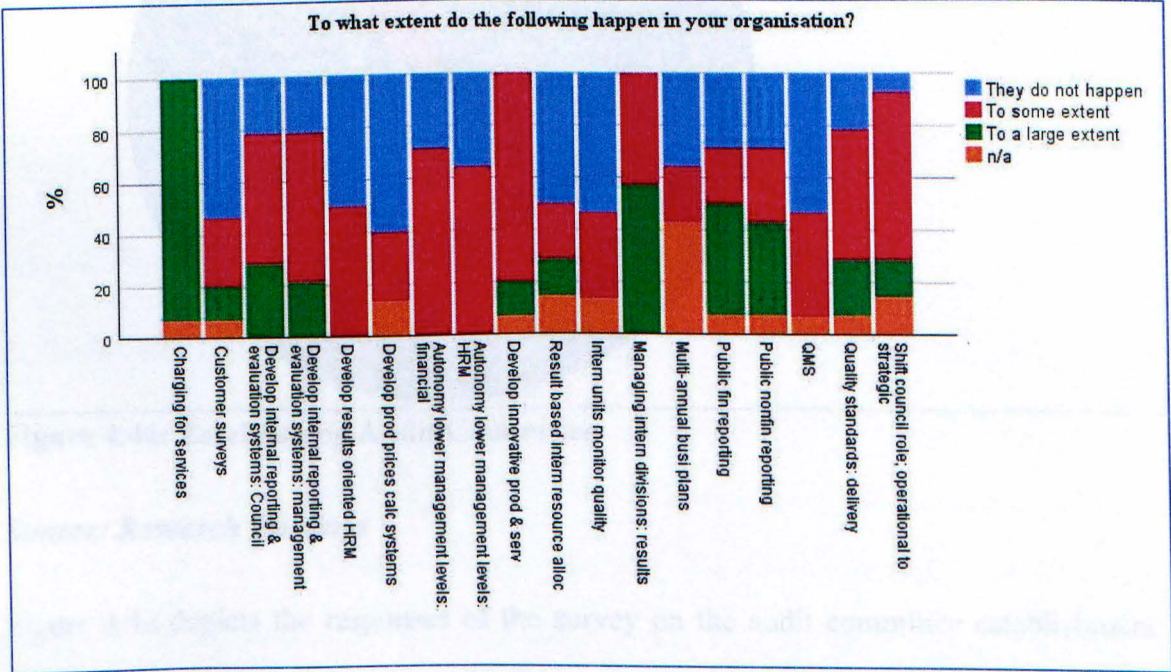


Figure 4.3c: Financial management autonomy to lower management

Source: Research Findings

In terms of extending internal financial management autonomy to lower management level, the majority (70 percent) of the respondents confirmed that this happened in the council ‘to some extent’, while 30 percent reported the opposite. This process could be

supported by financial management systems and recruitment of professional accountants.

4.6 Audits of local authority

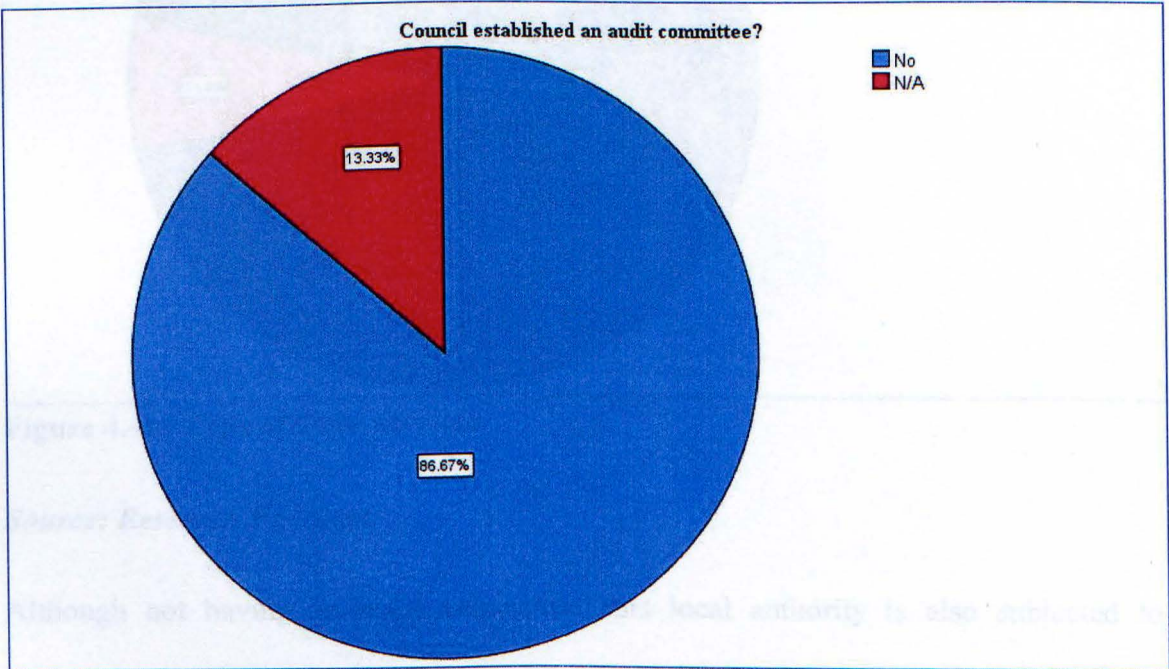


Figure 4.4a: Establishing Audit Committee

Source: Research Findings

Figure 4.4a depicts the responses of the survey on the audit committee establishment. Eighty-seven percent of the respondents stated that Rundu Town Council has no audit committee. This could be attributed to the fact that local authorities are audited by the Auditor-General’s Office.

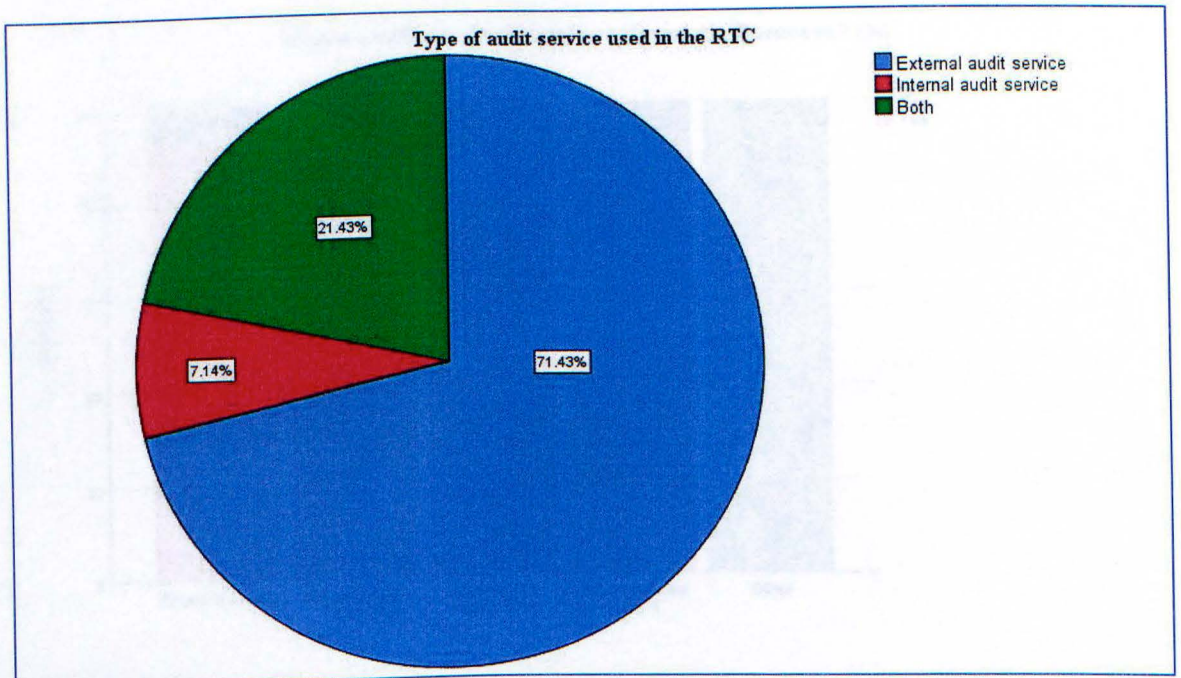


Figure 4.4b: Type of audit services

Source: Research Findings

Although not having an audit committee, this local authority is also subjected to occasional audits. While 21 percent of the responses believe this local authority was audited internally and externally, the majority (71 percent) of the responses state that Rundu Town council was only audited externally. The skewed response could be as a result of the misconception between internal and external audit by the employees surveyed.

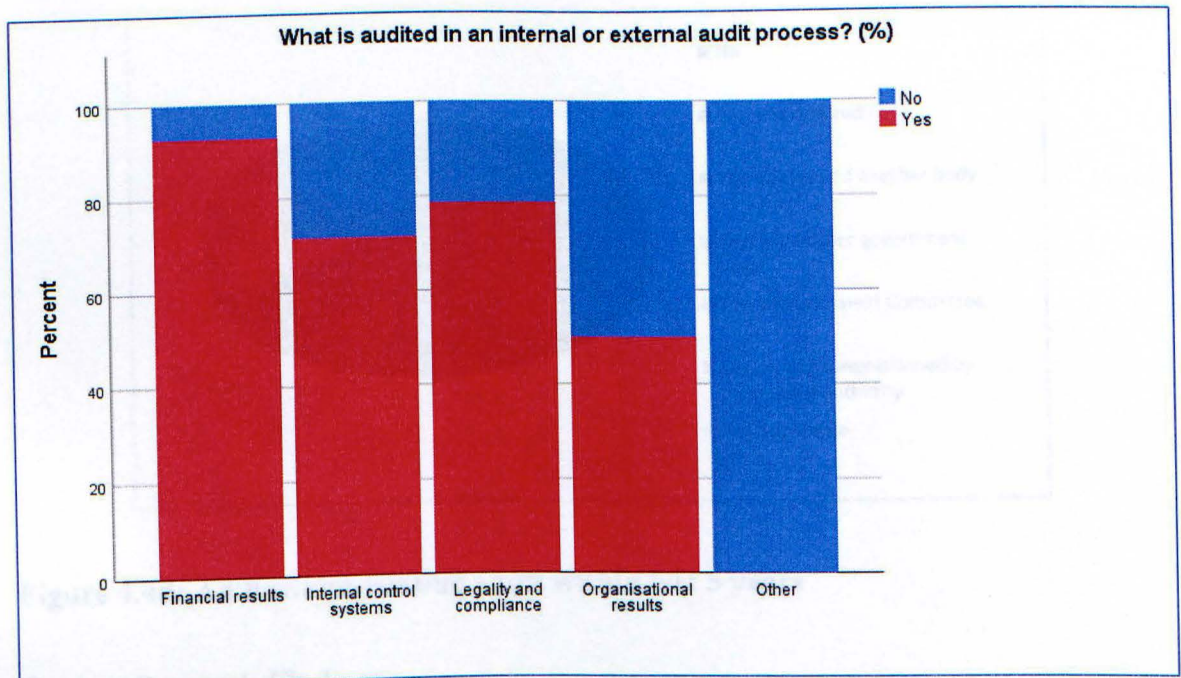


Figure 4.4c: Audit process elements

Source: Research Findings

A closer look at the issues considered in the internal or external audit processes as illustrated in Figure 4.4c, the survey reveals that issues of financial results, internal control systems, legality and compliance, and organisational results feature prominently. Issues of financial results, legality and compliance feature strongly followed by internal control systems. Financial results scored 96 percent of positive responses while organisational results only managed to register 50 percent of the responses. Although one would expect internal control systems and legal and compliance issues to top the list, these two processes only recorded 72 percent and 78 percent respectively.

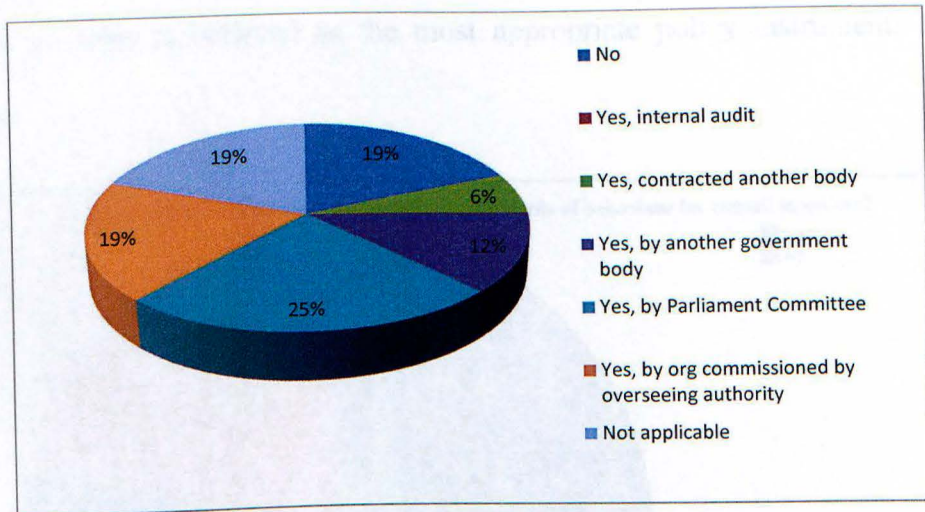


Figure 4.4d: Ad hoc/non-routine audit within last 5 years

Source: Research Findings

Figure 4.4d depicts that 25 percent of the respondents say that, within the last five years, RTC was subjected to an ad hoc/non-routine audit carried out by a body linked to the Parliament, the Committee on Public Accounts. Nineteen percent also reported that this audit was carried out by an organisation commissioned by an overseeing authority, and the equal percent also reported that such audit was not applicable while same equal percent say there was no such audit. Twelve percent responded that it was carried out by another government body while 6 percent responded that RTC contracted another body to conduct this audit.

4.7 Policy autonomy and accountability

In this section, autonomy and accountability for policy on Rundu Town Council is analysed. The survey centred around the level of discretion available to this local authority to decide on the group to which council activities are directed, and the ability

to decide on what is believed as the most appropriate policy instruments for those activities.

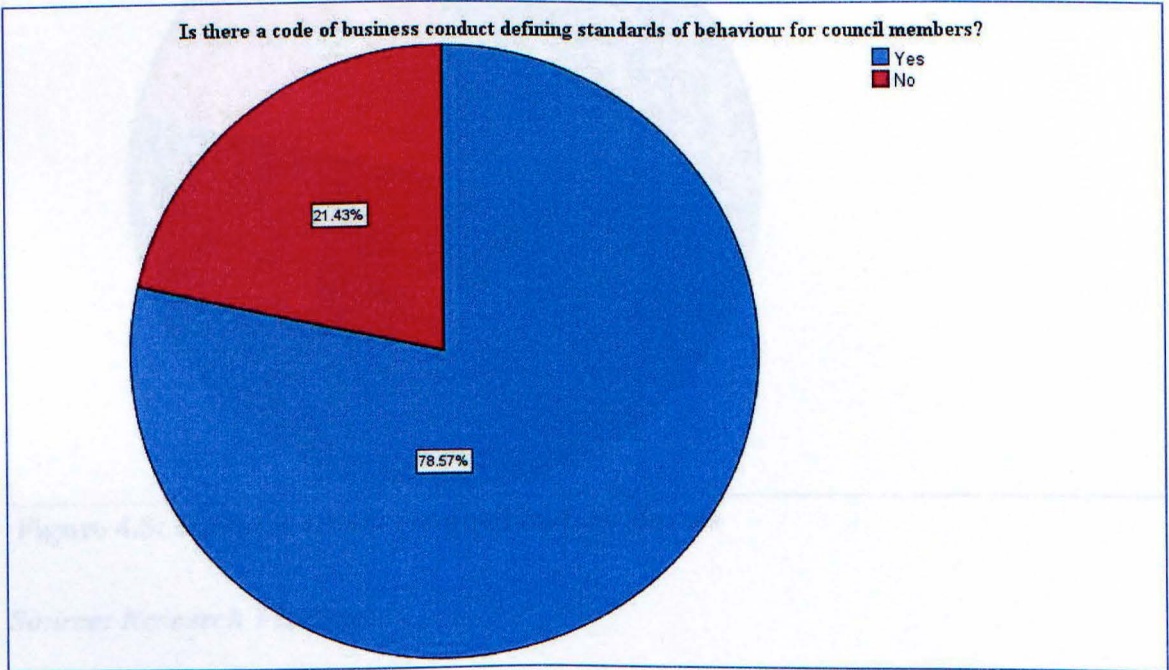


Figure 4.5: Business ethics – council and employees

Source: Research Findings

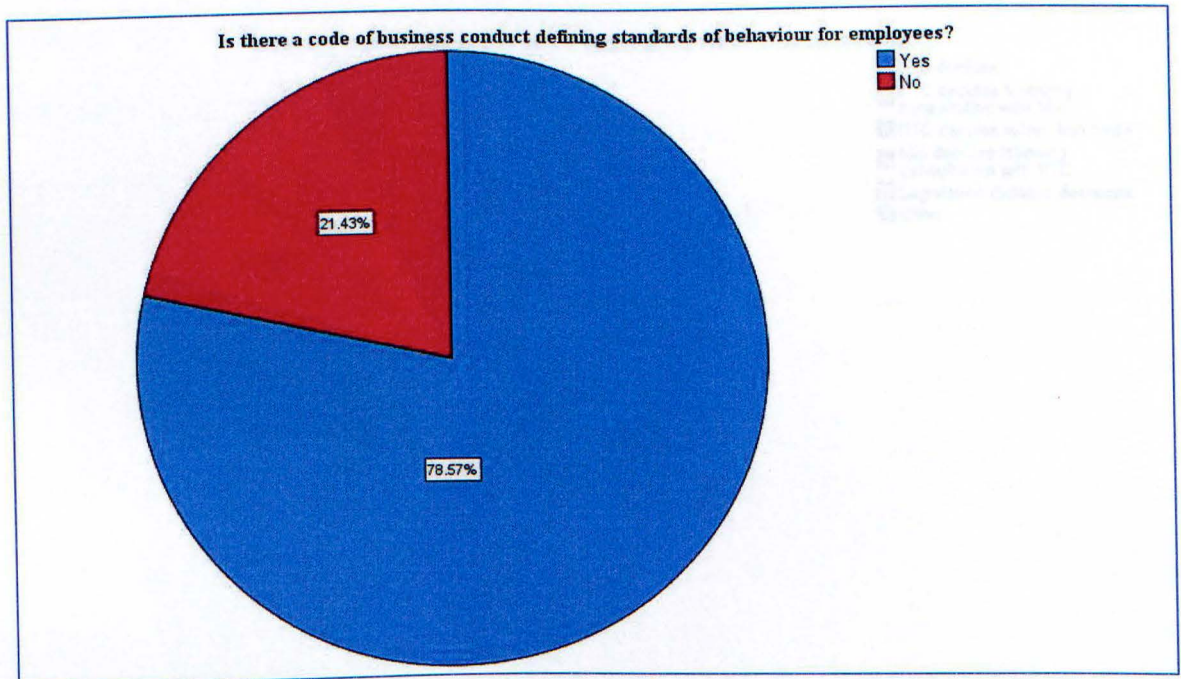


Figure 4.5: Business ethics – council and employees

Source: Research Findings

Business ethics are important moral principles which guide the way a business behaves. These are very same principles which guide individual's actions to act in an ethical way which involves distinguishes between right and wrong and then make the right choice. As a legal person, an organisation is expected not to conduct or be involved in an unethical business practice. Where such unethical business practices occur, the organisation should be in a position to identify and deal with them accordingly hence the need for a code of business conduct defining standards of behaviour by staff members. As illustrated in Figure 4.5 below, 79 percent of the respondents stated that Rundu Town Council (RTC) have codes of business conduct defining the standards of behaviour to which both council members and employees subscribe to. However, 21 percent of the respondents say there are no such codes of business conduct.

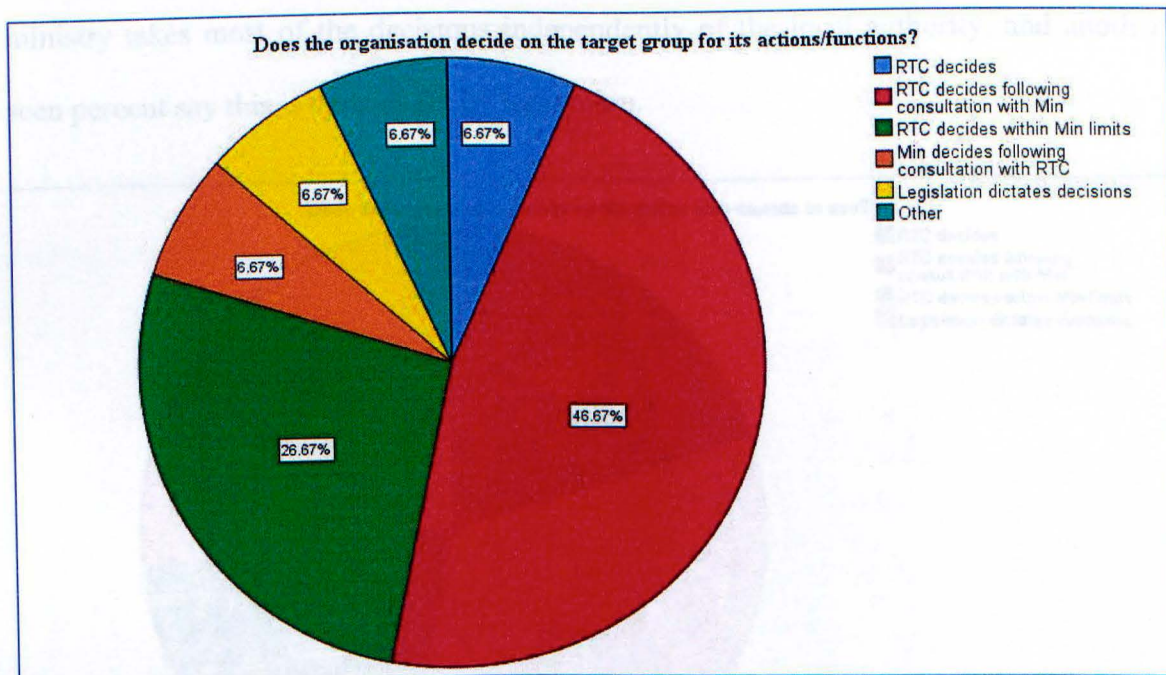


Figure 4.5a: Deciding on target group

Source: Research Findings

From Figure 4.5a, the analysis suggests the response rate of 47 percent in favour of the organisation taking most of the decisions itself, following consultation with the portfolio minister or ministry while 53 percent reports the opposite. Conversely, 27 percent of the respondents report that Rundu Town Council takes most of the decisions itself under conditions or restrictions set by the portfolio ministry. This reflects the statutory nature of the business environment in which the local authorities operate in Namibia. It is also observed from the analysis that 7 percent in equal value suggests different narratives. Seven percent of the respondents say this local authority takes most of the decisions itself, and the parent ministry is not or only slightly involved in the decision-making process and sets few restrictions. Another 7 percent say the ministry takes most of the decisions, following consultation with the local authority while 7 percent suggest the

ministry takes most of the decisions independently of the local authority, and another seen percent say this is done as set by legislation.

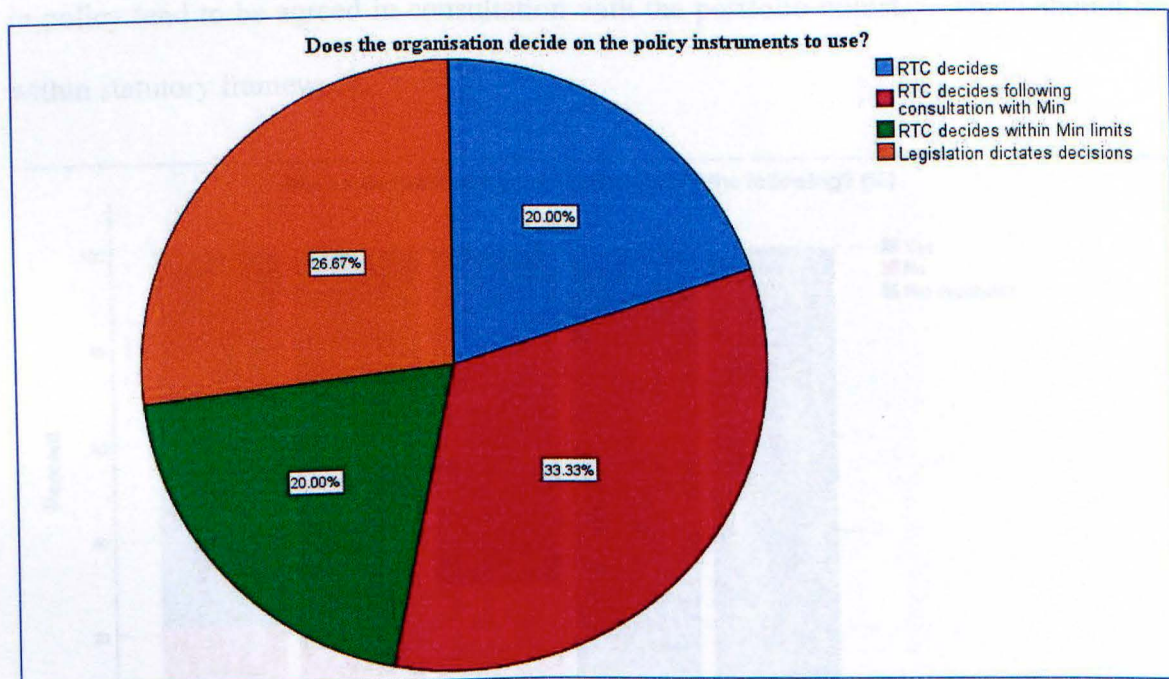


Figure 4.5b: Deciding on policy instrument

Source: Research Findings

As with the decision on the target group, the decision on the policy instrument to be used more or less similar pattern. The analysis, as depicted in Figure 4.5b, illustrates that only 33 percent of the respondents indicated that Rundu Town Council decides on the policy instrument usage following consultation with the portfolio ministry while 67 percent suggest that this local authority enjoys discretion to decide on the policy instrument to be used. When looking at 67 percent responses in more detail, it is observed that 27 percent of that says the legislation dictates most of the decision taken instead of being taken by the ministry or local authority. In equal measure of 20 percent each of remaining responses, the analysis indicates that most decisions are either taken by this

local council itself or taken within the ministerial limits. However, the discussion with the respective management members of the council suggest that changes or amendments in policy tend to be agreed in consultation with the portfolio ministry, which should be within statutory framework.

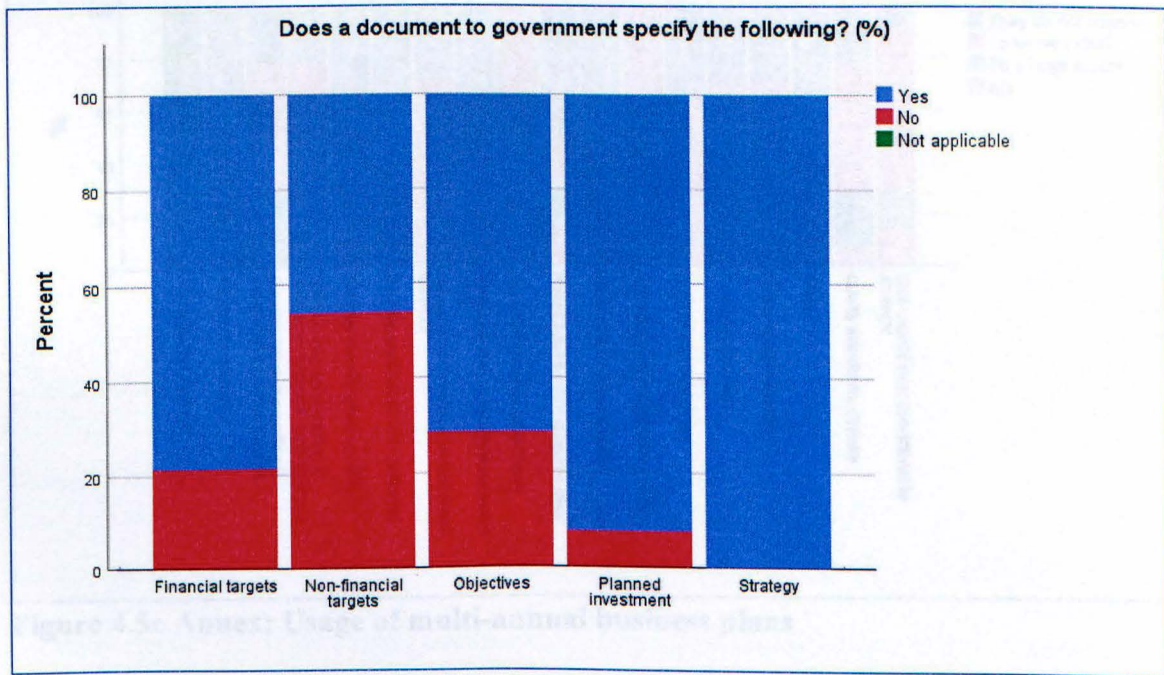


Figure 4.5c: Types of strategy documents

Source: Research Findings

From a strategy perspective, once the target groups and policy instruments have been agreed or decided upon, it is important for the local authority to have a means of reporting on the policy implementation. The survey, therefore, asked the participants to identify whether or not Rundu Town council produces documents which consider such strategic issues such as objectives, planned investment, strategy, financial targets and non-financial targets. Also, how successful this local authority has been in achieving its goals and objectives. From the analysis in Figure 4.5c, it is observed that all participants

agreed that strategy forms part of the issues reported to the central government, 91 percent in favour of planned investment, and 79 percent for financial targets while non-financial targets and objectives recorded 48 percent and 72 percent respectively.

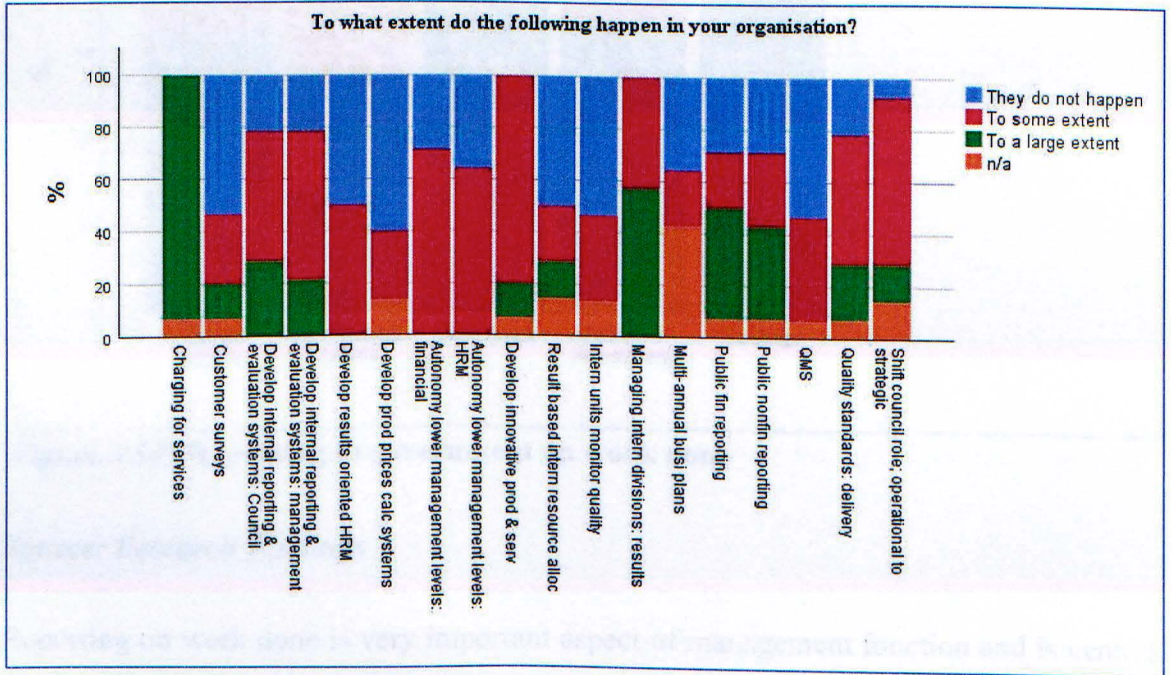


Figure 4.5c Annex: Usage of multi-annual business plans

Source: Research Findings

As demonstrated in Figure 4.5c Annex above, 40 percent of the respondents said the usage of multi-annual business plans is not applicable at Rundu Town Council, so were the 36 percent who stated that such does not happen in the said local authority. Strangely, the minority (24 percent) of the respondents said such usage occurs ‘to some extent’ in this local authority.

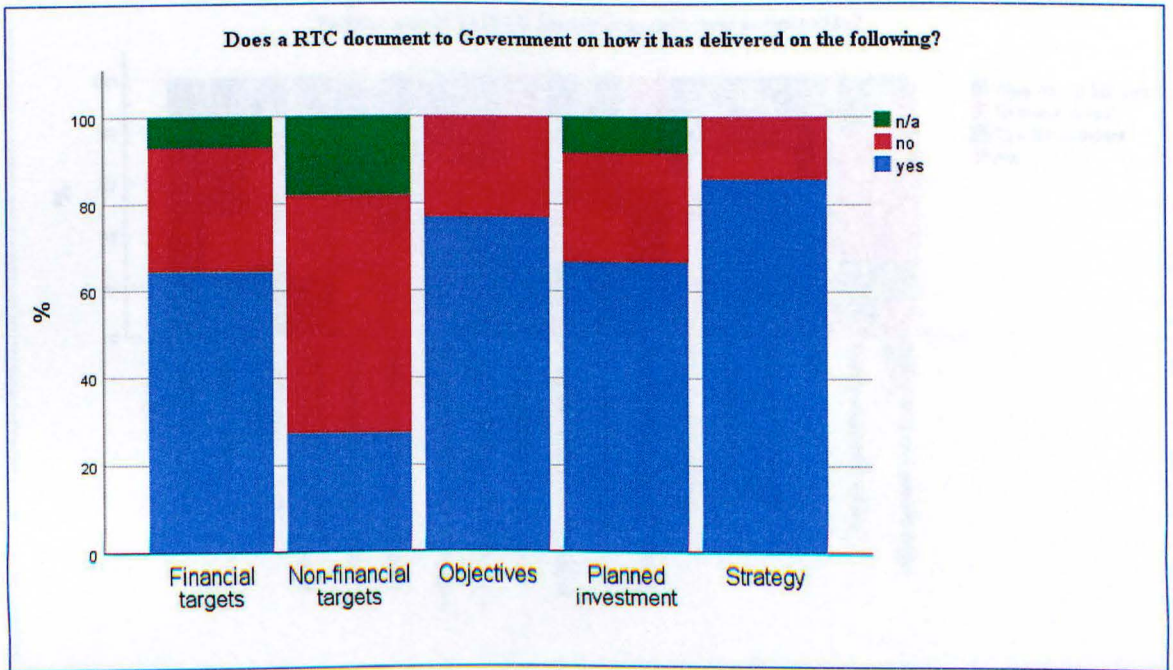


Figure 4.5d: Reporting to government on work done

Source: Research Findings

Reporting on work done is very important aspect of management function and is central to the notion of accountability, not only to central government but to the public as well. Participants were asked to provide their views on reporting on how successful or lack of it Rundu Town Council has been in achieving its financial and non-financial targets, objectives, planned investment and strategy. Except for non-financial targets registering 29 percent of the responses on reporting, all other four identified strategic issues positive feedback scoring 66 percent and above as demonstrated in Figure 4.5d. The issue of strategy scored the highest (87 percent positive response rate) followed by objectives recording 78 percent of the responses. Producing annual reports is another important aspect of management function.

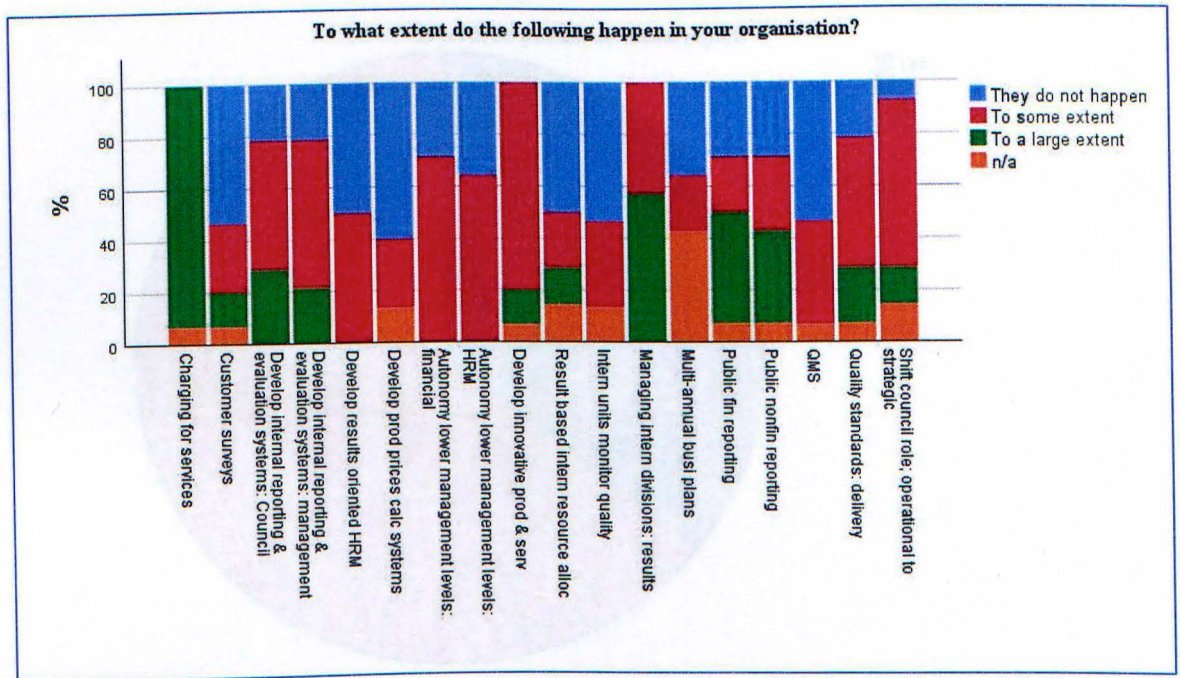


Figure 4.5d Annex: Annual report on financial and non-financial performance

Source: Research Findings

As depicted in Figure 4.5d Annex, only 43 percent of the responses indicated that this local authority produces an annual report on financial performance to a large extent and 15 percent of the response indicated as to some extent. The annual report also includes non-financial performance as demonstrated in Figure 4.5d annex, which indicates 36 percent to a large extent and 20 percent to some extent. This is in reference to public reporting of the Rundu Town Council. In addition to reporting on specific strategic issues, this local authority was also asked as to whether or not it produced an annual report.

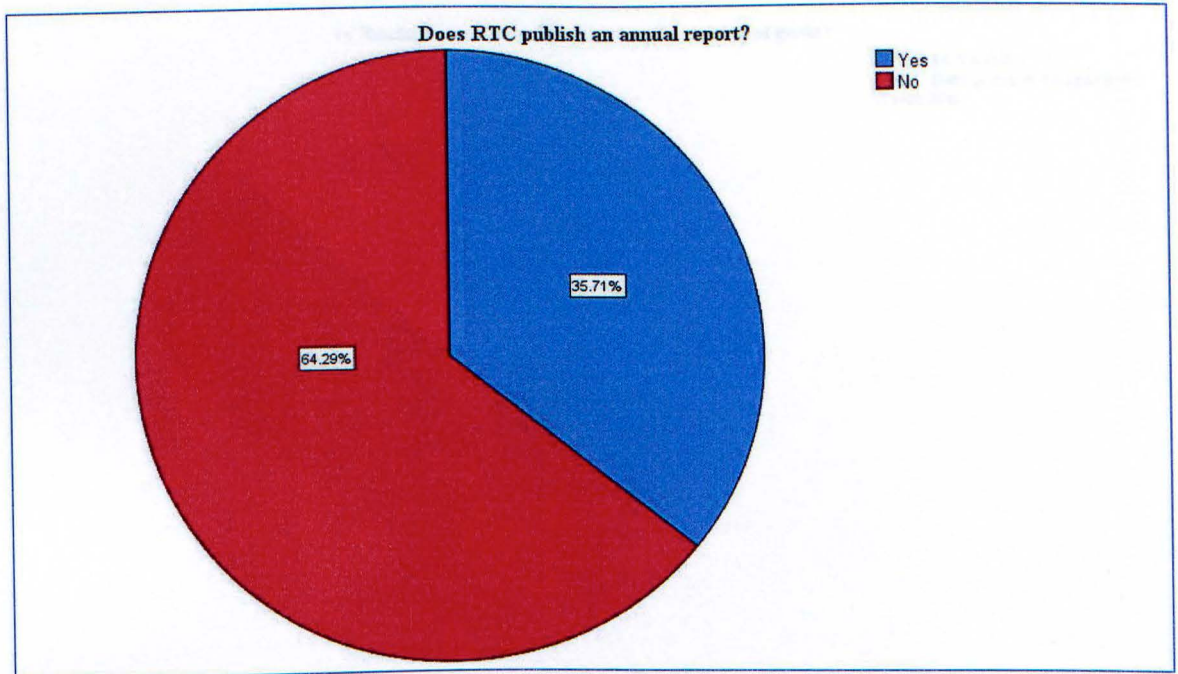


Figure 4.5d Annex 2: Publishing an annual report

Source: Research Findings

Analysis done as depicted in Figure 4.5d Annex 2 stated that the majority (64 percent) of the respondents indicated that no annual report was produced by the Rundu Town Council while a significant minority (36 percent) reported that the council produced an annual report.

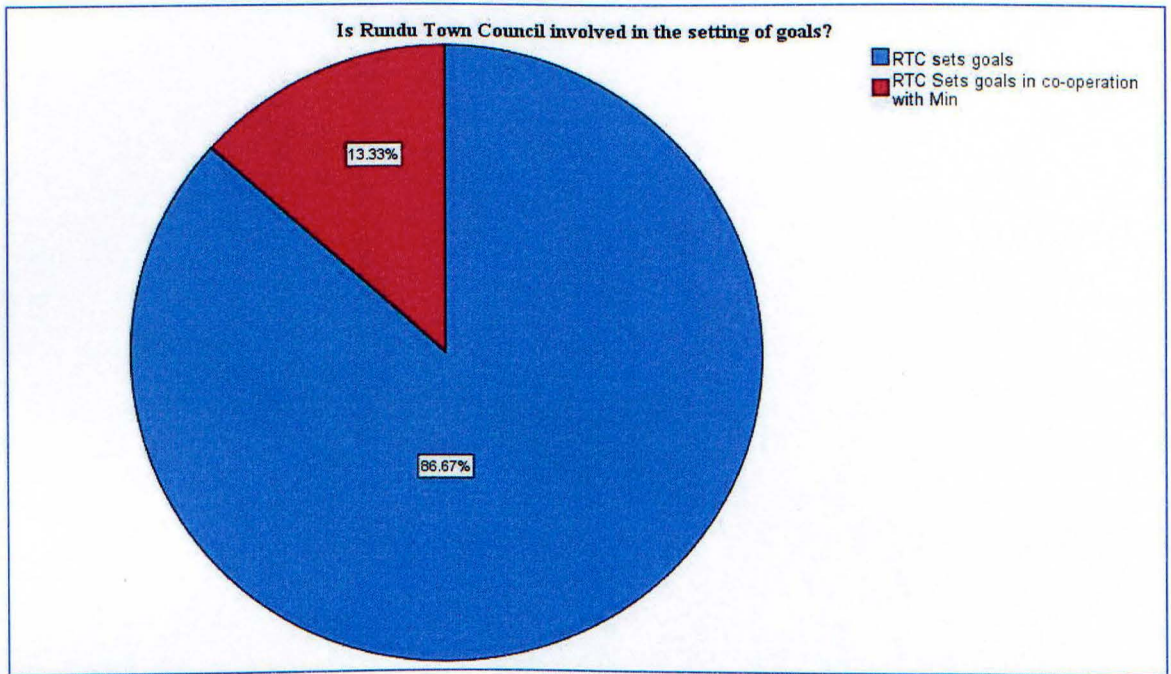


Figure 4.5e: Setting goals

Source: Research Findings

Figure 4.5e indicates that eighty-seven percent of the respondents reported that Rundu town Council sets its own goals. Only 13 percent of the respondents indicated that this local authority sets its goals in conjunction with the portfolio ministry.

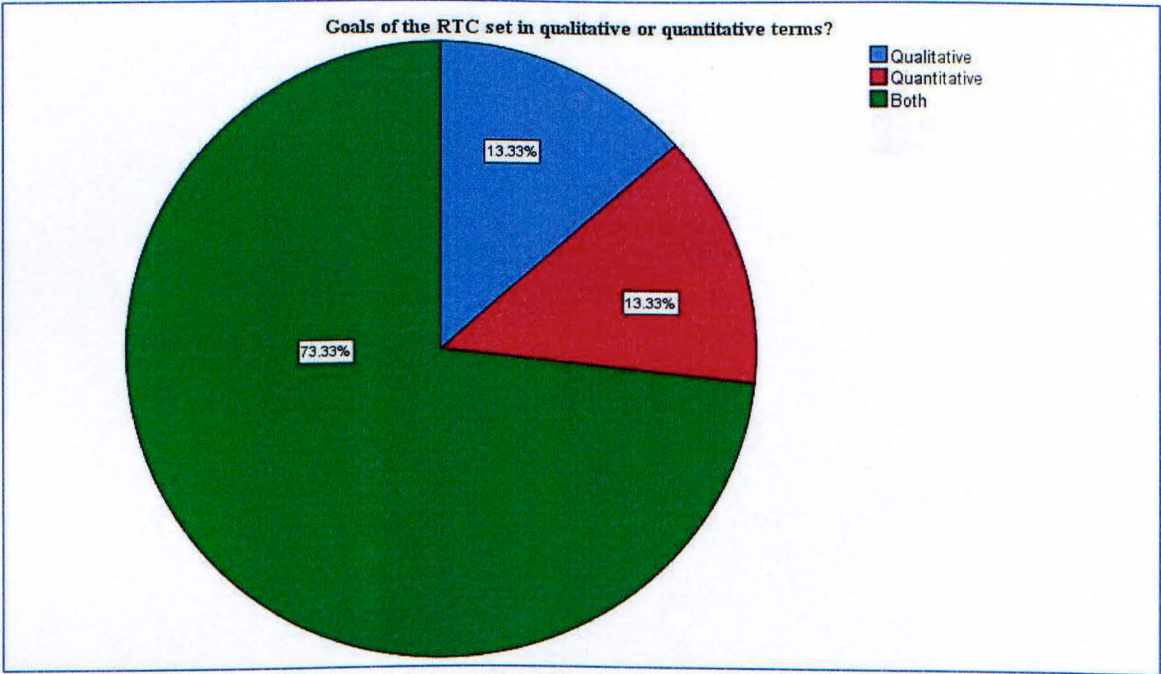


Figure 4.5e Annex: Goals set in qualitative or quantitative terms

Source: Research Findings

The majority, 73 percent of the respondents, stated that these goals are set in both qualitative and quantitative terms and formats as demonstrated in Figure 4.5e Annex. The variation in feedback provides an indication that the local authority policy making involves a lot of actors hence the need for consultation and partnership which should inform the process. This also demonstrates the considerable discretion the local authority has to assist the organisation in achieving its policies and targets.

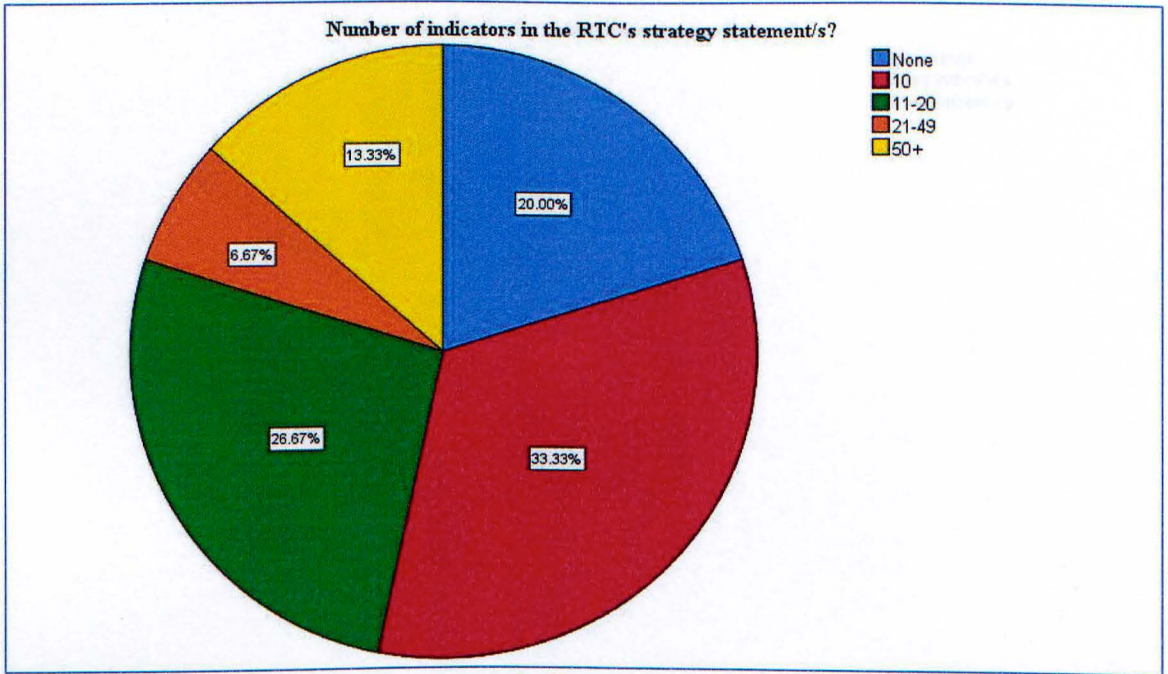


Figure 4.5f: Number of performance indicators

Source: Research Findings

It has become a normal business practice in improving the ability of an organisation to measure and assess the quality of its output. Performance indicators have therefore become common feature of local authorities. In terms of the number of performance indicators in the strategy statements of the Rundu Town Council, Figure 4.5f suggest that the majority, a third of the responses, state that there were 10 performance indicators.

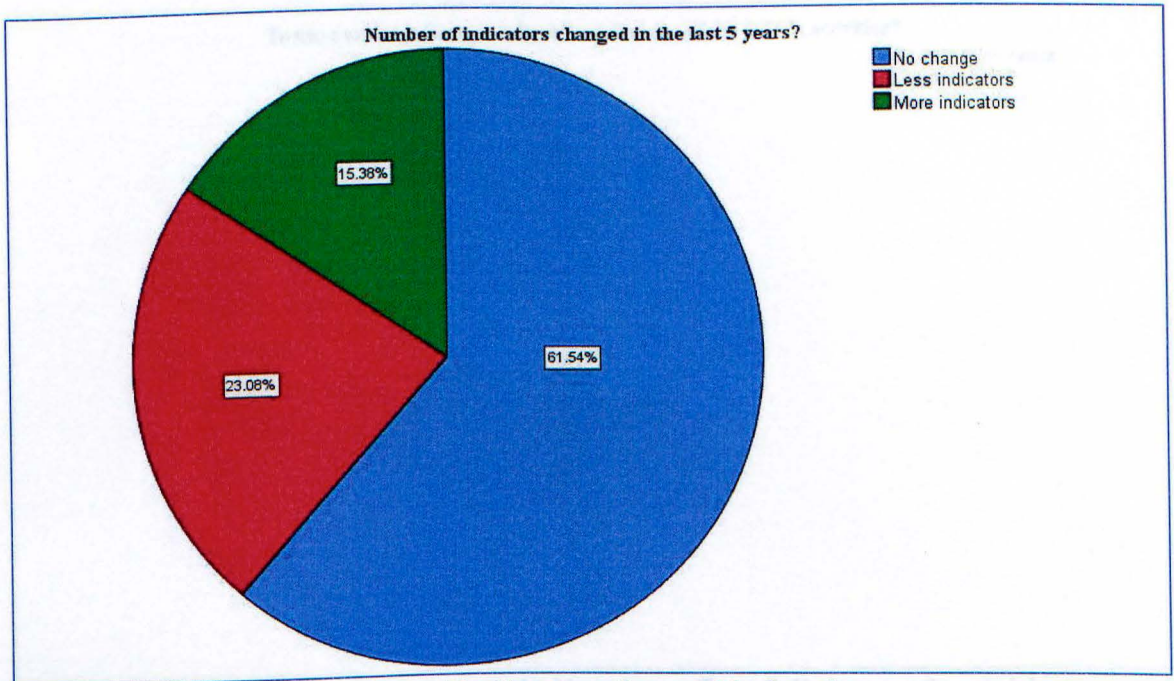


Figure 4.5f Annex 1: Number of indicators changed in last 5 years

Source: Research Findings

Sixty-two percent of the respondents also noted that the number of indicators had no change in the last five years as depicted in Figure 4.5f Annex1. However, 23 percent of the responses say the smaller number of indicators had changed while 15 percent say more indicators had changed during the same period.

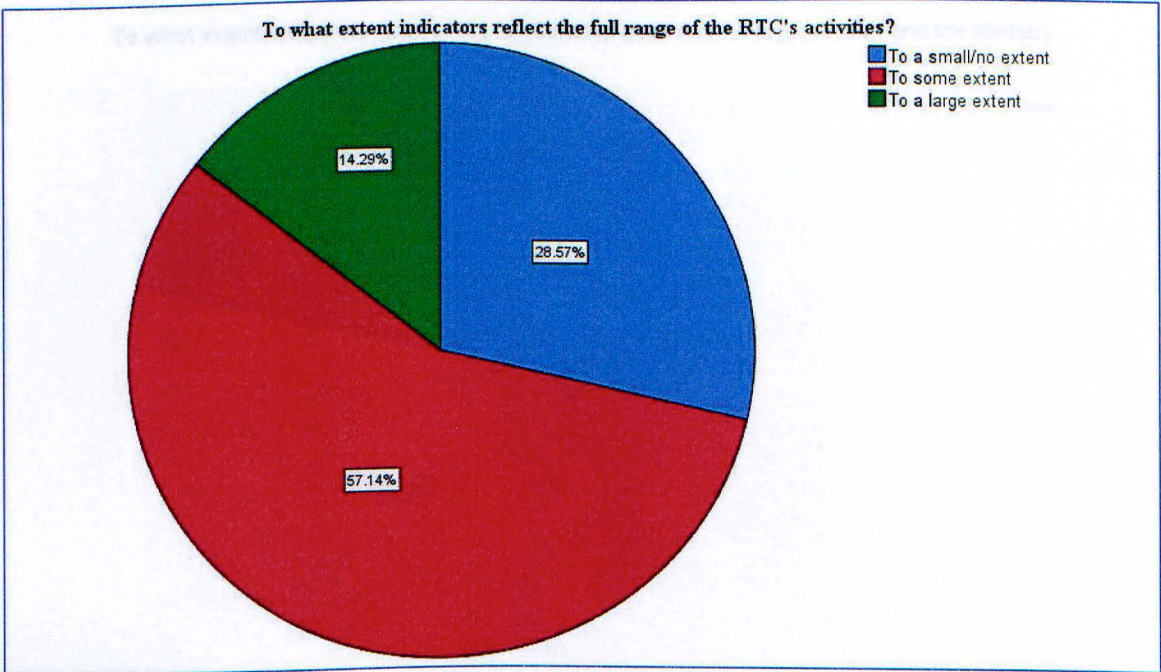


Figure 4.5f Annex 2: To what extent indicators reflect full range of activities

Source: Research Findings

In terms of how the indicators reflect the full range of Rundu Town Council activities, Figure 4.5f Annex 2 illustrates that 57 percent of the participants felt that they did so ‘to some extent’, 29 percent ‘to small or no extent’ and 14 percent ‘to a large extent’.

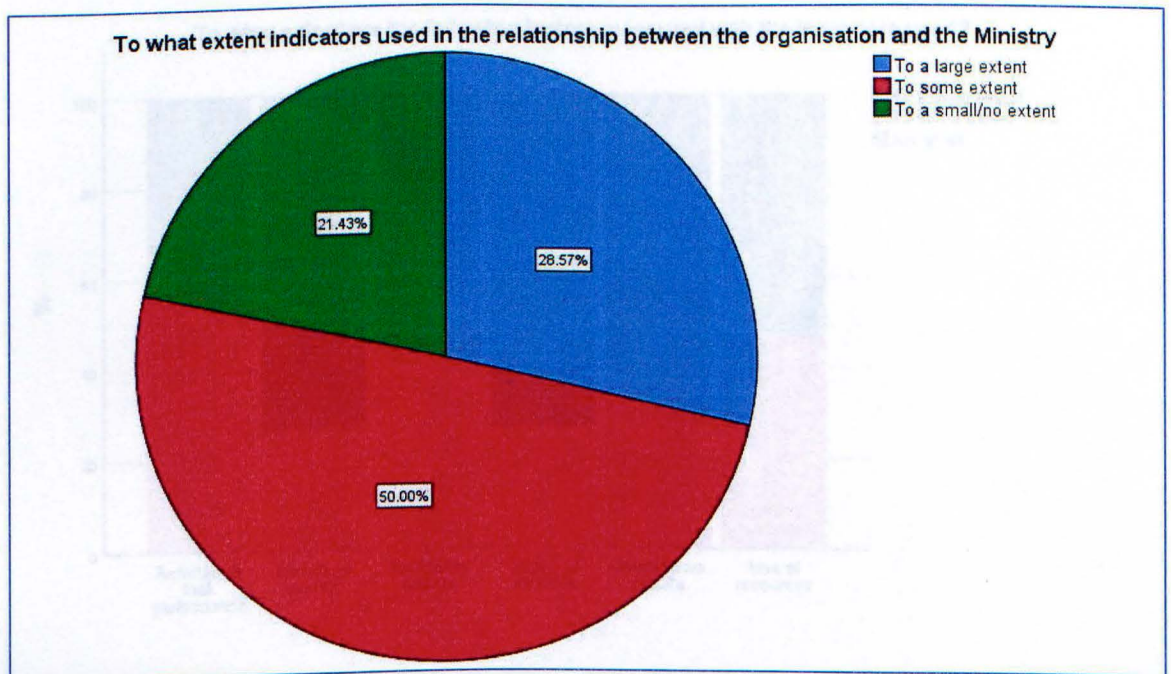


Figure 4.5f Annex 3: Extent to which indicators used in relationship – RTC & MIN

Source: Research Findings

Half of the respondents stated that the Rundu Town Council uses its indicators ‘to some extent’ in the relationship with the portfolio ministry. As Figure 4.5f Annex 3 further depicts, 29 percent say this local authority does so for that purpose ‘to a large extent’ while 21 percent say it is done ‘to small or no extent’, in other words, not used to any greater extent at all.

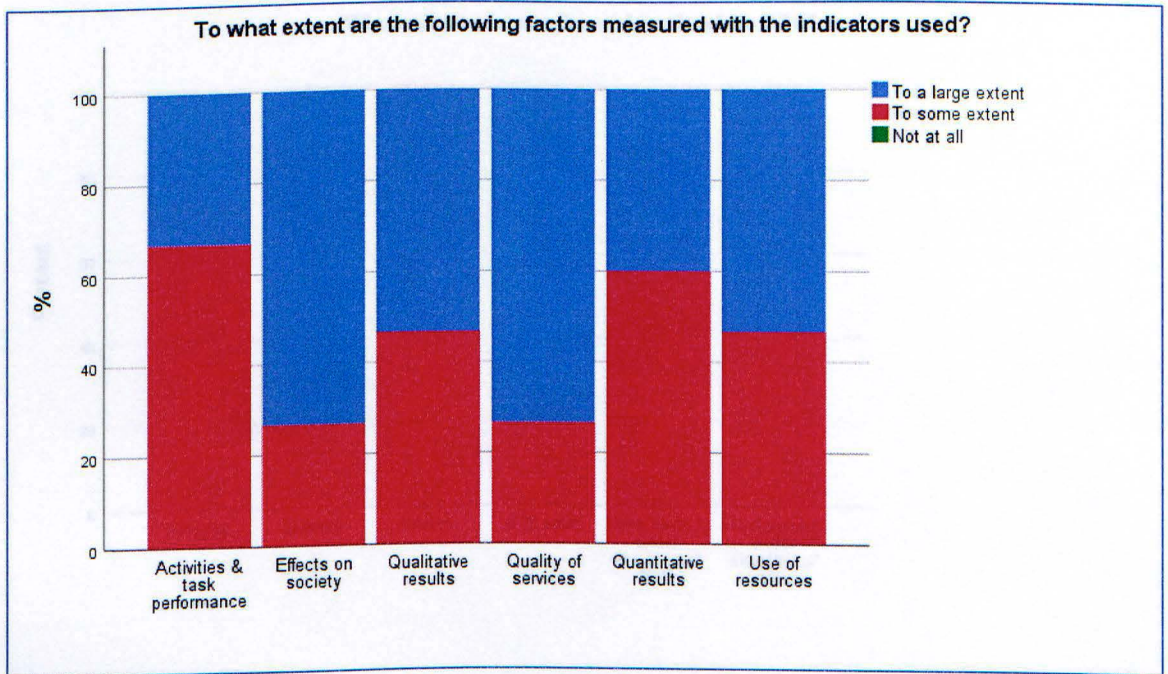


Figure 4.5g: Performance indicators – stated issues/factors

Source: Research Findings

The Rundu Town Council was also surveyed about the extent to which the indicators it used measure the following issues: effects on society, quality of services, use of resources, activities and task performance, quantitative results and qualitative results. As depicted in Figure 4.5g, the result suggests that the indicators overwhelmingly measured all of the issues mentioned above either ‘to a large extent’ or ‘to some extent’. The majority (75 percent) of the respondents indicate that the factors (effects on society and quality of services) are measured to a large extent’ by using the indicators. Also, 52 percent reported measuring these issues (qualitative results and use of resources) ‘to a large extent’.

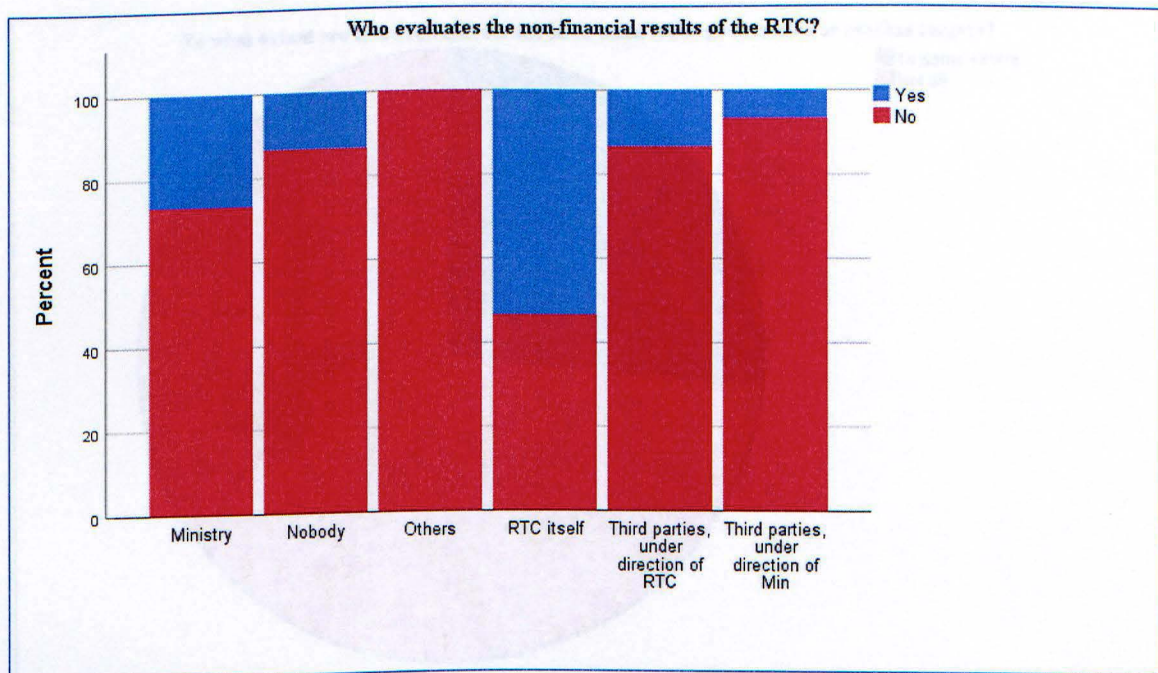


Figure 4.5h: Evaluation of non-financial results

Source: Research Findings

For Rundu Town Council, the evaluation of non-financial results is conducted by different actors as Figure 4.5h demonstrates. A substantial proportion (57 percent) of the responses reports that the evaluation is done by this local authority itself while 28 percent state that the ministry does so.

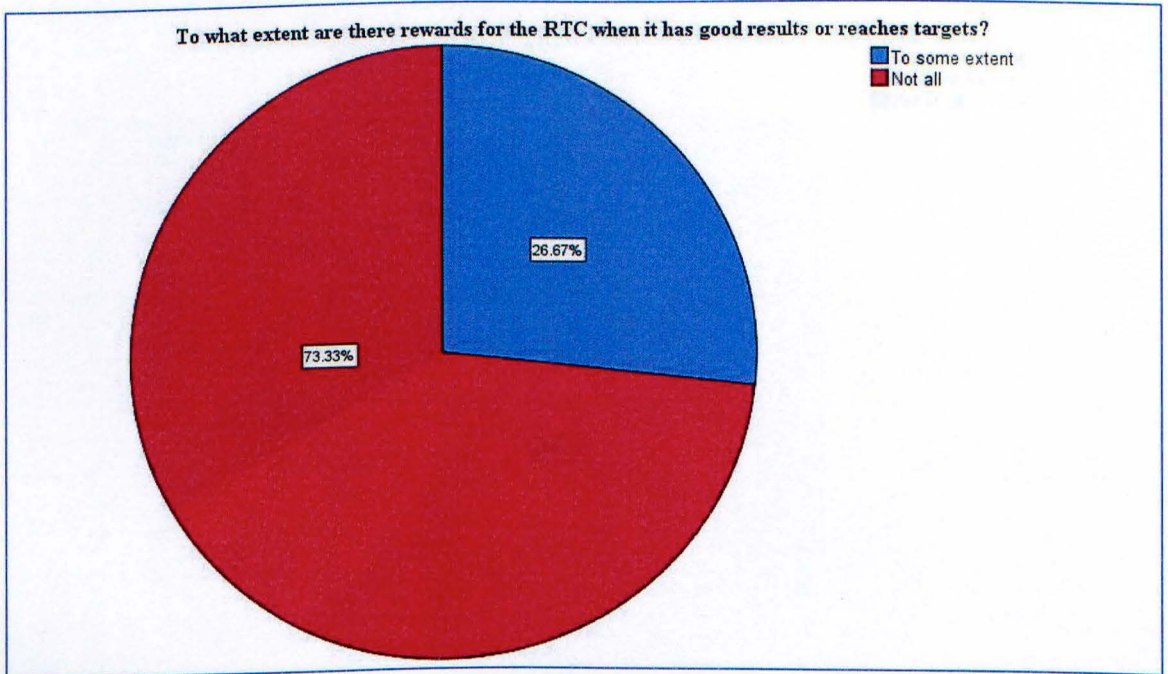


Figure 4.5i: To what extent rewards applied

Source: Research Findings

For this local authority, Rundu Town Council, while the majority (73 percent) responded that there are no rewards extended to the council, a minority (27 percent) said the council is rewarded ‘to some extent’ for the performance of the tasks.

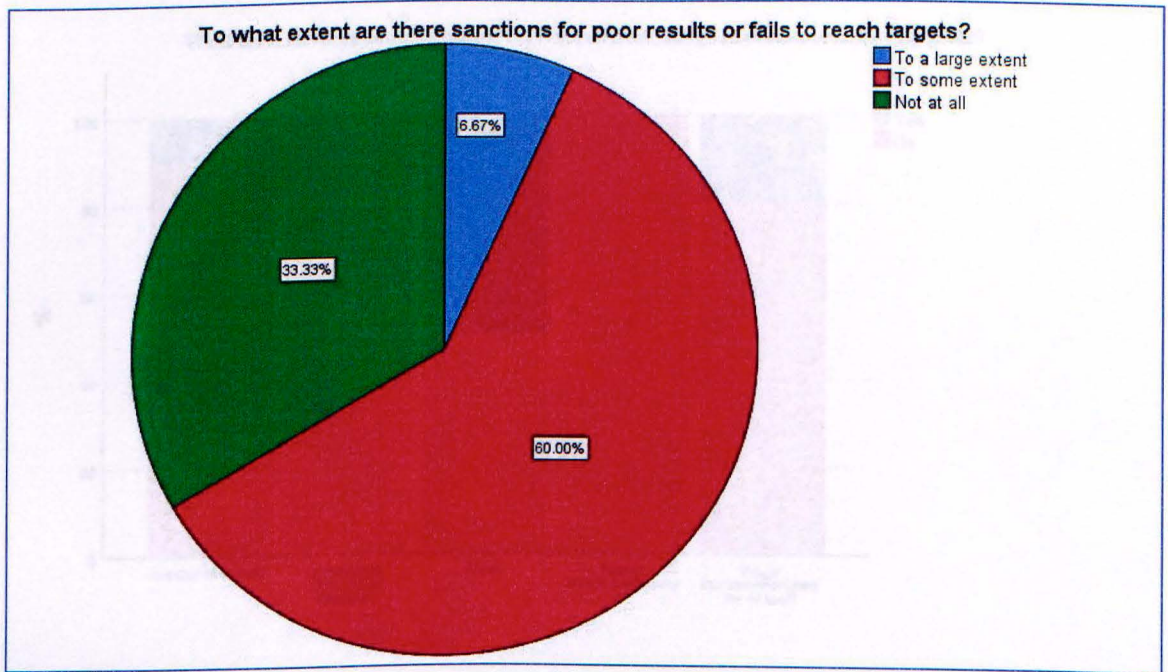


Figure 4.5i Annex: To what extent sanctions applied

Source: Research Findings

As far as sanctions are concerned, 60 percent of the respondents say there are sanctions for poor performance or failure to meet targets ‘to some extent’, 7 percent reported sanctions applied ‘to a large tent’ while 33 percent of the respondents say no sanctions at all.

Taking that understanding into account, Florida Town Council was surveyed in this respect. From the depiction of figure 4.5j, the overall majority of the respondents stated that no form of reward is received by this local authority for good results or achieving set targets. However, 30 percent of its respondents believe there is another form the rewards into which, unfortunately, those respondents failed to mention as requested in the survey. Final numbers of 20 percent of responses state that the rewards come in the form of increase in attention of attention to the council, and also wage increase because for all staff. Only 10 percent of the response suggests greater autonomy as a form of reward received.

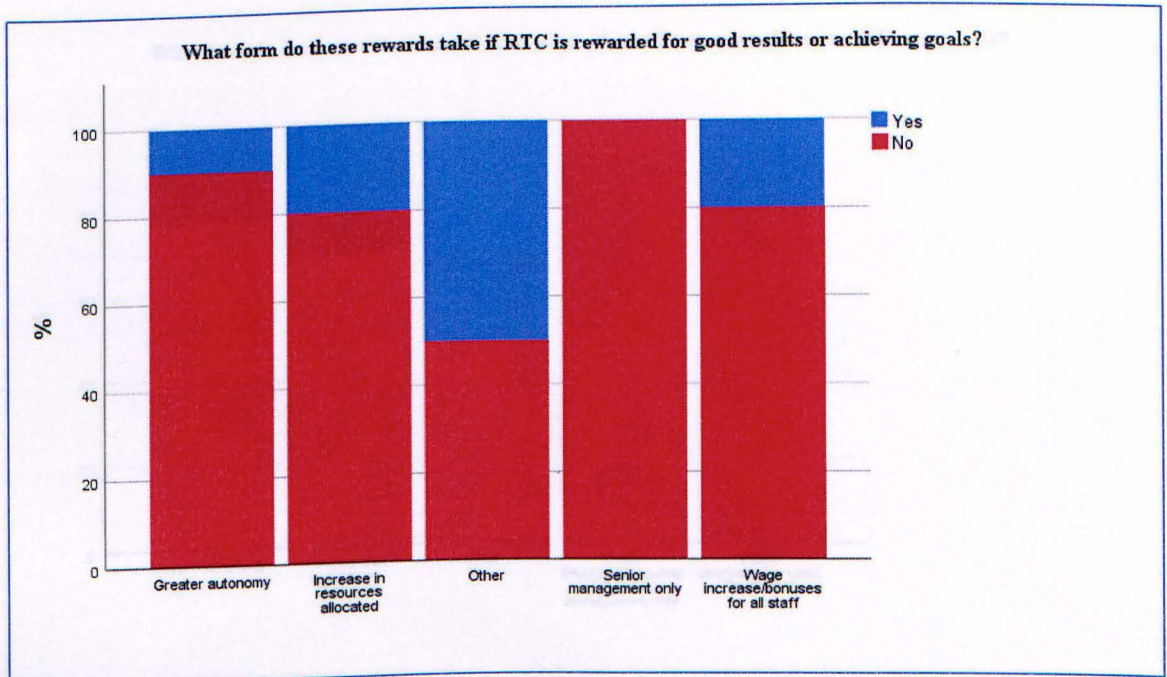


Figure 4.5j: Form of rewards and sanctions

Source: Research Findings

There is an expectation from individuals and organisations that as much as the shareholders or those representing the shareholders' interest wish to sanction them for poor performance, individuals and organisations should be rewarded for good results too. Taking that understanding into account, Rundu Town Council was surveyed in that respect. From the depiction of figure 4.5j, the overall majority of the respondents stated that no form of reward is received by this local authority for good results or achieving set targets. However, 50 percent of the respondents believe there's another form the rewards take which, unfortunately, these respondents failed to mention as requested in the survey. Equal numbers of 20 percent of responses state that the rewards come in the form of increase in allocation of resources to the council, and also wage increase/bonuses for all staff. Only 10 percent of the response suggests greater autonomy as a form of reward received.

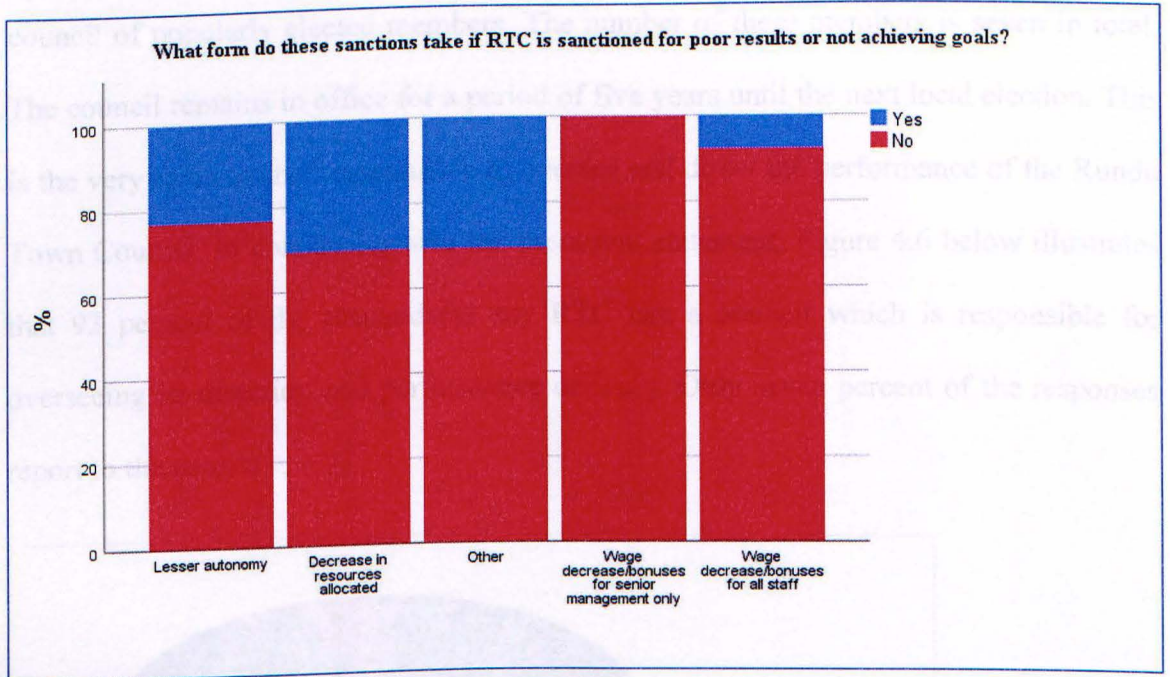


Figure 4.5j: Form of rewards and sanctions

Source: Research Findings

In terms of the form of sanctions, the majority (on average above 70 percent) state that no form of sanctions is directed towards this local authority for poor results failure to achieve goals. However, an equal 30 percent each stated that sanctions come in the form of a decrease in resources allocated to the organisation, and so is in other form which was not specified by the respondents as requested. The minority (23 percent of the responses) say the organisation is sanctioned in the form of lesser autonomy while 10 percent of the responses think wage decrease/bonuses for all staff is the sanction.

4.8 Governance structure

There is no doubt that boards are an essential element of the governance machinery for many public organisations. For Rundu Town Council, the board of directors is the

council of popularly elected members. The number of these members is seven in total. The council remains in office for a period of five years until the next local election. This is the very same council responsible to oversee and direct the performance of the Rundu Town Council. In concurring with the precedent statement, Figure 4.6 below illustrates that 93 percent of the respondents say RTC has a council which is responsible for overseeing its direction and performance delivery. Only seven percent of the responses report to the contrary.

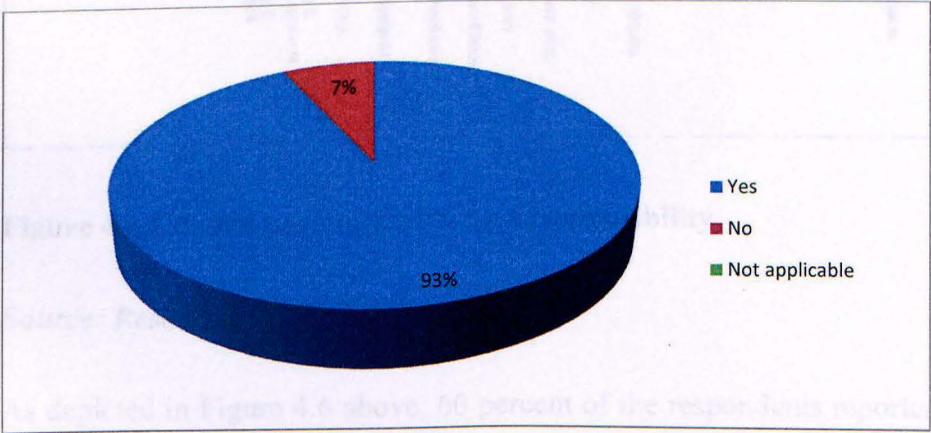


Figure 4.6 Council accountability and responsibility

Source: Research Findings

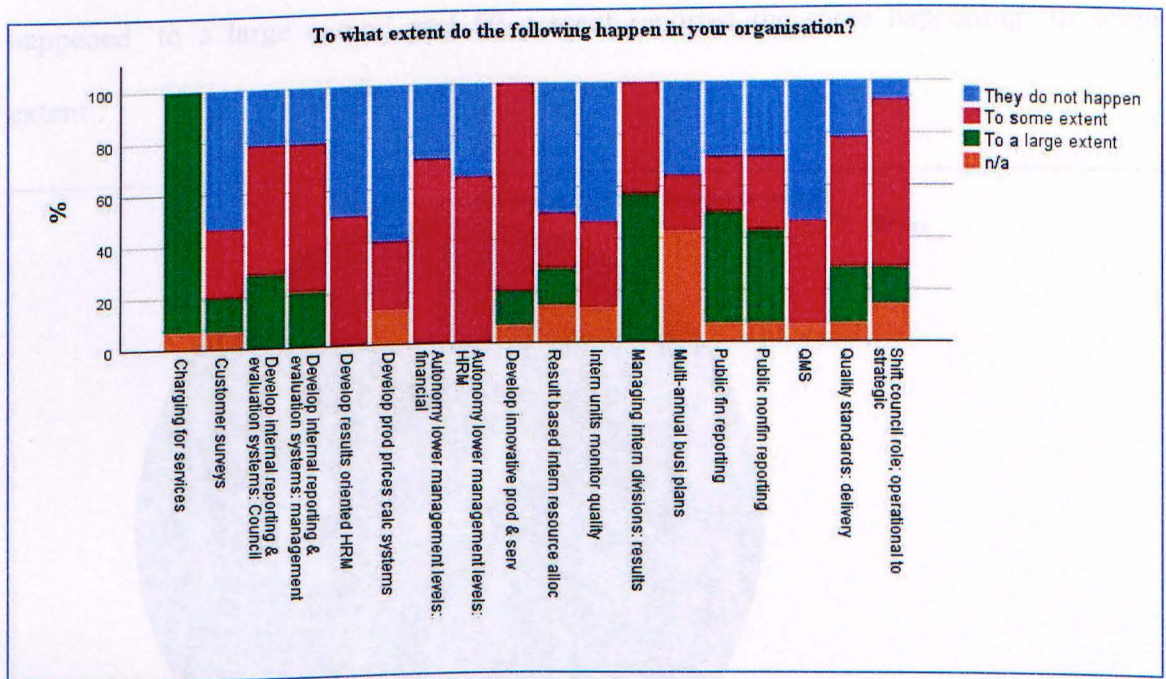


Figure 4.6 Council accountability and responsibility

Source: Research Findings

As depicted in Figure 4.6 above, 60 percent of the respondents reported that the council was ‘to some extent’ moving from being principally concerned with control over operational issues to being more concerned with strategic control. A further 15 percent noted the same to be true ‘to a large extent’. As far as the issue of results-based management is concerned, 55 percent of the responses reported that divisions in the local authority were managed ‘to a large extent’ on the basis of objectives and results. The same is true that they were managed ‘to some extent’ as stated by the 45 percent of the responses depicted in Figure 4.5d Annex. Figure 4.5d Annex also demonstrates that 20 percent of the respondents reported that the development of internal reporting and evaluation systems to enable management to assess results with regard to objectives

happened 'to a large extent' and 59 percent reported the same happening 'to some extent'.

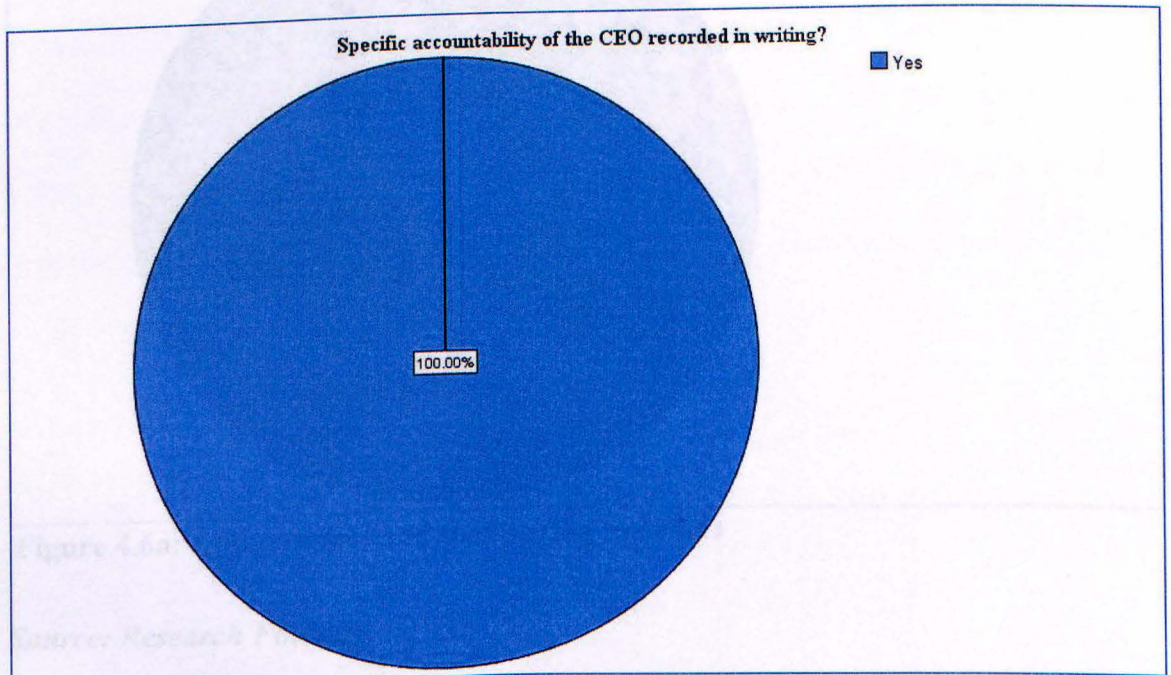


Figure 4.6a: Appointment and monitoring the CEO

Source: Research Findings

The Chief Executive Officer (CEO) is the chief administrator of the Rundu Town Council. The normal process to appoint the CEO is by advertising the position, conducting interviews, recommendation for appointment done by the council to the portfolio ministry for approval. The CEO is accountable to the council with whom she or he works closely and is appointed on a fixed-term contract. It is also true that the chief administrator is evaluated by the council. In the terms of the accountability of the CEO, all (100 percent of) the participants stated that these are recorded or described in writing as illustrated in Figure 4.6a.

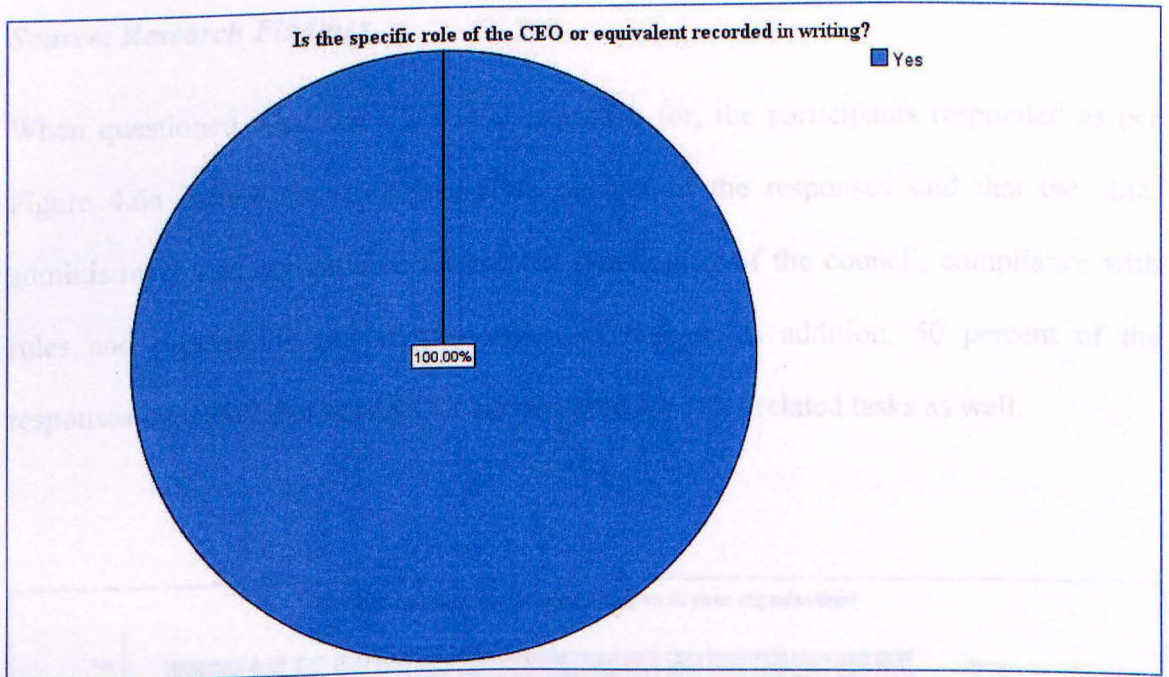


Figure 4.6a: Appointment and monitoring the CEO

Source: Research Findings

In the terms of the role of the CEO, all (100 percent of) the participants stated that these are recorded or described in writing as illustrated in Figure 4.6a.

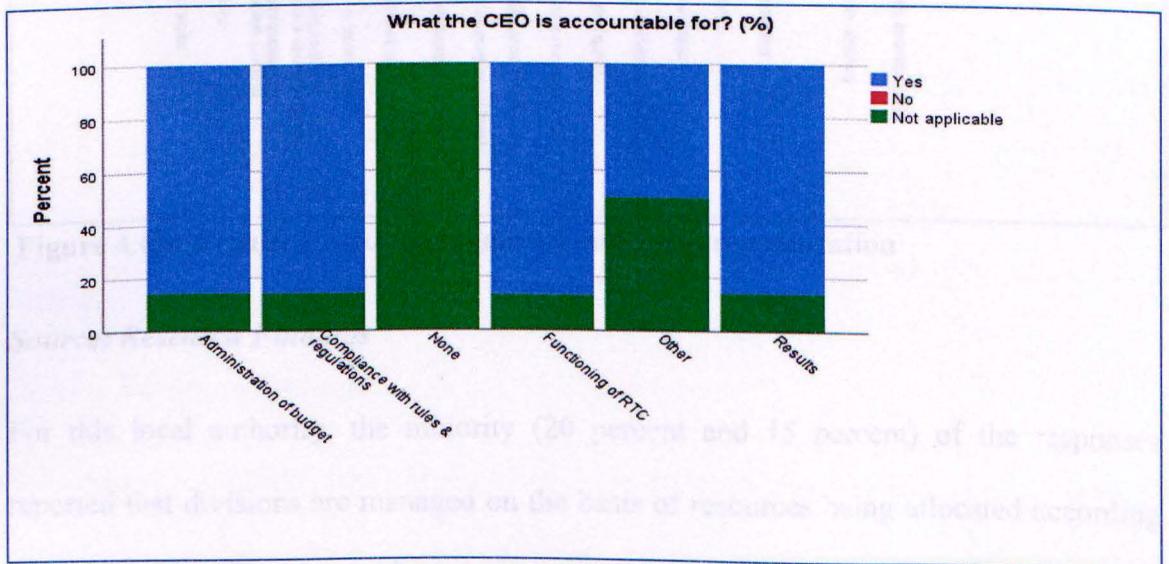


Figure 4.6a annex: Accountability of the CEO

Source: Research Findings

When questioned what the CEO is accountable for, the participants responded as per Figure 4.6a Annex above. Eighty-eight percent of the responses said that the chief administrator was accountable for results, functioning of the council, compliance with rules and regulations and administration of budget. In addition, 50 percent of the responses indicated that the CEO is accountable for other related tasks as well.

reporting and evaluation systems. Overall, about 80 percent of the responses say that such systems will be 'to a large extent' or 'to some extent'.

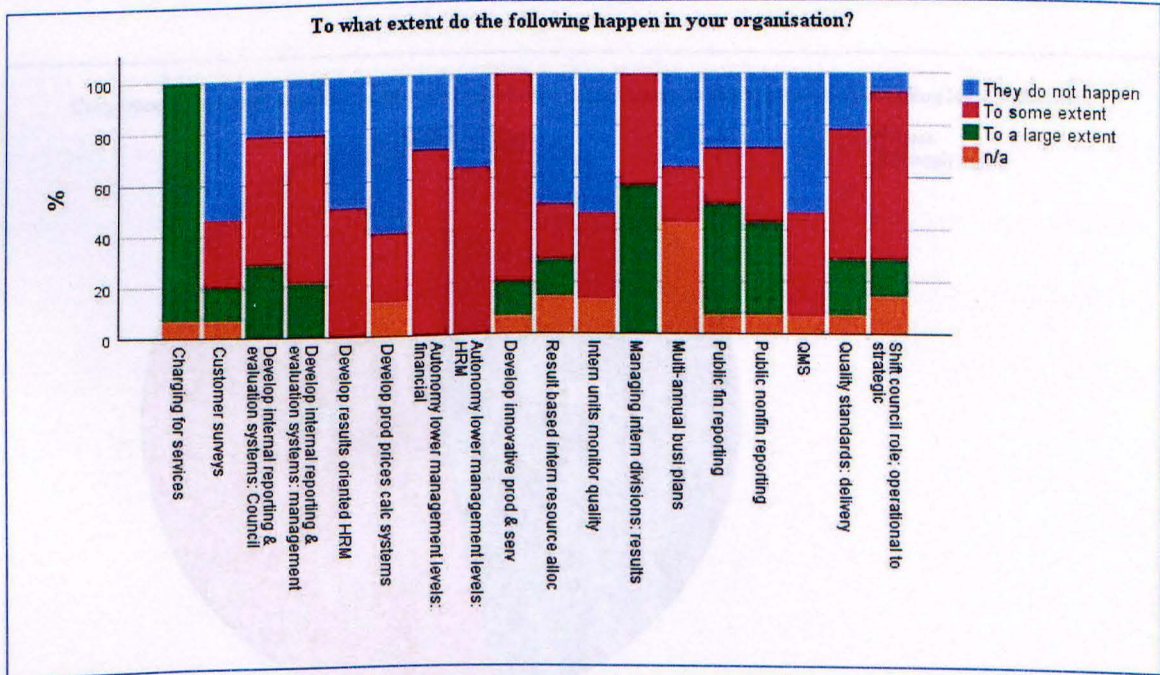


Figure 4.6b: Results-based management and resource allocation

Figure 4.6c: Importance of corporate governance

Source: Research Findings

Source: Research Findings

For this local authority, the minority (20 percent and 15 percent) of the responses reported that divisions are managed on the basis of resources being allocated according to objectives and results either ‘to some extent’ or ‘to a large extent’. However, majority (65 percent) of the respondents reported contrary to the assessment by the

minority saying that such does not happen or not applicable at all. In the essence, the allocation of resources to divisions are generally done in accordance with the assessed need, and legally bound to fund certain public services. As a matter of fact, local authorities must consider economic efficiency, social and environmental factors in such allocations.

Figure 4.6b illustrates that management is more likely than the council to use internal reporting and evaluation systems. Overall, close to 80 percent of the responses say using such systems either 'to a large extent' or 'to some extent'.

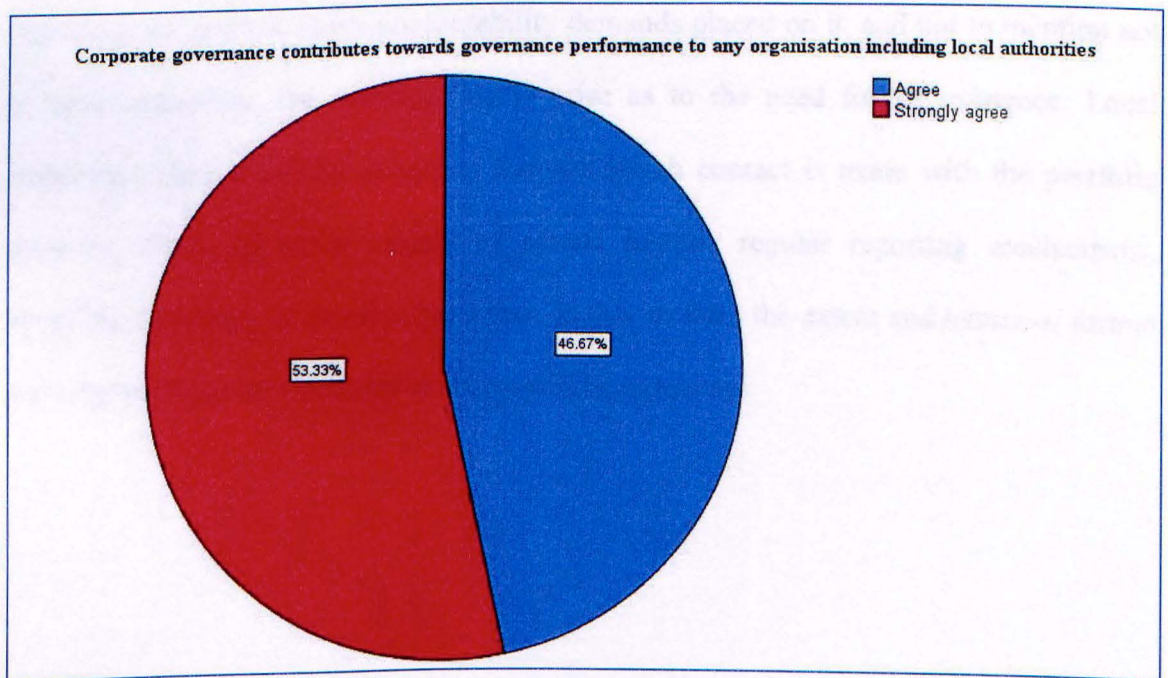


Figure 4.6c: Importance of corporate governance

Source: Research Findings

It is comforting to note, to a certain extent, that all participants in this survey agree on the importance of corporate governance to any institutions with regard to its contribution towards governance performance. This admission is very significant for this local

authority, RTC, in its quest to transform itself into a credible institution in the eyes of the residents of the town of Rundu. As Figure 4.6c demonstrates, 53 percent of the respondents strongly agree that corporate governance contributes towards governance performance to any organisation including local authorities while 47 percent agree on the same.

4.9 Relationship between Rundu Town Council and the portfolio ministry

The best method for the portfolio ministry to steer and control local authorities has been evasive, particularly in the field of performance measurement and management. Too much control and too many accountability demands placed on it, and not to mention not to have autonomy, the question would arise as to the need for its existence. Local authorities have a variety of means through which contact is made with the portfolio ministry. Some of those variety of means include regular reporting mechanisms, attending meetings, to mention but a few. In this section, the extent and nature of formal steering meetings and informal contacts will be examined.

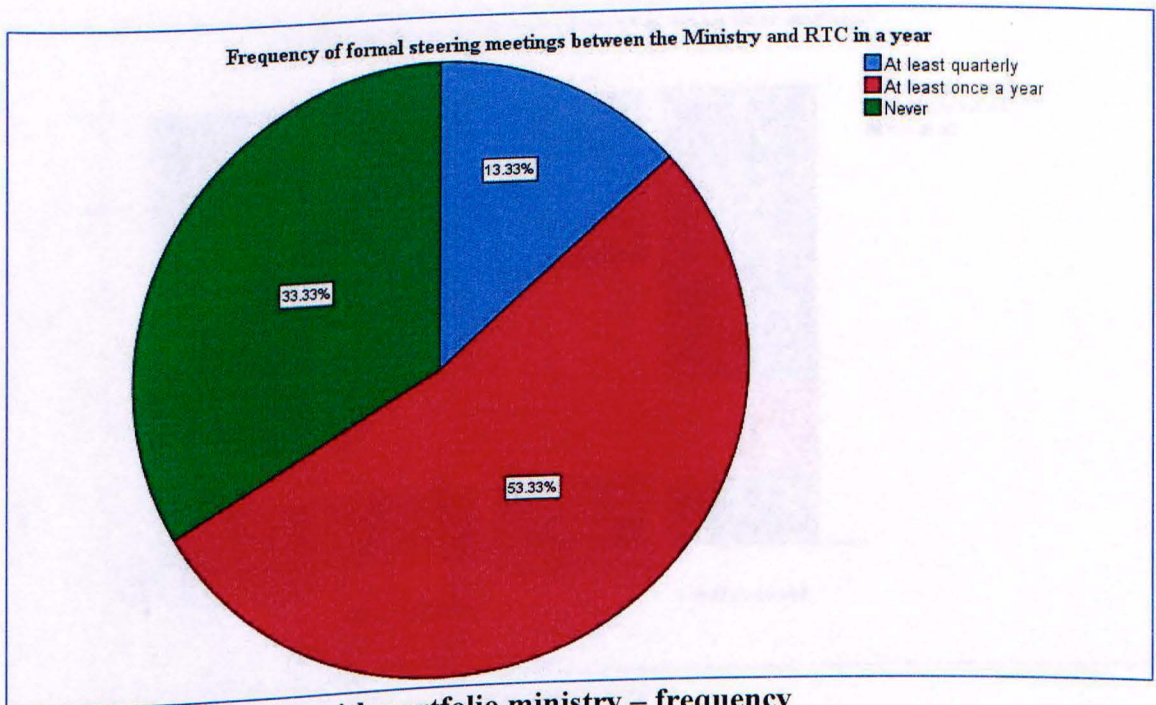


Figure 4.7a: Contacts with portfolio ministry – frequency

Source: Research Findings

Figure 4.7a demonstrates that very few or no monthly formal steering meetings occur between Rundu Town council and the portfolio ministry. The modal response for this local authority is ‘at least once a year’. Fifty-three percent of the responses report that the council had such a meeting while a third responded that such only happened ‘at least quarterly’.

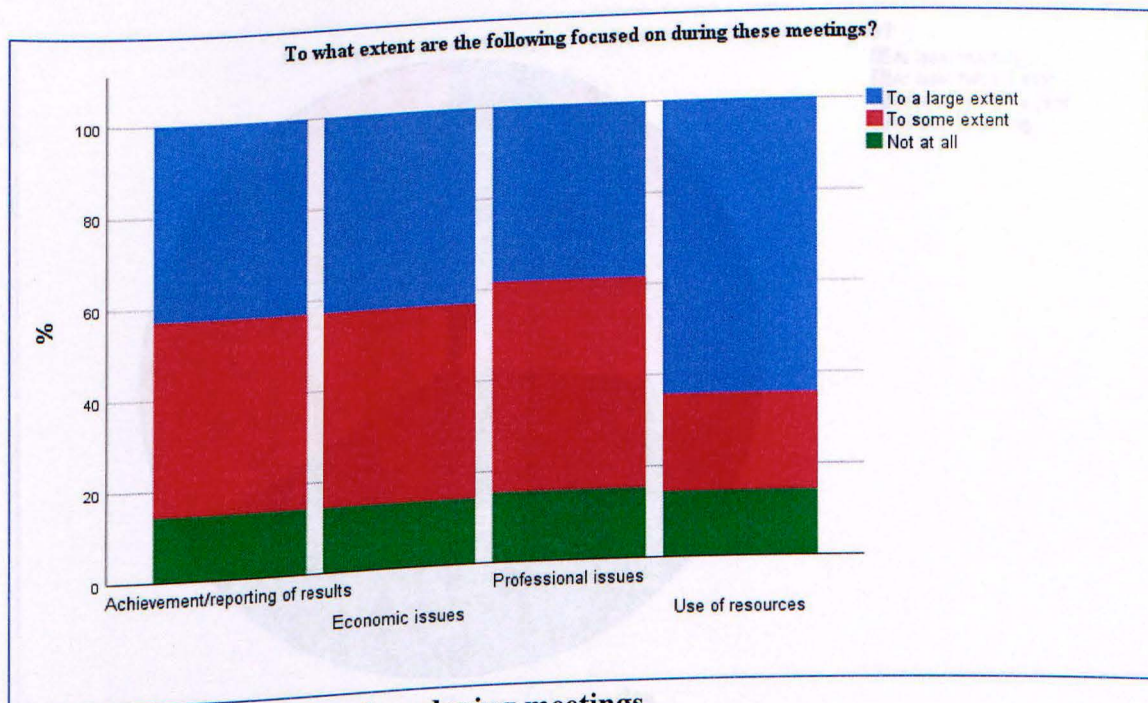


Figure 4.7b: Issues focused on during meetings

Source: Research Findings

Survey respondents were asked to what extent these issues (economic issues, professional issues, achievement/reporting of results and use of resources) were discussed at these formal meetings. As demonstrated in Figure 4.7b, 62 percent reported that such meetings focused on use of resources issues ‘to a large extent’ while 21 percent said meetings did so ‘to some extent’. In terms of economic and achievement/reporting issues, both reported identical numbers registering 42 percent of response meetings focus being ‘to a large extent’ while 43 percent said did so ‘to some extent’. Professional issues scored more less the same as economic and achievement/reporting issues recording 40 percent ‘to a large extent’ and 44 percent ‘to some extent’ for such meetings focus.

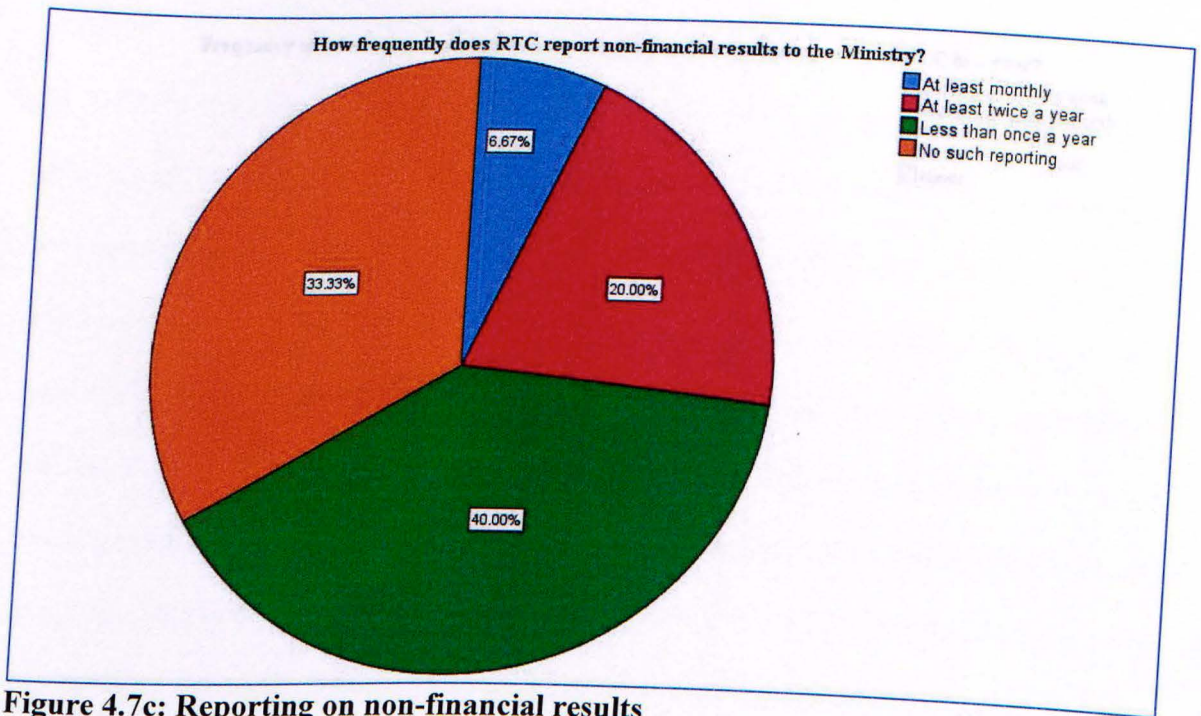


Figure 4.7c: Reporting on non-financial results

Figure 4.7c: Frequency of informal contacts

Source: Research Findings

Source: Research Findings

In terms of reporting of non-financial results to the portfolio ministry, 40 percent of the respondents say the council did so less than once a year while 20 percent of the responses state that such occurred at least twice a year as depicted in Figure 4.7c. A further 7 percent of the respondents state that they did so at least monthly.

In addition, an equal number of 7 percent responses were observed illustrating that such informal meetings also happened more than once a week and at least once a year.

4.10 DISCUSSIONS

In my view, local authorities are exceptional and critical institutions which drive socio-economic development locally, at the grassroots level where the majority of the population resides. These institutions could make or break a community through their behavioural business conduct as they provide critical goods and services including but

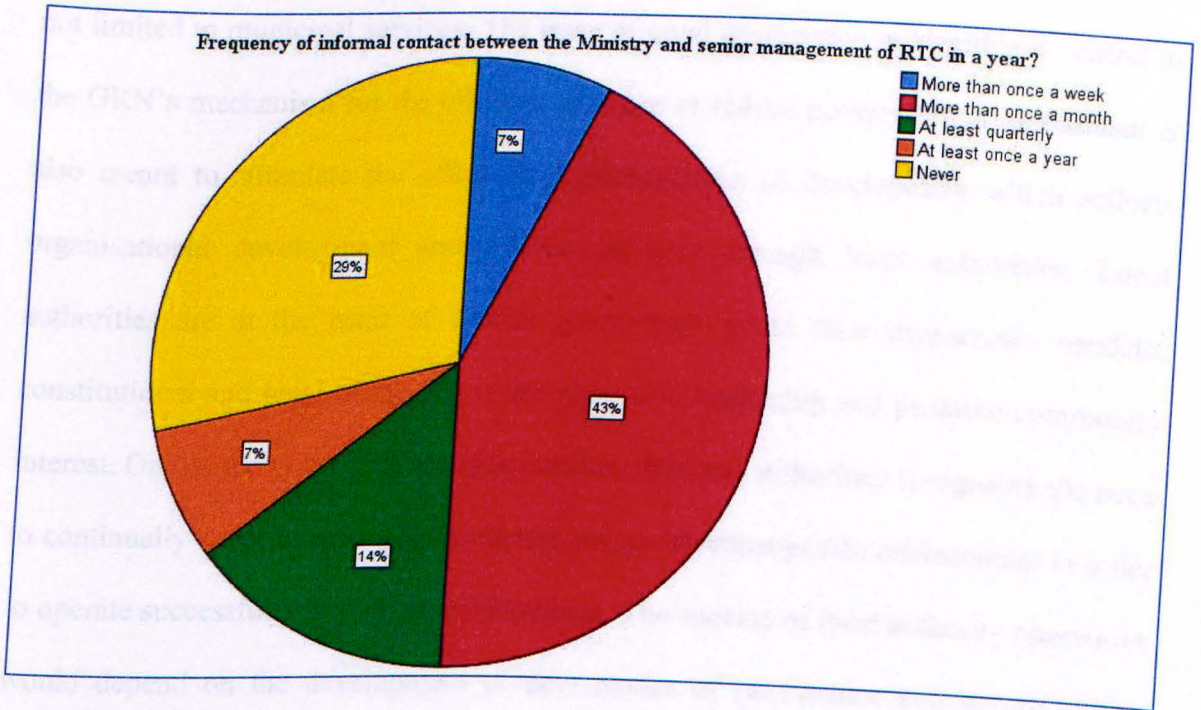


Figure 4.7d: Frequency of informal contacts

Source: Research Findings

Informal contacts between Rundu Town Council and portfolio ministry also took place, and 43 percent responded that the council had such contact more than once a month, with a further 14 percent stating that such occurred at least quarterly. In addition, an equal number of 7 percent responses were observed illustrating that such informal meetings also happened more than once a week and at least once a year.

4.10 DISCUSSIONS

In my view, local authorities are exceptional and critical institutions which drive socio-economic development locally, at the grassroots level where the majority of the population resides. These institutions could make or break a community through their behavioural business conduct as they provide critical goods and services including but

not limited to municipal services. The issue of good governance in Namibia is central to the GRN's mechanism for the effort to alleviate or reduce poverty. Such mechanism is also meant to stimulate the effective implementation of development which reflects organisational development and service delivery through local authorities. Local authorities are at the heart of central government given their democratic mandate, constitutional and legal obligation to provide civic leadership and promote community interest. One of the greatest challenges faced by the local authorities is arguably the need to continually adapt to inter-organisational and an interchangeable environment in order to operate successfully in such an environment. The success of local authority operations would depend on the development of new modes of governance and accountability requirements which, in all likelihood, could be time-consuming but critical. As a result, there should be a balance between efficiency and ensuring involvement of important stakeholders in different processes which could contribute to a successful local government. In this study, issues pursued should inform future consideration of corporate governance for Rundu Town council.

4.10.1 Functional role of RTC

The discretion of Rundu Town Council across a wide range of issues, from internal human resources (HR) to independent revenue-raising, is limited as the survey suggests. This is against a normative view for this local authority to be a self-financing and independent policy making tier of government. However, this research has demonstrated that this local authority plays a pivotal role in the implementation of many national policies. In fact, if you look at the National Development Plan 5 including V2030, most of the development initiatives will be delivered by the local authorities.

The study reveals that much of the RTC activity is executed within the defined statutory frameworks, and many tasks and functions are performed in accordance with legislative and ministerial guidelines. However, it is also true that within the statutory frameworks the RTC has room for manoeuvring in terms of policy, customisation and innovation as this survey indicated. It is a known fact that much of the council activity is established in law as 46 percent of respondents noted that the primary role of the RTC is the direct implementation of policy and regulation. Also, 27 percent stated that regulation is the council's second principal secondary function. The study also unearthed the multi-faceted functional role of this local authority as reflected in the fact that commercial development, non-commercial promotional development, coordination and provision of information featured prominently in the responses.

4.10.2 Autonomy and accountability: HR policy

Rundu Town Council displays minimum levels of strategic HR autonomy. As the public service guidelines would generally dictate on policy on staff numbers, staff salary and general criteria for dismissal are set by central government. Some areas where it has some discretion are conditions for promotion, staff evaluation schemes, staff tenure and appointment/selection procedures which account for approximately half of the responses. In terms of individual HR autonomy, this local authority has moderate levels of discretion in the relation to appointments, promotion, dismissal and evaluation but minimal to moderate discretion to salary and tenure. This is a deficiency in the HR management process as it curtails the effectiveness and efficiency of the council's administration.

4.10.3 Autonomy and accountability: Financial management policy

RTC has a moderate financial autonomy. Overall as indicated by the survey, the local authority has a moderate discretion in terms of shifting budget allocation between different functions, set fees/charges, take out loans and shift budget allocation between years, with fees and charges contributing significantly to the local authority's income. However, these financial activities have to be performed to a large extent within the set conditions by the portfolio ministry. This high degree of government involvement limits the council's ability to manage the financial resources as the market conditions dictate.

4.10.4 Audit function

While the majority of the respondents indicated that there was no audit committee established at RTC, the minority said this was not applicable at all. This is a very serious concern which the council has to address to mitigate the risks as far as internal processes are concerned. The local authority is mostly audited by the Office of the Auditor-General, an external audit. A council is naturally a board of a local authority tasked to oversee and direct the business strategies of the organisation. As the nature of politics has it, these are all elected members (politicians) with limited skills and technical knowledge. They are at the mercy of local authority management. The absence of an independent expert on the council is worrisome and limits the council to function effectively and efficiently. This means that there is no process within the council which provided assurance to ensure proper coverage of financial, operational and compliance controls.

4.10.5 Autonomy and accountability: Target groups and policy instruments

With regard to target groups and policy instruments, Rundu Town Council operates within the government guidelines and limits, mostly in consultation with the respective portfolio ministry. More than 80 percent of the respondents indicated as such, and in general, minimal policy autonomy. This council produces reports on strategy, planned investment, objectives and financial targets but not multi-annual business plans. It also reports on the work done to the portfolio ministry and produces annual report. Goals of the RTC are set by the local authority itself with minimal or no government influence or consultation as confirmed by the 87 percent of respondents surveyed. The majority of the respondents report that the number of performance indicators has not changed over the period of the last five years. This is an indication that not much was done in the last five years in terms of performance hence the indicators remained constant. Such compromised the delivery of municipal services to the residents of Rundu. Most of the participants report that RTC evaluates non-financial results itself but close to 32 percent indicate that this is done in conjunction with the ministry.

4.10.6 Forms of rewards and sanctions

Close to three quarter of the respondents reported that no form of rewards for good performs exists, but on the other hand, some form of sanctions exists for poor results as reported by the majority (67 percent) surveyed. For an organisation to transform positively, both forms of rewards and sanctions should exist in the RTC as the absence of one spells displeasure and unhappiness among staff members which would lead to low level of productivity.

4.10.7 The council and its evaluation system

It would appear as backed up by the legislation that the CEO of the RTC is accountable to the elected council for all activities executed in the local authority, with whom she or he closely works with. A large number of respondents reveal that internal reporting and evaluation systems are being developed to enable management and council to assess results with regard to objective, and also, divisions are managed on the basis of objectives and results. To the contrary, the majority of the respondents indicated that internal allocation of resources to divisions is not done on the basis of results. It has also been observed from the survey analysis that the RTC management is more likely to use internal reporting and evaluation system than the council members. This deficiency exhibited by the council members has the ability to render the RTC with poor strategic leadership resulting in poor management practice including HR and financial management.

4.10.8 Contacts with portfolio ministry

In terms of communication between the portfolio ministry and RTC, a variety of ways are used as part of the process. The most preferred mode of communication by the two stakeholders appears to be the conduction of meetings, be it formal or informal. These meetings seem to focus more on achievements and reporting on results and use of resources including economic and professional issues. It has been noted through the survey data analysis that RTC reports on non-financial results, not on regularly but less than once a year. Also, not much of effort has been undertaken by this local authority to establish corporate policy groups and strategic policy committee as part of the initiatives to improve corporate governance within the RTC.

4.10.9 Findings of previous studies

The study findings agree with previous empirical studies by Maloba (2015) that the effectiveness of the council for institutional development in reflecting on the best practice at the operational level rests on the need to capacitate the council members in terms of skills equipping to maintain a world class service standard. This will eliminate incompetence at the local level and will promote efficiency and effectiveness in the fulfilment of daily tasks. The role of politicians (council members) and administrative leadership (management) is inseparable hence teamwork is critical.

The study also agrees with the findings by Masegare (2016) that the challenge that municipal boards face is that they do not understand their governance role, resulting in service delivery protests as programmes are not implemented. In addition, the absence of a sector-specific framework is also a major contributor to ineffective administration and negative audit outcomes. Furthermore, the study agrees with the findings by Nelson (2016) that the municipal officials are not utilising the monitoring and evaluation system to its full potential within the municipality and that this creates a disabling factor in the pursuit of good governance.

The findings agree with the assertions from the King VI report, in terms of strategy, performance and reporting states that the governance body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Finally, the study findings also agree with the findings by Kiamba (2008) that the failure by the councils to conduct regular assessment of their performance; poor coordination between the internal and external providers of assurance (internal audits) contributes to the poor performance including financial performance. It should be noted that no such previous studies could be found in Namibia.

4.11 Summary

This chapter dealt with the finds of the research study. The statistical analysis of the questionnaire was done using SPSS for Windows. The results were presented by referring to specific questions as per questionnaire. The results provided a clear indication as far as the primary and secondary functions of the RTC including the common policy fields in which it operates. The degree of influence which government exerts on this local authority in its current form plus the instrument it uses in executing such influence was noted. The policy question on strategic autonomy and accountability on HR and financial management, to what extent it occurs were examined in detail. This chapter also shed light on the primary and secondary sources of income of the RTC, not to mention performance of financial activities. Thereafter, the existence of the Audit committee, type of audit and audited processes were interrogated. The question on the existence of codes of conduct for both council member and employees was also addressed. Autonomy and accountability for policy on RTC was analysed which centred around the level of discretion available to decide on the group to which council activities are directed, and the ability to decide on what is believed as the most appropriate policy instruments for those activities. Last but not the least, means of reporting on

strategies, goals, performance indicators, rewards and sanctions on performance or lack of it, and the extent of such measures were greatly addressed. Throughout this survey, attention has been drawn to the role, composition, accountability practices and levels of autonomy intended to provide some inputs into the future governance reform processes. The study findings have been found to agree to previous evidence from empirical studies on corporate governance.

CONCLUSIONS

For the purposes of this study, the target population was 18 individuals. These consisted of 7 Councillors, 5 managers and 6 administrative (supervisory level). One of the councillors represented the Rural Community Council Association (RCCA). Due to reasons beyond this researcher's control, only 12 individuals volunteered and were willing to participate in this project. A total of 18 questionnaires were distributed to RTC of which only 15 positive responses were received. These were individuals selected to assist in providing answers to the research questions related to the perception and demonstration of values of good corporate governance. Also provision of answers relating to the

CHAPTER 5

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The focus of this study was to evaluate corporate governance practices at Local Authorities, and with Rundu Town Council being the case study. The aim was to establish how good corporate governance could assist Rundu Town Council in its quest for excellent service delivery to the residents of Rundu and how the governance framework relates to this local authority management and administration processes. The motivation for this study arose from a preliminary scanning of the RTC literature which revealed deficiencies in its systems and processes hence substandard delivery of services to the community. In this chapter, conclusions are drawn and recommendations are made. This chapter concludes by suggesting areas of further study.

CONCLUSIONS

For the purposes of this study, the target population was 18 individuals. These consisted of 7 Councillors, 5 managers and 6 administrators (supervisory level). One of the councillors represented Rundu Concerned Citizens Association (RCCA). Due to reasons beyond this researcher's control, only 15 individuals volunteered and were willing to participate in this project. A total of 18 questionnaires were distributed to RTC of which only 15 positive responses were received. These were individuals selected to assist in providing answers to the research questions related to the promotion and demonstration of values of good corporate governance. Also, provision of answers relating to the

existence of policies, strategies and plans as part of the Rundu Town council's corporate governance model.

The question on the legal status of this organisation received very interesting and surprising responses from the individuals at that level of organisation, from supervisory to council members' levels. The majority of the respondents (80 percent) missed the bus. One would expect that level of management to know the legal status of this organisation and reasons for its existence. In terms of autonomy and accountability in relation to human resources and financial management, it is clear from the research results that Rundu Town Council has minimal discretion in that respect. A significant number of decisions in these important fields are taken in consultation with and within the limits set by the central government through its portfolio ministry, the Ministry of Urban and Rural Development. Such limitations impair RTC by limiting its ability to source the best possible resources from the market and the inability to take advantage of the opportunities presented.

The internal audit function is a critical function in every organisation. As revealed by the study, unfortunately this important function does not exist in the RTC system so is the Audit Committee and or Risk Management Committee. Needless to say, that it forms part of the system of internal control, as an ongoing process, designed to identify and prioritise risks geared towards the achievement of policies, aims, and objectives. It assists the organisation to evaluate the realisation of the potential impact of risks, and manage those risks effectively, efficiently and economically. The problem statement of this study spells out financial processes or activities which were a result of the failure of the council to identify, assess and manage these financial risks. A system of internal

control is a crucial part of the governance framework designed to manage such risks to a reasonable and acceptable level. It assists in safeguarding public funds and proper usage thereof. Ad hoc audits, as indicated in the study results, conducted by the Parliament Committee on Public Accounts do not occur on a regular basis but only once or twice within 5 years. This parliamentary process does not safeguard the public purse to a greater extent.

In reference to policy autonomy and accountability, one of the aspects the study revealed is the existence of the codes of conduct for both council members and employees. This is a very important policy guideline directing the behaviour within the local authority, the way of doing business in an ethical way. Ethical leadership is an important aspect of good corporate governance in upholding the values of this local authority but what is more important is the practical implementation of the said codes of conduct. From the RTC Strategic Plan 2013/14 - 2017/18, it also talks about these core values including integrity, professionalism, transparency, equity, dedication and innovation. Still on the policy autonomy and accountability, the majority of the respondents indicated that this local authority has a minimal discretion on deciding the target groups for its functions and the policy instruments to be used. Such decisions are taken under strict conditions or limits set by the parent ministry.

As far as strategy documents are concerned, RTC produces documents which consider strategic issues such as objectives, planned investment, strategy, financial targets and non-financial targets. Also, how successful this local authority has been in achieving its goals and objectives as defined in the RTC Strategic Plan 2013/14 - 2017/18. Performance indicators were used to a large extent to measure the following issues:

effects on society, quality of services, use of resources, activities and task performance, quantitative results and qualitative results. These also form part of the issues reported on in the strategy documents. The rewards and sanctions regime for good and poor results also came to light during this study including to what extent they are utilised within the Rundu Town Council. This is an important tool of the management process within the governance model. It enhances and improves the level of productivity if correctly and indiscriminately applied. While the sanctions regime existed to some extent, the same could not be said about the rewards regime.

In terms of governance structure, the study confirmed that the Council consisted of elected members who are politicians while the CEO was an appointed senior executive reporting to the Council. All respondents indicated that the specific roles and accountabilities of the CEO were recorded in writing, and also that the councillor was accountable for results, the functioning of the council, compliance with rules and regulations and administration of the budget.

In an effort to maintain a good relationship between the RTC and the portfolio ministry, this local authority has a variety of means through which contact is made with the portfolio ministry. These include regular reporting mechanisms, attending meetings, to mention but a few. Formal steering meetings and informal contacts occur to some extent and at least once a year. These meetings generally focus on issues such as achievement/reporting of results, use of resources, economic and professional issues including non-financial results.

This RTC case study concurs with the conclusion by Maloba (2015) that successful form of governance is one that strives to link knowledge to experience and participative

actions of the common people at the grassroots level in order to stimulate development as a corollary. It is also in agreement with the conclusion by Masegare (2016) that the challenge that municipal boards face is that they do not understand their governance role, resulting in service delivery protests as programmes are not implemented. In addition, the absence of a sector-specific framework is also a major contributor to ineffective administration and negative audit outcomes. Furthermore, the RTC case study agrees with the conclusion by Nelson (2016) that the local authorities are highly legislated environment and these needs to be addressed, as this impacts and influences the good governance arrangements. Councillors and senior management should undergo monitoring and evaluation policy-specific training and development to understand their roles and responsibilities. Finally, the case study also agrees with the conclusion by Kiamba (2008) that the failure by the councils to conduct regular assessment of their performance; poor coordination between the internal and external providers of assurance (internal audits) contributes to the poor performance including financial performance.

The takeaway from this study, in the objective view of this researcher, is that this study has fundamentally addressed the research questions, gave insight into the governance framework with reference to management systems and processes of the RTC, and possible reasons which contributed to the financial risks as defined in the problem statement of this study. As with all research studies and being an academic study, not all aspects of corporate governance practices at RTC were covered. As mentioned in chapter 1, subsection 1.4 of this study, this researcher strongly believes that the findings and recommendations of this study can be used by the respective local authorities in

general to assess, evaluate and correct identified deficiencies in the systems and processes of the local authorities and, RTC in particular.

5.2 RECOMMENDATIONS

It should be noted that, given the management changes in personnel at RTC currently underway, some strategic themes might be undergoing a process transformation. Therefore, these recommendations are being provided with the intention to assist in improving corporate governance at this local authority.

5.2.1 HR autonomy and accountability

An induction on RTC operations for staff members, especially at the supervisory and management levels, with reference to governance would be possible and practical to conduct. This deficiency has been observed through the responses provided during the survey. It would also be beneficial for the local authority to develop guidelines for the delegation of this internal HR management process to the lower level.

Central government generally dictates on staff numbers, salary and dismissals, it is advised to devise criteria which would allow RTC a greater discretion on these issues particularly regarding performance -related salary which should be executed within an approved budget. Although there is moderate local authority discretion on staff promotion, evaluation schemes, tenure and appointment/selection procedures, more discretion should be given. In this respect it would be advantageous to develop systems as an effort to improve organisational performance and Performance Management and Development Systems (PMDs). As part of the HR functions, this would greatly enhance the possibility of strategic HR autonomy. Without disregarding the statutory

environment in which this local authority operates, more emphasis should be put on ensuring that the focus shifts to allocation of resources on the basis of results linked to corporate strategies and outputs. A fair system for performance rewards and sanctions should be developed as this HR activity could improve employee-employer relations, which, in turn, would contribute to an increase in productivity levels.

The council should investigate the possibility of establishing a remuneration committee which would deal with issues of RTC remuneration, recruitment, retention and termination policies and procedures for senior council executives. This would motivate senior management to pursue long-term growth and success of this local authority, and clearly demonstrate a relationship between senior management and remuneration, a performance-based remuneration.

5.2.2 Financial autonomy and accountability

Although this researcher has not conducted a survey on other local authorities in Namibia, consistency in terms of financial reporting and format is recommended. It is regarded as a good accounting standard and practice, therefore RTC should benchmark against reputable City Councils such as City of Windhoek (CoW), Municipality of Walvisbay and that of Swakopmund.

It is recommended that RTC should establish a sound system of risk oversight and management and internal control which would identify potential opportunities and manage potential risks. This process is to identify, assess, monitor and manage risk. As part of the oversight risk management, the council needs to review the effectiveness and efficiency of the implementation of this system annually. RTC should look into the

possibility of introducing the Internal Audit function and Audit Committee as part of its strategic processes. It is advisable that this function should be independent of the external auditor. The Audit Committee could also serve as the Risk Management Committee. These processes would progressively add value to RTC business processes and reduce the financial risks identified in the problem statement. This can only safeguard the integrity of this local authority's financial reporting. This may require guidelines or consultation from the central government and/or the Office of the Auditor-General.

RTC has minimal discretion to move budgets between years, and moderate discretion between functions. A higher degree of discretion should be considered for the local authority in this regard as it deals with capital projects, and is expected to report on planned investments. At the very least as an alternative, the possibility of introducing multi-annual business plans could be considered to cater for this financial requirement. Greater autonomy, compared to current, should also be considered for taking out loans as long as certain criteria are met as RTC is involved in the commercial development strategy of the town.

5.2.3 Policy autonomy and accountability

To ensure that there is policy coherence and consistency in term of implementation, there should be a higher level of trust between the local government, regional and central governments as the first two execute this on behalf of the central government as government agencies. Therefore, greater local discretion should be allowed in policy implementation which could, in turn, foster trust and improve results with the enhancement of regular reporting mechanisms. RTC should also be involved

significantly in the process of identify policy target groups and instruments. RTC should also develop guidelines for the development of performance indicators and the usage thereof.

As the survey revealed, there is minimal or little use of rewards and sanctions regimes in this local authority. These, good performance rewards and financial efficiency, should be introduced to ensure efficiency and effectiveness in public service delivery and future public service modernization as the new age of technology would dictate. Conversely, sanctions on poor performance should follow the same path.

5.2.4 The Council

It is advisable that the council looks into the possibility of acquiring the service of a professional accountant to form part of the Audit Committee (possibly council too) if and when established. Guidelines should be sought from the central government in this regard. As the council is moving from operational issues to strategic issues, it becomes even more urgent as a specific set of skills is required to execute certain tasks of a strategic nature. In line with good corporate governance practices, methods should be devised to involve the council (elected members/politicians) more in the local authority's internal reporting and evaluation systems. It is recommended that the council should familiarise itself with the codes on corporate governance including but not limited to Nam Code, the latest King Report and SOEs' legal framework on governance. Since the RTC already has codes of conduct for both council members and employees, it is recommended that council should actively and religiously promote ethical and responsible decision-making. This should start from the top so it filters through to the lower levels of the structure: leading by example.

The RTC should devise guidelines as part of the system to evaluate the performance of the council members and committee members. This process should be disclosed once established. Regular reviews against clearly defined and appropriate measures are advised in this regard.

Given the fact that council members are by design elected politicians, induction and regular refresher courses and recurrent training for new and old members is recommended for the councillors to be effective in the execution of their responsibilities. This would enable the council members to gain a better understanding of strategic, financial, operational and the risk management position of the RTC not to mention the values and culture of this council.

5.2.5 The relationship between RTC and the Central Government

This survey has identified a range of reporting practices and accountability relationship which exist between this local authority and the portfolio ministry. This is achieved through intermediate mechanisms that have been put in place.

In addition, Service Level Agreements should be considered between Rundu Town Council and the portfolio ministry as a tool to measure and monitor performance of this local authority by the respective ministry. The existing statutory guidelines may not be enough and effective to achieve the desired results.

Also, the occurrences of regular formal and informal meetings between this local authority and the portfolio ministry are highly recommended, and such meetings must have a clear format and purpose on deliverables. Regular attendance of the executive

management teams from both parties, RTC and the portfolio ministry, is highly encouraged.

5.3 Areas for further study

The following areas for further study were identified by this researcher while developing and completing this study:

1. To conduct research to determine the relationship between the local authorities and their residents or communities, and the influence the communities have on the local authorities' businesses.
2. To investigate community satisfaction with the local authority's service delivery and their contribution to that satisfaction.
3. To investigate corporate governance issues such as councillors' assessments and management committee evaluation with regard to management interaction, strategic plan and performance including operations and their impact on service delivery.
4. To investigate risk management elements with regards to risk and opportunities, operational, environmental, sustainability, compliance, strategic, social and ethical conduct, reputation or brand, technological, product or service quality, human capital, financial reporting and market-related risks, and their impacts on the ability of local authority to deliver the much-needed municipal services.
5. To conduct a comparative assessment of the governance structure and practice of the local authorities in relation to State Owned Enterprises' governance structure and practices, and possible adoption of most SOEs governance framework elements.

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7. APPENDICES

Annexure A: Research permission letter

ANNEXURE: A



08 June 2017

TO WHOM IT MAY CONCERN

Mr Bluerry Hamutenya of Student Number: 9700404 is registered for a Master in Business Administration – Management Strategy at the University of Namibia through the Namibia Business School.

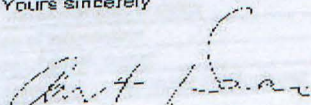
This letter serves to inform you that his research proposal was reviewed and successfully met the University of Namibia requirements.

The student has been granted permission to carry out postgraduate studies research. The University of Namibia has approved the research to be carried out by the student for purposes of fulfilling the requirements of the degree being pursued.

If you have any queries please do not hesitate to contact the Business School at the University of Namibia.

Thank you so much in advance and many regards.

Yours sincerely


Alber Isaacs, PhD
Associate Dean
Namibia Business School
University of Namibia
Tel: +246 61 413 600
Fax: +246 61 413 512
Email: alber.isaacs@unam.na



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800 MECHEUN, V. FARMER ROAD - Private Bag 13000 - Windhoek - Namibia. www.unam.na
Tel: +246 61 413 12300 - Fax: +246 61 413 512 - E-mail: unam@unam.na Post Reg. No. T246/05

Dear respondent,

ANNEXURE B

You are kindly requested to participate in this academic research to evaluate the corporate governance practices at local authorities: a Case study of Rundu Town Council. The information you provide will be treated confidential. Please answer all question by marking the applicable answer with a cross (x) and were necessary, fill in the answer and provide your opinion.

SECTION A - RESPONDENT INFORMATION

Age (in years):	20 - 30 years old	31- 40 years old	41- 50 years old	> 50 years old	
Male/ Female:	MALE		FEMALE		
Your function/position in the organisation:	Non managerial	Managerial	Executive Management	Council	
The number of years in service:	0 - 2 years	3 - 5 years	6 - 10 years	11 - 15 years	> 15 years

SECTION B - THE ORGANISATION

1. Corporate governance contributes towards governance performance to any organisation including local authorities. (please select one option)	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
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Give reason(s) for your answer:

2. What is the policy field in which your organisation operates? Please select up to two options.

Education	Enterprise	Infrastructure	Local development	Training	Social Service	Other, please specify

3. What are the primary and secondary functions of the organisation? (Please select one option for 'primary' and one for 'secondary')

	Primary	Secondary
To advise		
Direct implementation of policy		
Provision of information		
Commercial development		
Promotional (non-commercial) development		
Co-ordination		
Regulation		
Other, please specify		

4. In what year was your organisation established in its present form? (text answer) _____

5. Did the organisation exist in a previous form? (please select one answer) Yes _____ No _____

6. If yes, what organisation/s preceded it and approximately when were they set up? (text answer) _____

7. What was the influence of the GRN in the organisation's [current] form? (Please select one option)

strong influence	some influence	no influence
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8 If there was GRN influence, what was this due to? (Please select one option)

GRN legislation	GRN funding	Both	other, please specify

9 What is the legal status of the organisation? (please select one option)

private company	public company	statutory corporation	Don't know	other, please specify

10 What were the employee numbers (full-time equivalents) at the end of 2016? (text answer) _____

11 What was the organisation's budget for 2016? (text answer) _____

SECTION C - Autonomy

12 Human Resources – is the organisation able to set general policy for the organisation on the following, without Ministerial influence? (please select one option for each item)

	yes	no	N/A
Staff numbers			
Staff appointment/ selection procedures			
Staff salary levels			
Conditions for promotion			
Staff tenure			
Staff evaluation schemes			
General criteria for dismissal			

13 Human Resources – is the organisation able to decide on the following for individual members of staff, without Ministerial influence? (please select one option)

	Yes for all staff	Yes for most staff	Yes for some staff	No	N/A
Salary					
Promotion					
Tenure					
Staff evaluation					
Dismissals					
Appointments					

14 Finance – Can the organisation do the following: (please select one answer)

	Yes, fully without conditions set by Minister/Ministry and without prior approval from Minister/Ministry	Yes, within conditions set by Minister/Ministry or with prior approval from Minister/Ministry	No	N/A
Take out loans				
Set charges for services				
Shift budget allocations between different functions				
Shift budget allocations between years				

15 Policy – how does the organisation decide on the target group for its actions/functions? (please select one option)

Organisation takes most of the decisions itself, Minister/Ministry is not or only slightly involved in the decision making process and sets few restrictions	
Organisation takes most of the decisions itself, following consultation with the Minister/Ministry	
Organisation takes most of the decisions itself under conditions or restrictions set by the Minister/Ministry	
The Minister/Ministry takes most of the decisions, following consultation with the organisation	
The Minister/Ministry takes most of the decisions, independently of the organisation	
Most of the decisions are set by legislation instead of being taken by the Minister/ Ministry or by the organisation itself	
Other, please specify	
Not applicable	

16 How does the organisation decide on the policy instruments whereby it delivers its functions? (please select one option)

Organisation takes most of the decisions itself, Minister/Ministry is not or only slightly involved in the decision making process and sets few restrictions	
Organisation takes most of the decisions itself, following consultation with the Minister/Ministry	
Organisation takes most of the decisions itself under conditions or restrictions set by the Minister/Ministry	
The Minister/Ministry takes most of the decisions, following consultation with the organisation	
The Minister/Ministry takes most of the decisions, independently of the organisation	
Most of the decisions are set by legislation instead of being taken by the Minister/ Ministry or by the organisation itself	
Other, please specify	
Not applicable	

SECTION D – Accountability and Responsibility

17 Does the organisation have a council which is responsible for overseeing the direction and delivery of the organisation's performance? (please select one option)

Yes	No	N/A

18 If yes to question 17, who appoints the board/council members? (please select all relevant options)

Minister alone	
Minister after formal/informal consultation with organisation	
Minister after nomination by and/or consultation with stake holders	
Members appointed by election	
Members appointed by stake holders	
Other, please specify	

19 How many board (or council) members are there from the following groups, and how many of these have voting rights?

Type of representative	Number of these representatives	Number of these representatives with voting rights
Central Government reps		
Other Governmental reps		
Representatives of trade unions		
Reps of employer organisations		

19 How many board (or council) members are there from the following groups, and how many of these have voting rights?

Employees of the organisation		
Representatives of stakeholders		
Independent experts		
Elected members		
Other, please specify		

20 Has the board/council/organisation established an audit committee? (please select one option)

Yes	No	N/A

21 If yes, how many members does the audit committee have? (text answer) _____

22 And how many members have expertise in the following?

audit & accounting	general management	other

23 Does the organisation publish an annual report? (please select one option) yes _____; no _____

24 Is there a code of business conduct defining the standards of behaviour to which board/council members are to subscribe? (please select one option) yes _____; no _____

25 Is there a code of business conduct defining the standards of behaviour to which employees of the organisation are to subscribe? (please select one option) yes _____ no _____

26 Does the organisation use the following? (please select one option)

an external audit service	an internal audit service	both	none of these

27 If the organisation uses an external audit service, in what year was the last external audit carried out? (text answer) _____

28 Which of the following are considered in either the external or internal audit process? (Please select all options which apply).

Financial results	Organisational results	Legality and compliance	Internal control systems	Other, please specify

29 Has your organisation been the subject of an ad hoc/non-routine audit within the last five years? (please select all options which apply)

No	
Yes, and we carried this audit out internally	
Yes, and we contracted another body to carry out this audit	
Yes, and this audit was carried out by another Government body (e.g. Local Government Management Services Board)	
Yes, and this audit was carried out by a body linked to the Parliament (e.g. Public Accounts Committee)	
Yes, and this audit was carried out by an organisation commissioned by an overseeing authority.	

30 What are the primary and secondary sources of the organisation's income? (please select one option for 'primary' and one option for 'secondary')

	Primary	Secondary
Direct budget allocation from Government		
Transfers from other Government budgets		
EU funding		
Fees/charges		
Gifts/sponsorship/membership		
Other (please specify)		

31 Who appoints the CEO or equivalent? (please select one option)

The board/council	
The board/council after nomination by or consultation with the organisation	
The Government or Minister	
The Government or Minister after nomination by or consultation with the organisation	
Other, please specify	

32 Is the specific role of the CEO or equivalent recorded in writing? (please select one option) Yes _____ No _____

33 Is the specific accountability of the CEO or equivalent recorded in writing? (please select one option) Yes _____ No _____

34 What is the CEO or equivalent accountable for? (please select relevant answers for each option)

	Yes	No	N/A
Results			
Functioning of organisation			
Administration of budget			
Compliance with rules and regulations			
Other			
None of these			

35 On what type of contract is the CEO or equivalent appointed? (please select one option) Permanent _____ Fixed term _____

36 By whom is the CEO or equivalent evaluated? (please select all relevant options)

Minister	The Board/Council	Parliament	Parliament	N/A

SECTION E - Accountability and direction

37 Does the organisation produce a document which goes to Government and which specifies the following? (please select one option for each item)

	yes	no	N/A
Strategy			
Objectives			
Planned investment			
Financial targets			
Non-financial targets			

38 Does the organisation report in a document which goes to Government on how it has delivered on the following? (please select one option for each item)

Strategy	yes	no	N/A
Objectives	yes	no	N/A
Planned investment	yes	no	N/A
Financial targets	yes	no	N/A
Non-financial targets	yes	no	N/A

39 Are the goals of the organisation set in qualitative or quantitative terms? (please select one option)

Qualitative	Quantitative	both

40 Is the organisation involved in the setting of goals? (please select one option)

Yes, we set goals ourselves	
The organisation sets the goals in co-operation with the parent body/ Ministry	
The Ministry determines the goals in co-operation with the organisation	
No, the parent body/Ministry set the goals on their own	

41 To make goals measurable, indicators are used. To what extent are the following factors measured with the indicators used? (please select one answer for each type)

	To a large extent	To some extent	Not at all
Effects on society			
Quality of services			
Use of resources			
Activities & task performance			
Quantitative results			
Qualitative results			

42 How many indicators are there in the organisation's strategy statements? (please select one option)

None	10	11-20	21-49	50+

43 How has the number of indicators changed in the last five years? (please select one option)

More indicators	Less indicators	No change

44 To what extent do the indicators reflect the full range of the organisation's activities?

To a large extent	To some extent	To a small/no extent

45 To what extent are indicators used in the relationship between the organisation and the Ministry? (please select one option)

To a large extent	To some extent	To a small/no extent

46 How frequently does your organisation report non-financial results to the Ministry? (please select one option)

At least monthly	At least quarterly	At least twice a year	Less than once a year	No such reporting

47 Who evaluates the non-financial results of the organisation? (please select all relevant)

Organisation itself	Ministry	Third parties, under the direction of your organisation	Third parties, under the direction of the Ministry	Others	Nobody

48 To what extent are there rewards for the organisation when it has good results or reaches targets? (please select one option)

To a large extent	To some extent	Not at all

49 If the organisation is rewarded for good results or achieving goals, then what form do these rewards take? (please tick all relevant options)

Wage increase/bonuses for all staff	Wage increase/bonuses for senior management only	Greater autonomy	Increase in resources allocated to the organisation	other, please specify

50 To what extent are there sanctions for the organisation when it has poor results or fails to reach targets? (please select one option)

To a large extent	To some extent	Not at all

51 If the organisation is sanctioned for poor results or not achieving goals, then what form do these sanctions take? (please tick all relevant options)

Wage decrease/bonuses for all staff	Wage decrease/bonuses for senior management only	Lesser autonomy	Decrease in resources allocated to the organisation	other, please specify

52 How often are formal steering meetings held between the Ministry and your organisation during the course of a year? (please select one answer)

At least once a month	At least quarterly	At least once a year	Never

53 To what extent are the following focused on during these meetings? (please select one answer for each issue)

	To a large extent	To some extent	Not at all
Economic issues			
Professional issues			
Use of resources			
Achievement/reporting of results			

54 How often is there informal contact (e.g. meetings without written proceedings, or emails or phone calls) between the Ministry and senior management of your organisation during the course of a year? (please select one option)

More than once a week	More than once a month	At least quarterly	At least once a year	Never

55 To what extent do the following happen in your organisation? For each item, please number as follows: 1 – they do not happen; 2 – to some extent; 3 – to a large extent; 4 – not applicable.

Development of innovative products and/or services	
Charging for services to customers	
Multi-annual business plans	
Managing divisions in the organisation on the basis of objectives and results	
Internal allocation of resources to divisions on the basis of results	
Development of internal reporting and evaluation systems to enable the governing council to assess results with regard to objectives	
Development of internal reporting and evaluation systems to enable management to assess results with regard to objectives	
Extension of internal management autonomy to lower management levels in terms of financial management	
Extension of internal management autonomy to lower management levels in terms of HR management	
Development of results oriented HRM (such as performance related pay, setting of objectives and targets)	
Development of systems to calculate product prices	
A shift in the role of the organisation's council from more operational to more strategic oriented control	
Public reporting on the organisation's financial performance in e.g. annual reports	
Public reporting on the organisation's non-financial performance in e.g. annual reports	
Quality standards for production/ service delivery	
Customer surveys	
Quality management systems (e.g. ISO)	
Internal units that monitor quality	

If you would like to add any further information of whatever kind, please do so here:



The Rev. Dr. Greenfield Mwakipesile
ED. 9894 435 | mwakipg@outlook.com

CONTACT

PO Box 40529,
Ausspannplatz,
Windhoek,
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

31st October 2018

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF BLEEMY M. HAMUTENYA'S THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **BLEEMY M. HAMUTENYA'S** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN EVALUATION OF CORPORATE GOVERNANCE PRACTICES AT LOCAL AUTHORITIES: A CASE STUDY OF RUNDU TOWN COUNCIL**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, Swaziland, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile



greenfield_mwakipesile



[@greenfieldgm](https://twitter.com/greenfieldgm)



+264812501703



[Dr. Greenfield Mwakipesile](https://www.linkedin.com/in/greenfieldgm)