

Strengthening Financial Accountability in Project Management Units of Eastern Cape Metropolitan Municipalities

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Abstract

Project management Units play a crucial role in infrastructure development. However, their performance has been inefficient due to structural challenges. Therefore, this study explored the challenges affecting and practical strategies to address the financial accountability inadequacies within Project Management Units (PMUs) of metropolitan municipalities in the Eastern Cape. The study used a qualitative case study approach, focusing on two metropolitan municipalities in the Eastern Cape. Data were collected through semi-structured interviews. Purposively selected senior municipal officials responsible for project and financial management with expertise and insight into the research topic including PMU management, project managers, and finance-related personnel. Interviews were recorded, transcribed, and analysed thematically using ATLAS.ti to identify key patterns and themes. Revealed challenges were Capacity and communication, Documentation and tracking, and Knowledge and Training Gaps. Several strategies to address these accountability challenges were Enhanced professional development and policy training for PMU officials, Implementation of effective internal controls, inclusive stakeholder engagement and transparency, and Resource allocation and project tracking. Strengthening internal controls, improving skills through continuous training, introducing integrated financial systems, and enforcing consequence management are supported as practical resolutions to address financial accountability inadequacies within PMUs. While the study's limited sample size restricts broad generalisability, the results offer a preliminary understanding of systemic challenges and interventions relevant to municipal contexts. The study contributes to public sector project management by providing practical governance, financial oversight and technological strategies that can strengthen financial accountability and improve infrastructure delivery within metropolitan municipalities.

Keywords: Eastern Cape, Financial Accountability, Metropolitan municipalities, Municipal Finance Management Act, Project Management Unit

1. Introduction

Effective financial management techniques are essential for the long-term viability of municipalities in South Africa (Botlhoko, 2017). Such practices underpin the process of democratic financial accountability and good governance. According to Khanyile (2016), financial accountability entails the public promotion and disclosure of performance information. Financial accountability, according to Botlhoko (2017), necessitates prudent financial management and the integration of financial and non-financial reporting by governments. His position is that the government ought to provide exhaustive reports detailing the results of its financial expenditures, and that stakeholders ought to conduct themselves in an ethical manner

Municipalities play a crucial role in delivering infrastructure and essential services to communities. Consequently, effective financial management is crucial for achieving long-term developmental objectives. The Constitution of the Republic of South Africa requires municipalities to handle financial

resources judiciously while ensuring transparency and accountability in governance processes (Ntshangase & Msosa, 2022). The Municipal Finance Management Act (MFMA) was enacted to enhance financial governance by establishing uniform criteria for budgeting, reporting, and accountability across all local government entities (Botlhoko, 2017).

Local governments face numerous issues, one of which is the deterioration of municipal infrastructure (Botlhoko, 2017). The infrastructure of cities is in desperate need of replacement, restoration, or repair right now. As a result, the cities are now unable to meet the growing demand for their services due to the necessary infrastructure deteriorating more quickly than anyone had predicted (Ntjatsane, 2017). Maluleke (2023) reported that Nelson Mandela Bay Municipality (NMBM) achieved only 53% of its basic service delivery program targets for the financial year 2021/2022. Further, these difficulties highlight the substantial efforts still required to enhance service delivery and reinforce accountability within the Municipality. Maluleke (2023) also stated that Eastern Cape municipalities recorded irregular expenditure of

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R10.6 billion during the 2021/2022 financial year due to their failure to adhere to prescribed procurement procedures. Notably, Buffalo City Metropolitan Municipality (BCMM) was the primary contributor, being responsible for R6.5 billion, which constituted 61% of the total irregular expenditure.

Despite the implementation of these regulations, numerous towns continue to experience issues with erratic expenditure, inadequate supervision, and declining financial performance. Research indicates that Project Management Units (PMUs), responsible for infrastructure development, significantly contribute to these issues due to their inefficiency and institutional constraints (Ngumbela, 2021). The study identified that challenges such as weak internal controls, inadequate financial management practices, and insufficient administrative oversight have been identified as significant factors affecting compliance with financial regulations within the PMUs.

Although previous studies have examined financial accountability and municipal financial management in South Africa, limited research has specifically explored the financial accountability challenges experienced within Project Management Units (PMUs) of metropolitan municipalities in the Eastern Cape Province. Furthermore, little empirical evidence exists on practical strategies that can strengthen accountability within PMUs responsible for infrastructure delivery. This study addresses this gap by providing context-specific insights into the challenges and interventions required to improve financial accountability in metropolitan municipal PMUs.

Therefore, the study aims to explore ways of how the PMUs of Metropolitan Municipalities within the Eastern Cape Province can foster financial accountability. The objectives of the study are to explore the challenges affecting and practical strategies to address the financial accountability inadequacies within Project Management Units (PMUs) of metropolitan municipalities.

2. Literature Review

This section reviews the literature on financial accountability, the legal framework, challenges, and strategies within Project Management Units (PMUs).

2.1. Financial Accountability in PMUs

Financial accountability within PMUs demands adherence to stringent budgetary controls, transparent financial reporting, and prudent fiscal management (Makgato, 2019). PMUs are expected to operate within allocated budgets, optimise resource utilisation and mitigate financial risks to ensure project viability and sustainability (Nkosi & Mamba, 2021). Additionally, stakeholders and funding bodies require PMUs to

demonstrate cost-effectiveness, value for money, and compliance with financial regulations (Smith, 2018).

Achieving financial accountability in PMUs requires a multi-faceted approach encompassing transparency, integrity, and stakeholder engagement (Makgato, 2019). PMUs implement internal control mechanisms, conduct regular audits and publish financial statements to enhance transparency and accountability (Smith, 2018). Moreover, fostering a culture of ethical conduct, zero-tolerance for corruption, and promoting stakeholder participation in financial oversight processes contributes to strengthening the financial accountability of PMUs (Nkosi & Mamba, 2021).

2.2. Legislative Framework for Municipal Financial Accountability

Recent studies highlight that legislation, and regulations provide a statutory framework within which officials and managers can carry out their duties and responsibilities (Smith & Adams, 2018). Some of these policies specifically relate to the implementation and maintenance of institutional internal controls (Nkosi & Mamba, 2021). Therefore, public policies legally require officials to perform these duties, knowing that if they do not adhere to legislative policies, corrective measures will be taken against them (Smith, 2018). Government legislation, policy objectives, and administrative functions are intended to regulate government institutions regarding financial management (Makgato, 2019). Financial regulations refer to the legislation and policies designed to govern public sector financial management. "The aim of such legislation is to establish common norms, standards, and procedures across all public agencies and departments to ensure continuity and accountability" (Jones & Kettle, 2019).

Policy, as defined by Nkosi (2017), is a statement of intent that lays out the fundamental principles to achieve specific goals. It interprets the values of society and is usually part of the management of relevant projects and programs. Therefore, PMUs should maintain the regulations provided by the statutory framework to meet their financial management obligations

The Municipal Finance Management Act (MFMA) of South Africa provides a legislative framework governing financial management practices within PMUs (Ndlovu *et al.*, 2020). PMUs are mandated to comply with MFMA regulations, including budget preparation, expenditure control, procurement processes, and financial reporting (Nkosi & Mamba, 2021). Non-compliance with MFMA guidelines can result in financial irregularities, mismanagement of funds, and compromised project outcomes (Makgato, 2019).

2.3. Challenges Affecting Financial Accountability

As indicated before, Local governments face numerous issues, one of which is the deterioration of municipal infrastructure (Botlhoko, 2017). The infrastructure of cities is in desperate need of replacement, restoration, or repair right now. As a result, the cities are now unable to meet the growing demand for their services due to the necessary infrastructure deteriorating more quickly than anyone had predicted (Ntjatsane, 2017). Ntshangase and Msosa (2022) also emphasise that addressing municipal issues effectively leads to improved service delivery and efficiency within the municipalities.

PMUs encounter various financial challenges, such as budget overruns, inadequate funding, and delayed disbursements (Smith, 2018). To address these inadequacies, PMUs employ strategies such as rigorous financial planning, continuous monitoring of expenditures, and proactive risk management (Nkosi & Mamba, 2021). Furthermore, capacity building initiatives, staff training programs, and the adoption of technology-enhanced financial systems contribute to improving financial efficiency and accountability (Ndlovu et al., 2020).

2.4. Strategies for Strengthening Financial Accountability

As public institutions increasingly embrace project management principles and practices to implement strategic objectives and service delivery initiatives, the importance of coordinating the use of organisational resources and aligning core activities becomes more crucial (Van der Walddt, 2009). Creating PMUs is an effective strategy for fostering a project management culture within an organisation and managing the ongoing need for new initiatives (Van der Walddt, 2009). One may see that strategies aimed at enhancing the financial management capabilities of PMUs:

- I. Can aid in establishing explicit expectations and goals for financial management.
- II. Should offer training and development opportunities to the financial management workforce.
- III. Should be included in the implementation of efficient finance management systems.
- IV. Should involve the consistent monitoring and evaluation of the financial performance of PMUs.

2.5. Research Gap

Although existing literature extensively discusses financial accountability, legislative compliance and financial management within public institutions, limited studies have specifically examined the financial accountability challenges experienced by Project Management Units (PMUs) in metropolitan municipalities within the Eastern Cape Province. Furthermore, there is limited empirical evidence on

practical strategies that integrate governance, internal controls, stakeholder engagement and technology to strengthen financial accountability in municipal PMUs. This study seeks to address this gap by exploring the challenges affecting financial accountability and identifying practical strategies to improve financial accountability within PMUs of Eastern Cape metropolitan municipalities.

3. Research Methodology

The study adopted an interpretivist paradigm and qualitative research method based on a case study approach. This methodology was chosen to gain an in-depth understanding of the financial management practices and challenges within PMUs in selected metropolitan municipalities of the Eastern Cape Province. The two metropolitan municipalities were selected for this study due to their status as the highest contributors to irregular expenditure in the Eastern Cape Province, collectively accounting for over 70% of the province's total irregular expenditure during the 2021/2022 financial year (Maluleke, 2023). Qualitative methods were particularly effective for understanding the nuances and complexities of financial management practices within PMUs.

The qualitative approach was suitable for exploring complex issues where detailed, rich data was needed to provide insights into the context and processes involved (Merriam & Tisdell, 2016; Yin, 2018).

The decision to use a qualitative approach was based on several factors. Qualitative methods were particularly effective for understanding the nuances and complexities of financial management practices within PMUs. They allowed the researcher to capture the experiences, perceptions, and insights of the participants in their own words, providing a deeper understanding of the phenomena under study (Creswell & Poth, 2017).

Purposive sampling was used to select key participants with expertise and insight into the research topic. The researcher aimed to draw conclusions specifically for a particular group. The target population consisted of employees from the PMUs of Nelson Mandela Bay Metropolitan Municipality and Buffalo City Metropolitan Municipality. According to Saunders et al. (2016), a sample size between four and twelve participants is generally sufficient to achieve saturation in qualitative research. Six municipal officials were purposively selected based on their expertise in project and financial management: these included two PMU directors, two project managers, and two accountants from each metropolitan municipality. To ensure the relevance and robustness of the findings, participants were selected based on their extensive experience in municipal financial management, as shown in Table 1. All participants occupied senior roles within their

respective PMUs, with professional expertise spanning project management and financial accountability in public administration.

Semi-structured face-to-face interviews were conducted, and data saturation was achieved after the fifth interview as no new themes or concepts emerged during subsequent interviews. The sixth interview confirmed the consistency and completeness of the identified themes. The researcher visited both municipalities to meet with the participants. Each participant was interviewed individually at the municipality offices to ensure manageable data collection and to effectively gather qualitative data from all members of the population. This process spanned two months. The interviews were transcribed and thematically analysed using ATLAS.ti v25 software

The data were examined inductively by thematic analysis conducted with ATLAS.ti version 25 software, allowing systematic coding and identification of

Ethical guidelines, as outlined by various scholars, emphasise the importance of integrity, honesty, and respect for participants' rights and privacy (Creswell & Poth, 2017). Researchers ensured that participants provided informed consent, understood the purpose of the study, and had the right to withdraw at any stage without repercussions. Furthermore, the research was rigorously complied with the Code of Ethics governing research at Nelson Mandela University and conveyed the findings with integrity, accountability, and professionalism. Ethical approval was secured from the institution before data collection.

4. Findings And Discussion

To ensure the relevance and robustness of the findings, participants were selected based on their extensive experience in municipal financial management, as shown in Table 1. All participants occupied senior roles within their respective PMUs, with professional expertise spanning project management and financial accountability in public administration.

Table 1: Profile of respondents

Interviewees	Designation	Mandatory criteria		Experience
		C1	C2	
I1	Director	✓	✓	12 Years
I2	Project Manager	✓	✓	9 Years
I3	Accountant	✓	✓	11 Years
I4	Director	✓	✓	13 Years
I5	Project Manager	✓	✓	8 Years
I6	Accountant	✓	✓	10 Years

Where:

- C1 – are participants working for NMBM/BCM
- C2- are participants having expertise in financial management within PMUs

recurring themes explaining the challenges affecting and practical strategies to address the financial accountability inadequacies within Project Management Units (PMUs) of metropolitan municipalities. Reliability in this study referred to the consistency and stability of the research findings, ensuring that they could be replicated under similar conditions (Saunders et al., 2016). To enhance reliability, the researcher employed standardised procedures for conducting interviews to minimise variation in data collection (Bryman, 2016; Creswell & Poth, 2017). On the other hand, validity refers to the accuracy and truthfulness of research findings, ensuring that the study measured what it intended to measure. Saunders et al. (2016) suggested that validity could be improved by using appropriate research methods, ensuring that the data collection instruments were suitable for the research questions, and conducting thorough data analysis.

The participants were asked the following four questions during the interviews

- From your experience, what are the major challenges that hinder the implementation of financial accountability measures within the PMU?
- From your perspective, what role do PMUs play in enhancing financial accountability and project delivery specifically within the two metropolitan municipalities in the Eastern Cape.?
- Can you describe any successful strategies or initiatives that have been implemented within the PMUs of the two metropolitan municipalities in the Eastern Cape.to address financial accountability challenges?
- How do you envision the future of financial management and accountability within the PMUs of the two metropolitan municipalities in the Eastern Cape., and what improvements or changes would you recommend?

The findings revealed the challenges affecting and practical strategies to address the financial accountability inadequacies within Project Management Units (PMUs) of metropolitan municipalities by five overarching themes that explain the underlying issues contributing to the financial accountability inadequacies: Governance Failures and Ethical Leadership, Weak Financial Oversight and Reporting, Technological and Systemic Improvements, Inclusive Stakeholder Engagement and Transparency Resource Allocation and Project Tracking. The theme

Figure 1: Resource Allocation, Transparency Risks, Political Pressure, and Administrative Delays. The category Resource Allocation was assigned the code “funds diverted for political priorities, outside the original project scope.” The category Transparency Risks was assigned the code “resistance to full financial disclosure.” The category Political Pressure was assigned the code “political influence leading to non-compliant spending.” The category Administrative Delays was assigned the code “bureaucratic processes slowing down financial decisions.”

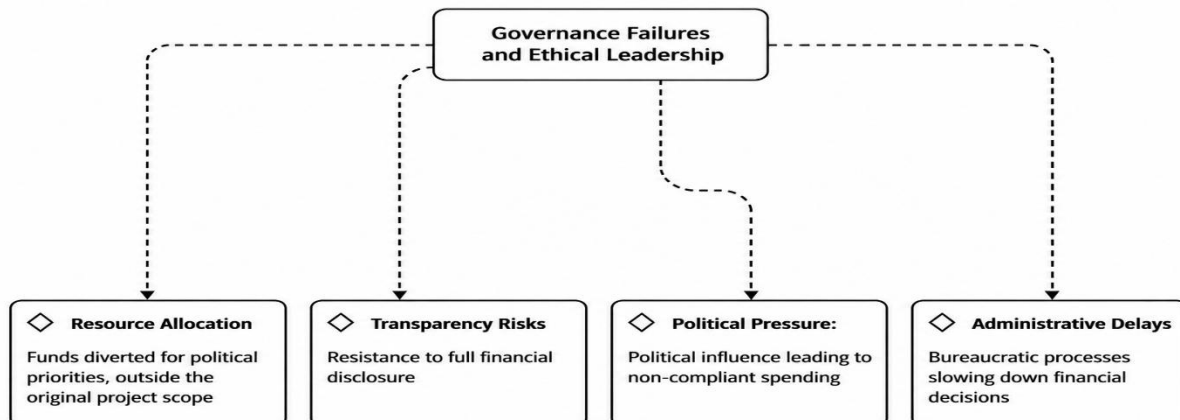


Figure 1: Governance Failures and Ethical Leadership

and categories are discussed hereafter.

The findings demonstrate that governance failures, weak financial oversight and technological limitations are interrelated and collectively undermine financial accountability within PMUs. The proposed strategies directly respond to these identified challenges by strengthening governance structures, improving transparency and enhancing financial monitoring systems.

4.1. The challenges that affect the implementation of financial accountability within PMUs

This section presents the findings related to the challenges that hinder the effective implementation of financial accountability within PMUs in the selected municipalities. Thematic analysis of the interview data revealed three overarching themes that illustrate the root causes of these challenges: Governance Failures and Ethical Leadership, Weak Financial Oversight and Reporting, and Technological and Systemic Improvements. Each theme is explored in detail below, supported by direct participant accounts and relevant literature to provide a comprehensive understanding of the systemic and operational barriers to accountability.

4.1.1. Theme 1: Governance Failures and Ethical Leadership

The theme of Governance Failures and Ethical Leadership included four key categories, as shown in

Governance Failures and Ethical Leadership, revealed that weak leadership, political interference, and bureaucratic inefficiencies significantly undermine financial accountability. Participants frequently highlighted leadership deficiencies and governance enforcement failures.

Interviewee I3 indicated that *"Poor leadership is one of the biggest stumbling blocks. Many leaders lack the technical understanding to guide project teams effectively and fail to enforce compliance with governance frameworks."*

I6 echoed this, noting that

"Political interference often complicates decision-making processes, delaying critical actions."

Participants also reported the diversion of project funds towards politically visible priorities.

As I1 explained, *"during election seasons, they demand visible projects, disregarding environmental and legislative obligations,"* while

I3 noted that *"resources are often redirected to politically visible projects rather than those aligned with long-term development plans."* Transparency challenges were also evident,

with I3 stating that “there is always resistance to submitting everything the auditors ask for,” and I1 indicating that “leadership avoids presenting full financial statements to the public unless pressured by council.”

These findings align with Masango (2020), who associates weak governance with financial mismanagement, and McKenzie and Marx (2024) and Reddy (2018), who describe the politicisation of municipal spending as a key driver of fiscal mismanagement. Administrative inefficiencies further compounded these governance challenges, as I3 observed that “simple requests take weeks because they must go through five different departments,” reflecting what Van der Walddt (2010) describes as procedural paralysis in municipal administration.

4.1.2. Theme 2: Weak Financial Oversight and Reporting

The theme of Weak Financial Oversight and Reporting included four key categories, as shown in Figure 2: Accountability Gaps, Approval Lags, Internal Audits, and Variance Analysis. The category Accountability Gaps was assigned the code “unclear accountability for financial irregularities.” The category Approval Lags was assigned the code “delays in approving expenditure or change requests.” The category Internal Audits was assigned the code “lack of regular financial reviews.” The category Variance Analysis was assigned the code “no routine checks for budget vs. actual expenditure.”

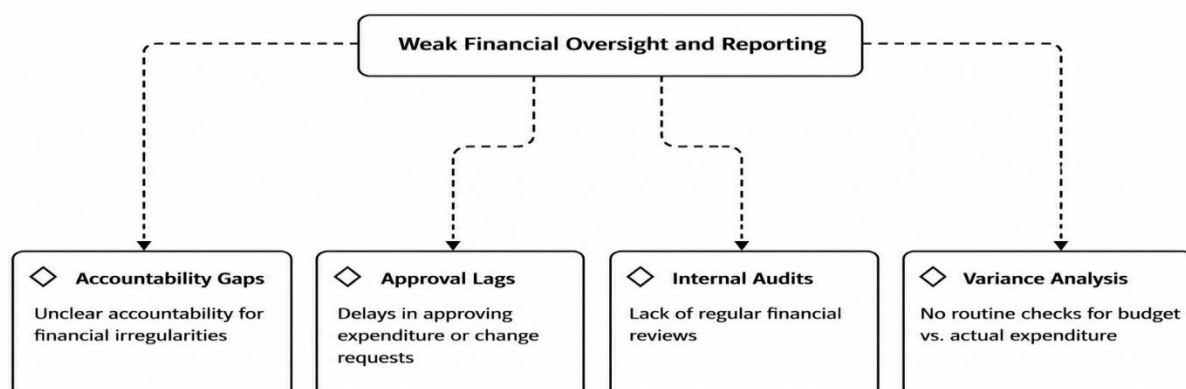


Figure 2: Weak Financial Oversight and Reporting

Weak Financial Oversight and Reporting, demonstrated that accountability structures and financial monitoring systems within PMUs remain inadequate. Participants highlighted unclear accountability structures, delays in financial approvals, ineffective internal audits, and the absence of routine budget monitoring.

Interviewee I4 stated that “when things go wrong, nobody owns up,” while I3 emphasised that “without

accountability, financial discipline becomes almost impossible to enforce.”

PMU officials also expressed frustration at being blamed for irregularities despite limited authority, with I6 explaining that “there’s no clear chain of accountability – PMUs are blamed, but they don’t have full control.”

Excessive approval delays were another concern, as I1 reported that “we sometimes wait weeks for approvals even for routine expenses,” while I5 noted that “the system doesn’t allow for emergency approvals.” Participants further indicated that internal audits were irregular or ineffective. For example, I2 stated that “internal audits are supposed to be routine, but we go months without a single review,” and I4 added that “some municipalities don’t even have a functioning internal audit unit.” In addition, routine variance analysis was largely absent, with I3 remarking that “no one’s checking whether what was budgeted actually matches what was spent.”

These findings align with Chigwata and Maziwisa (2023) and Dzagah et al. (2025), who emphasise the importance of clearly defined accountability structures. They also correspond with findings by Visser and Erasmus (2020) and Mbogella et al. (2024), who highlight weaknesses in internal audit functions and financial monitoring within municipalities.

4.1.3. Theme 3: Technological and Systemic Improvements

The theme of Technological and Systemic Improvements included four key categories, as shown in Figure 3: Automation, Data Synchronisation, Digital Training, and System Efficiency. The category Automation was assigned the code “limited use of automation for recurring financial tasks.” The category Data Synchronisation was assigned the code “financial data not updated in real time.” The category Digital Training was assigned the code “staff untrained on

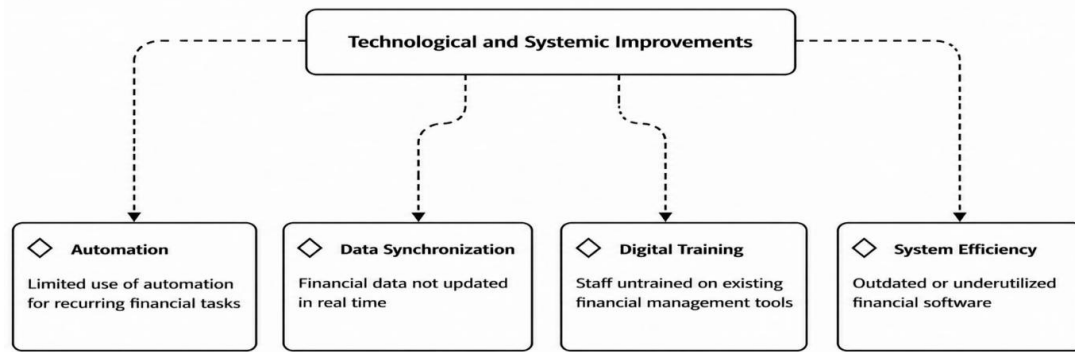


Figure 3: Technological and Systemic Improvements

existing financial management tools.” The category System Efficiency was assigned the code “outdated or underutilised financial software.”

Technological and Systemic Improvements, highlighted the role of technology in strengthening financial accountability but also revealed major limitations in its implementation. Participants reported limited automation, poor data synchronisation, insufficient digital training, and outdated financial systems.

Interviewee I5 emphasised the need for automation, stating that “we need to move away from manual systems and implement automated tools that can manage documentation and provide accurate financial reports.” Similarly, I3 noted that “if something as routine as invoice capturing is still manual, then we’re always behind.”

Participants also identified delays in financial information updates across departments. I1 stated that “with real-time tools, we could see where the money is going and act faster,” while I6 explained that “by the time finance updates their records, the projects have already moved on.”

Digital capacity constraints were another concern. I5 explained that “most of our staff haven’t been trained properly on the system,” while I2 indicated that “we have new systems but no proper onboarding.” In addition, outdated or underutilised financial software limited operational efficiency.

I3 remarked that “our systems are old and can’t talk to each other,” while I4 noted that “some modules have never been configured since installation.”

These findings support Ntshwene and van Wyk (2019) and Naidoo and Mathiba (2021), who emphasise the importance of automation and integrated systems such as mSCOA in improving financial governance. They also align with findings by South African Local Government Association (2018) and AGSA (2022), which identify digital capacity and system integration as critical components of municipal financial accountability.

4.2. Ways to address finance accountability inadequacies within PMUs

This section presents the findings related to the strategies for addressing financial accountability inadequacies within PMUs in the selected municipalities. Thematic analysis of the interview data revealed two overarching themes that reflect the key approaches needed to improve financial oversight and compliance: Inclusive Stakeholder Engagement and Transparency, and Resource Allocation and Project Tracking. Each theme is discussed in detail below, supported by participant insights and relevant literature.

4.2.1. Theme 1: Inclusive stakeholder engagement and transparency

The theme of Inclusive Stakeholder Engagement and Transparency included three key categories, as shown in Figure 4: Escalation Protocols, Regular Meetings, and Financial Committees. The category Escalation

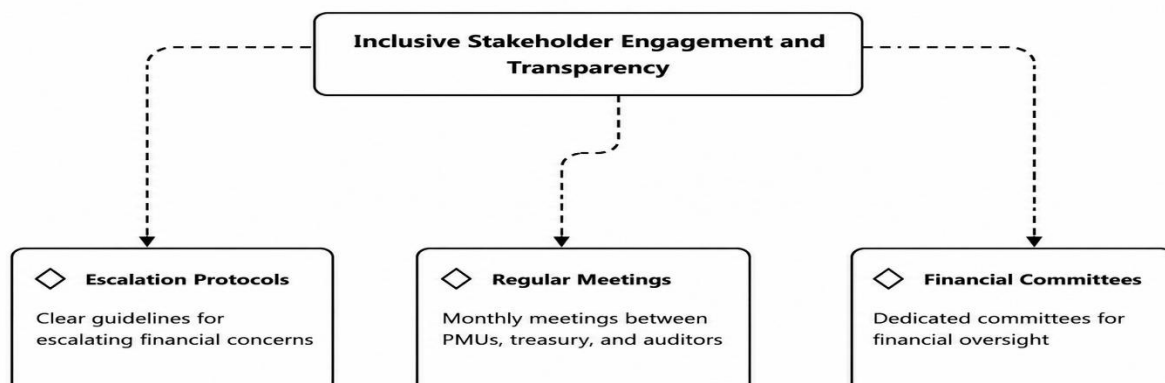


Figure 4: Inclusive stakeholder engagement and transparency

Protocols was assigned the code “clear guidelines for escalating financial concerns.” The category Regular Meetings was assigned the code “monthly meetings between PMUs, treasury, and auditors.” The category Financial Committees was assigned the code “dedicated committees for financial oversight.”

Inclusive Stakeholder Engagement and Transparency, emphasised the importance of structured communication, clear escalation procedures, and strengthened oversight structures. Participants highlighted the need for formal escalation protocols to report financial irregularities.

Interviewee I6 explained that “*when we try to escalate issues like suspicious spending, there’s no standard process,*” while I3 stated that “*financial anomalies go unreported because staff don’t know where or how to escalate the concern.*”

They also correspond with Matsiliza (2012) and Kraai, Ndevu and Matsiliza (2023), who highlight the role of interdepartmental coordination and inclusive oversight committees in improving municipal accountability.

4.2.2. Theme 2: Resource Allocation and Project Tracking

The theme of Resource Allocation and Project Tracking included four key categories, as shown in Figure 5: Audit Trail Features, Cloud-Based Storage, Data Analytics, and Live Dashboards System. The category Audit Trail Features was assigned the code “automated logging of financial transactions.” The category Cloud-Based Storage was assigned the code “centralised, accessible record storage for all project data.” The category Data Analytics was assigned the code “tools for identifying spending patterns and anomalies.” The category Live Dashboards System was assigned the code “real-time budget tracking and alerts.”

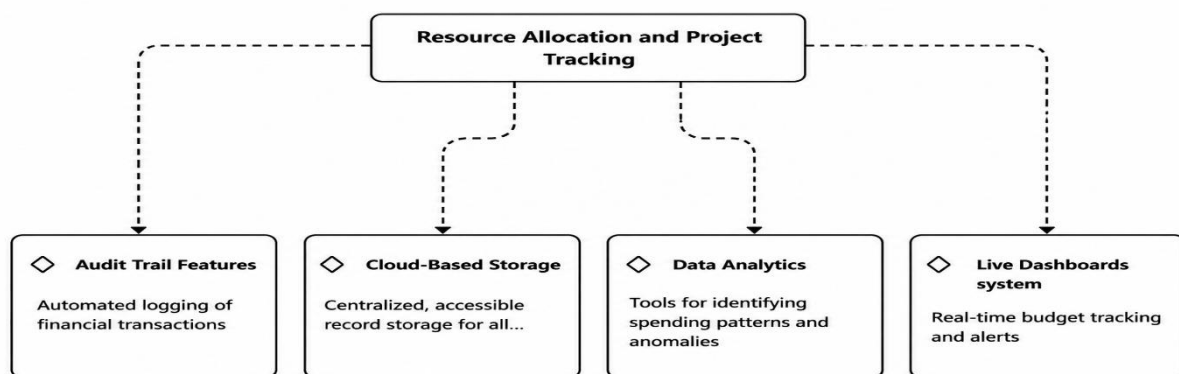


Figure 5: Resource Allocation and Project Tracking

Participants also emphasised the importance of regular coordination meetings between PMUs, treasury, and auditors to identify financial problems early.

I1 explained that “*if we had regular sit-downs with treasury and the auditors, we could pick up issues much earlier,*” while I4 noted that “*monthly meetings would give us a chance to explain variances and fix misalignments before the audit.*”

In addition, participants highlighted the importance of strengthening financial oversight committees. I6 suggested that “*establishing independent oversight committees that include members from civil society could enhance budget transparency,*” while I3 stated that “*financial committees often meet just to tick a box.*”

These findings align with Maropo (2018) and Mhlongo (2014), who emphasise the importance of formal reporting structures and whistle-blower protection mechanisms in strengthening financial governance.

Resource Allocation and Project Tracking, highlighted the importance of technological tools for improving financial monitoring and compliance. Participants emphasised the need for automated audit trails to ensure transparency and traceability of financial transactions.

Interviewee I1 explained that “*we need to automate audit trails so we can see exactly who made changes to financial records and when,*” while I4 noted that “*without an audit trail, it’s hard to hold anyone accountable.*”

Participants also emphasised the benefits of cloud-based storage systems to improve access to financial documentation.

I6 shared that “*we’ve lost project files before because someone’s laptop crashed,*” while I1 explained that “*cloud-based platforms would allow auditors and managers to work off the same data.*”

Furthermore, participants highlighted the importance of data analytics and real-time financial monitoring systems.

I2 noted that “we’re not analysing data to catch trends or overspending,” while I3 suggested that “predictive analytics could help us forecast project overruns and prevent waste.”

These findings align with Ngoepe (2012) and Shoji (2023), who highlight the importance of automated audit trails for financial transparency. They also correspond with Nel et al. (2023) and Mathane (2024), who demonstrate how digital dashboards and analytics tools improve financial monitoring and reduce irregular expenditure in municipalities.

5. Conclusion

Despite the existence of the Municipal Finance Management Act (MFMA), metropolitan municipalities in the Eastern Cape continue to experience irregular expenditure and weak financial accountability within Project Management Units (PMUs). These challenges undermine effective financial management, governance processes, and ultimately affect infrastructure delivery and service provision within municipalities.

The aim of this study was to explore the challenges affecting financial accountability and identify practical strategies to address financial accountability inadequacies within PMUs of metropolitan municipalities in the Eastern Cape Province. A qualitative case study approach was adopted, and data were collected through semi-structured interviews with six municipal officials from Nelson Mandela Bay Metropolitan Municipality and Buffalo City Metropolitan Municipality.

The findings revealed three major challenges affecting financial accountability within PMUs: governance failures and ethical leadership issues, weak financial oversight and reporting mechanisms, and technological

and systemic limitations. These challenges manifest through political interference in project funding decisions, unclear accountability structures, delays in financial approvals, ineffective internal audits, and limited integration of financial management systems.

The study further identified strategies that could strengthen financial accountability within PMUs. These include promoting inclusive stakeholder engagement and transparency through improved coordination between PMUs, treasury departments, and oversight committees. Additionally, improving resource allocation and project tracking through the implementation of automated audit trails, cloud-based data storage, data analytics tools, and real-time financial dashboards can significantly enhance financial monitoring and compliance.

The study recommends strengthening internal governance structures, improving coordination between PMUs and financial management units, investing in continuous professional development and MFMA training for municipal officials, and implementing integrated financial management systems such as mSCOA to enhance financial oversight and accountability. Future research should expand the scope of the study to include additional metropolitan municipalities and other categories of municipalities in South Africa to provide broader insights into improving financial accountability within municipal PMUs.

The study is expected to benefit municipal practitioners, policymakers, and project management professionals, particularly those involved in infrastructure delivery and financial management within local government. By aligning the identified challenges and strategies with the research objectives, the study provides a foundation for improving financial governance, enhancing service delivery, and promoting accountability within municipal Project Management Units.

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