



**The effectiveness of the operation pay on time initiative on  
KwaZulu-Natal Provincial Departments**

**By**

**Nomzamo Ladyfair Mlamula**

**Student Number: 220015237**

A dissertation submitted in fulfilment of the requirements for the degree of Masters in Business  
Administration

**Graduate School of Business and Leadership**

**College of Law and Management Studies**

**Supervisor: Dr. Orthodox Tefera**

**July 2022**

## DECLARATION

I, Nomzamo Ladyfair Mlamula declare that:

- The research reported in this dissertation, except where otherwise indicated, is my original work.  
This dissertation has not been submitted for any degree or examination at any other university.
- This dissertation does not contain other persons' data, pictures, graphs, or other information unless specifically acknowledged as being sourced from other persons.
- This dissertation does not contain other persons' writing unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
  - a) Their words have been re-written but the general information attributed to them has been referenced;
  - b) Where their exact words have been used, their writing has been placed inside the quotation mark and referenced.
  - c) Where I have reproduced a publication of which I am the author, co-author, or editor, I have indicated in detail which part of the publication was actually written by myself alone and have fully referenced such publications.
  - d) This dissertation does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source is detailed in the dissertation and in the References sections.

Signed:



Date 30 June 2022

## **DEDICATION**

This journey was not easy at all without the moral and material support of various individuals, I would have not gone this far. Firstly, I am grateful and highly appreciate my supervisor, Dr. Orthodox Tefera who has been with me every step and provided much-needed guidance.

This dissertation is devoted to my lovely husband Brian Mlamula who has constantly supported me throughout my journey, and my adorable children Vuyo and Qhawe Mlamula whom I have missed so much during the journey.

My leaders and mentors Mr. Thabani Ndlovu; Mr. Joseph Nkata; Bishop Vusi Dube; and Mr. Ndabenhle Myeza who infused the importance of advanced education. Zama Khuzwayo and Mandy Mabaso who have guided me and shown me that this journey is possible. My mother Daphny Magwaza and late grandmother Ziphokuhle Nzuza, thank you for teaching me “Ubuntu” and making me the person I am today. Lastly, my creator the Lord Mighty God, the great I am, nothing would have happened without Him, the starter and the finisher, thank you.

## **ABSTRACT**

SMMEs are continuously faced with the dilemma of late and non-payment of invoices with these delays becoming increasingly detrimental to the country's economy. The Provincial Government Departments are the major culprits of this unwelcome practice as they work against the Country's Economic Growth Strategy stipulated in the National Development Plan 2030 (NDP). Despite all procedures and efforts employed to assist departments in complying and making payments on time, the struggle continues for SMMEs. The KwaZulu-Natal Provincial Departments (KZNPDs) are dedicated to paying their service providers within the 30days payment interval and following the full terms of a contractual agreement. The KZN Department of Treasury developed an initiative called "Operation Pay on Time (OPOT)". The initiative is aimed to assist all KZNPDs to ensure payments are made on time to service providers. This is a case study research based on the KZN Department of Treasury's initiative "OPOT". Accordingly, the research study endeavoured to establish the effectiveness of the assistance provided to curb the issue of late or non-payment. The objective is to firstly establish the underlying factors of late or non-payment and evaluate the effectiveness of the OPOT initiative on the identified factors to stimulate efficiency in KZNPDs.

The investigation comprised a mixed-method approach where information was gathered using a means of survey and interview sessions with descriptive and inferential statistics being utilized. Additionally, explanatory and thematic analyses were also used to describe and dissect subject information. The study participants comprised 10 senior managers and 60 finance officials in KZNPDs. Using a convenient sampling strategy, key informants and survey respondents were selected. The total number of observations (n) and proportion (%) in a variable was computed using the "tab" command of Stata 11. The graph box displaying the median and distribution of observations was created using the "graph box" command of Stata 11. Relationships between two categorical variables were investigated using Chi-Square analysis and results were reported with three parameters i.e., number of observations (n) Chi, and P-value. Examination of data disclosed that KZNPDs are struggling to ensure payments are made on time as a result of unresolved petty issues. The study revealed that the OPOT initiative is effective, however exhibiting some shortfalls of no proper systems or elements of controls in place. Furthermore, the study divulged that the OPOT initiative would be more effective when the factors of late or non-payment of invoices are filtered into any initiative or assistance provided and are post-effect rather than an after-effect initiative.

## Table of Contents

|  |     |
|--|-----|
| DECLARATION .....  | ii  |
| DEDICATION .....   | iii |
| ABSTRACT.....  | iv  |
| LIST OF FIGURES .....  | ix  |
| LIST OF TABLES .....   | x   |
| LIST OF ACRONYMS AND ABBREVIATIONS.....  | xi  |
| Definition of terms and concepts .....   | xii |
| CHAPTER ONE .....  | 1   |
| INTRODUCTION .....   | 1   |
| 1.1.    OVERVIEW .....   | 1   |
| 1.2.    BACKGROUND TO THE STUDY .....  | 1   |
| 1.3.    PROBLEM STATEMENT .....  | 3   |
| 1.3.1.    The background to the Problem Statement .....  | 4   |
| 1.4.    RESEARCH AIM AND OBJECTIVES OF THE STUDY .....   | 5   |
| 1.4.1.    Research Objectives .....  | 5   |
| 1.4.2.    Research Questions .....   | 5   |
| 1.4.3.    Assumptions and Limitations of the study .....   | 5   |
| 1.5.    THE JUSTIFICATION AND SIGNIFICANCE OF THE STUDY .....  | 6   |
| 1.5.1.    Importance of the study to Provincial Government Departments at the operation level .....                    | 6   |
| 1.5.2.    Importance of the study to assess and determine the feasibility and impact of the initiative on KZNPDs ..... | 7   |
| 1.5.3.    The beneficiaries of this research study .....   | 7   |
| 1.6.    ETHICAL CONSIDERATION .....  | 8   |
| 1.7.    STRUCTURE OF THE DISSERTATION .....  | 9   |
| 1.8.    SUMMARY .....  | 10  |
| CHAPTER TWO .....  | 11  |
| LITERATURE REVIEW .....  | 11  |
| 2.1.    INTRODUCTION .....   | 11  |
| 2.2.    DEFINITION OF KEY TERMS .....  | 11  |
| 2.2.1.    Payment on Time .....  | 11  |
| 2.2.2.    Operation Payment on Time .....  | 12  |
| 2.3.    FACTORS AFFECTING THE OPOT .....   | 13  |
| 2.3.1.    Budget Constraints .....   | 13  |
| 2.3.2.    Capacity and Skilled Decision-makers .....   | 13  |
| 2.4.    THE PROCEDURES OF THE OPOT .....   | 14  |

|         |   |    |
|---------|---|----|
| 2.5.    | LATE PAYMENTS.....  | 15 |
| 2.4.1.  | Factors influencing late payment .....  | 16 |
| 2.4.2.  | The Impact of delayed payment.....  | 16 |
| 2.4.3.  | Poor Economic Production as the domino effect from late payment.....              | 17 |
| 2.6.    | THE CHALLENGES FACING SMMEs .....   | 19 |
| 2.7.    | RESULT OF LATE PAYMENT AS A CONTRIBUTING FACTOR TO LACK OF ENTREPRENEURSHIP ..... | 19 |
| 2.8.    | THE LEGISLATIVE FRAMEWORK: A CONCEPTUAL OVERVIEW.....                             | 20 |
| 2.8.1.  | The legislative framework applicable to late payment of invoices .....            | 20 |
| 2.8.2.  | The role of Provincial Treasuries as mandated by the PFMA .....                   | 21 |
| 2.8.3.  | Standard Operating Procedures.....  | 22 |
| 2.9.    | THE PERFORMANCE OF PROVINCIAL TREASURIES.....                                     | 23 |
| 2.10.   | PERFORMANCE OF DEPARTMENT'S.....  | 24 |
| 2.11.   | THE ROLE OF GOVERNMENT .....  | 25 |
| 2.11.1. | The Role of Government in late payment an international view .....                | 25 |
| 2.12.   | SUMMARY .....   | 26 |
|         | CHAPTER THREE .....   | 27 |
|         | RESEARCH METHODOLOGY.....   | 27 |
| 3.1.    | INTRODUCTION .....  | 27 |
| 3.2.    | RESEARCH PURPOSE .....  | 27 |
| 3.3.    | RESEARCH PHILOSOPHY AND METHODOLOGY .....   | 27 |
| 3.3.1.  | Research Philosophy .....   | 28 |
| 3.3.2.  | Research Approach .....   | 29 |
| 3.3.3.  | Research Strategy.....  | 30 |
| 3.4.    | RESEARCH DESIGN .....   | 30 |
| 3.4.1.  | Exploratory Design .....  | 31 |
| 3.4.2.  | Explanatory design.....   | 31 |
| 3.4.3.  | Selected Research Design .....  | 31 |
| 3.4.4.  | Research Method.....  | 31 |
| 3.4.5.  | Targeted Population and Sampling .....  | 32 |
| 3.4.6.  | Data Collection .....   | 36 |
| 3.5.    | DATA ANALYSIS.....  | 41 |
| 3.5.1.  | Selected Data Collection and Analysis Method.....                                 | 41 |
| 3.6.    | VALIDITY AND RELIABILITY OF THE DATA .....  | 43 |
| 3.6.1.  | Validity of the Questionnaire.....  | 43 |
| 3.6.2.  | Reliability of the Questionnaire.....   | 43 |

|  |  |    |
|--|--|----|
| 3.7.   | ETHICAL CONSIDERATION .....  | 43 |
| 3.8.   | ASSUMPTIONS AND LIMITATIONS .....  | 44 |
| 3.9.   | SUMMARY .....  | 45 |
| CHAPTER FOUR.....                              |  | 46 |
| PRESENTATION OF RESULTS .....                  |  | 46 |
| 4.1.   | INTRODUCTION .....   | 46 |
| 4.2.   | MIND MAP .....   | 46 |
| 4.2.1.   | Interview Mind Map .....   | 47 |
| 4.2.2.   | Survey mind map .....  | 48 |
| 4.3.   | RESPONSE RATE .....  | 48 |
| 4.4.   | DEMOGRAPHIC PROFILING .....  | 50 |
| 4.4.1.   | Respondents Demographic Information .....  | 50 |
| 4.4.2.   | Key Informant's Demographic Information .....  | 51 |
| 4.5.   | FINDINGS BASED ON OBJECTIVE 1: - Exploring the underlying factors that causes late payment of invoices at KZNPDs .....               | 52 |
| 4.5.1.   | Lack of Invoice Tracking.....  | 54 |
| 4.5.2.   | No Central Receiving Point of Invoices.....  | 54 |
| 4.5.3.   | System Bypass .....  | 55 |
| 4.5.4.   | Lack of Capacity .....   | 55 |
| 4.5.5.   | Lack of Proper Processes .....   | 56 |
| 4.5.6.   | Issue of Network .....   | 56 |
| 4.5.7.   | Lack of Ethics .....   | 57 |
| 4.6.   | FINDINGS BASED ON OBJECTIVE 2: - The contribution of the OPOT initiative on the underlying factors of late payment of invoices ..... | 58 |
| 4.6.1.   | Reliability and responsiveness .....   | 60 |
| 4.6.2.   | Consultative Forums .....  | 62 |
| 4.6.3.   | The Methodology .....  | 62 |
| 4.7.   | FINDINGS BASED ON OBJECTIVE 3: - The effectiveness of the OPOT initiative on late payment of invoices by KZNPDs .....                | 64 |
| 4.8.   | FINDINGS BASED ON OBJECTIVE 4: - The impact of the OPOT on KZNPDs .....  | 68 |
| 4.9.   | SUMMARY .....  | 73 |
| CHAPTER FIVE .....                             |  | 74 |
| DISCUSSION AND INTERPRETATION OF FINDINGS..... |  | 74 |
| 5.1.   | INTRODUCTION .....   | 74 |
| 5.2.   | INTERPRETATION OF FINDINGS .....   | 74 |
| 5.2.1.   | Exploring the underlying factors that causes late payment of invoices at KZNPDs .....  | 74 |

|  |   |     |
|--|---|-----|
| 5.2.2.   | The contribution of the OPOT initiative on the underlying factors of late payment of invoices at KZNPDs ..... | 76  |
| 5.2.3.   | The effectiveness of the OPOT initiative on late payment of invoices by KZNPDs .....                          | 78  |
| 5.2.4.   | The impact of the OPOT initiative on KZNPDs .....   | 80  |
| 5.3.   | SUMMARY .....   | 83  |
| CHAPTER SIX .....  |   | 84  |
| CONCLUSIONS AND RECOMMENDATIONS .....                          |   | 84  |
| 6.1.   | INTRODUCTION .....  | 84  |
| 6.2.   | SUMMARY OF MAJOR FINDINGS .....   | 84  |
| 6.3.   | RECOMMENDATIONS .....   | 87  |
| 6.4.   | CONCLUDING REMARKS .....  | 90  |
| 6.5.   | LIMITATIONS OF STUDY .....  | 91  |
| 7.   | REFERENCES .....  | 92  |
| APPENDIX A SURVEY QUESTIONNAIRE .....                          |   | 100 |
| APPENDIX B INTERVIEW QUESTIONS .....                           |   | 105 |
| APPENDIX C INVITATION TO PARTICIPATE IN A RESEARCH STUDY ..... |   | 108 |
| APPENDIX D ETHICAL CLEARANCE .....                             |   | 111 |
| APPENDIX E GATEKEEPER LETTER .....                             |   | 112 |
| APPENDIX F LANGUAGE EDITING .....                              |   | 118 |
| APPENDIX G TURNITIN REPORT .....                               |   | 119 |



## **LIST OF FIGURES**

Figure 2.1: KZN Provincial Treasury's Payment Process.

Figure 3.1: Data Collection Method

Figure 3.2: Mixed Method Data Triangulation

Figure 4.1: Mind Map for Survey Data

Figure 4.2: Mind Map of Themes developed from Interview

Figure 4.3: Description of the number of days' officials took to process invoices

## **LIST OF TABLES**

Table 2.1: Number of Invoices paid late or not paid

Table 3.1: Sample for Provincial Government officials

Table 4.1: Display of Distribution of Departments in the OPOT study

Table 4.2: Description of study respondents' gender, race, and qualifications

Table 4.3: Key informant's Demographic Information

Table 4.4: Display of Chi-Square analysis results for the investigation of underlying factors causing the late payment of invoices

Table 4.5: Description of Operation Pay on Time initiative

Table 4.6: Display of Chi-Square analysis results for investigation of the contribution of the OPOT to the underlying factors causing the late payment of invoices.

Table 4.7: Description of underlying factors causing late payment per the IN34 reports.

Table 4.8: Reliability and Responsiveness of the OPOT initiative

Table 4.9: Description of the effectiveness of the OPOT initiative

Table 4.10: Display of Chi-Square analysis results for the investigation of the effectiveness of the OPOT on the causes of late payment of invoices.

Table 4.11: Description of the impact of the OPOT initiative

Table 4.12: Display of the Chi-Square analysis results for the investigation of the impact of the OPOT on late payment of invoices

## **LIST OF ACRONYMS AND ABBREVIATIONS**

|              |  |
|--------------|--|
| <b>AG</b>    | Auditor General                        |
| <b>AO</b>    | Accounting Officer                     |
| <b>CA</b>    | Chartered Accountant                   |
| <b>CFO</b>   | Chief Financial Officer                |
| <b>CSD</b>   | Central Supplier Database              |
| <b>DD</b>    | Deputy Director                        |
| <b>GOVT</b>  | Government                             |
| <b>HOD</b>   | Head of Department                     |
| <b>IN34</b>  | Instruction Note 34                    |
| <b>KZN</b>   | Kwa-Zulu – Natal                       |
| <b>KZNPD</b> | Kwa-Zulu – Natal Provincial Department |
| <b>KZNPT</b> | Kwa-Zulu – Natal Provincial Treasury   |
| <b>NDP</b>   | National Development plan              |
| <b>OPOT</b>  | Operation Pay on Time                  |
| <b>PFM</b>   | Public Financial Management            |
| <b>PFMA</b>  | Public Finance Management Act          |
| <b>RM</b>    | Responsibility Manager                 |
| <b>SDG</b>   | Sustainable Development Goal           |

## **Definition of terms and concepts**

**Cash blocking** is when a government department has expenditure that is more than the funds available in the department's bank account. This may be caused by several different reasons.

**End users** refer to Stakeholders within the Department that are directly involved in a project that needs to be paid.

**Instruction Note number 34** is the National Treasury's instruction note enforced to all government departments to ensure payments to service providers are made within 30 days of receipts of valid invoices from the supplier.

**Operation Pay on Time** is the initiative introduced by the KZN Treasury to assist KZN Departments to comply with the legislated payment terms of 30 days. The initiative provides suppliers with a platform where they can report departments that have contravened the 30 days' payment terms and KZN Treasury intervene to enforce payment.

**Responsibility Manager** refers to departmental personnel who is responsible to approve budget and expenditure. i.e. certification of invoices.

**Service providers** and **SMMEs** are used interchangeably in this research study.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. OVERVIEW**

The study examines the effectiveness of the Operation Pay on Time (OPOT) initiative on the KwaZulu-Natal Provincial Departments (KZNPDs). It also explores the underlying factors of late invoices in KZNPDs and assesses the effectiveness of the OPOT initiative on the underlying factors. The premise behind the study is the fact that KZNPDs have continuously failed to make payments to service providers within the stipulated times despite several interventions made over the years to mitigate this phenomenal issue (Africa, 2020). Chapter one of this dissertation leads the research study, provides the background of the study, and enlightening the problem, aim, and objectives as well as the inspiration of this research study. Additionally, it defines the research questions and introduces the significance of the study as well as its limitations. At the end, the chapter outlines all other chapters of this dissertation.

### **1.2. BACKGROUND TO THE STUDY**

The South African Government is structured into three spheres, namely: The National Government, the Provincial Government, and the Local Government. Laws and regulations are developed and maintained at a national level and cascaded down for implementation to provincial and local government ranks. South Africa has a population of 60.14 million with an unemployment rate of 34.9% and an economic growth of 4.7% (Africa, 2021). Sluggish economic growth is a global issue that has led global countries to stand up together and formulate a Sustainable Development Plan to be achieved by 2030. Its objective is to accelerate economic growth (Transforming our world: the 2030 Agenda for Sustainable Development: Sustainable Development Knowledge Platform, 2017). To accomplish the goals of the NDP, South Africa has to create an enabling environment for job opportunities. SMMEs have been recognized worldwide as the major contributors to the gross domestic product with 80% of employment in Africa created by SMMEs (Gross Domestic Product by Industry, 4th quarter and annual 2017 | U.S. Bureau of Economic Analysis (BEA), 2017). It is therefore up to the Government to create an enabling environment. The late payment of invoices to SMMEs to date is negating these government goals. This research study will focus on the issues relating

to the late payment of invoices by government departments in KZN, South Africa. Government Departments in South Africa are regulated by the Constitution of the Republic of South Africa, 1996, and within the constitution, the Public Finance Management Act 1999 (PFMA) was developed to direct public funds. Over the years, KZNPGDs has continuously failed to meet the requirements of the PFMA which stipulate the turnaround time for payments as 30 days from receipt of a valid invoice. For this reason, the KZN Department of Treasury serves as a supporting department to all KZNPDs by regulation of the PFMA (Public Finance Management Act 1 of 1999 | South African Government, 1999). According to Instruction Note 34 (IN34), the KZN Treasury is expected and tasked to develop a turnaround strategy that will rectify the challenging issue of late payments (Africa, nd).

The frequent contravention of the PFMA and Treasury Regulations has manifested to dire levels as departments fail to meet the stipulated 30 days' payment terms (Africa, 2009). Several studies have revealed that delays in payments by Government Department have resulted in cash flow issues for SMMEs that are unable to pay salaries and wages as they struggle to survive. The Global Sustainable Development Strategy (GSD) was created to promote sustainable economic growth globally with an emphasis on full and productive employment and decent work for all (Lu *et al.*, 2015). In correlation with Sustainable Development, South Africa (S.A.) has adopted the National Development Plan (NDP) with the aim of eliminating poverty and reducing inequality by 2030 (National Development Plan 2030 | South African Government, 2017). The OPOT initiative should be assisting in eradicating poverty and reducing inequality. The study examines the effectiveness of the OPOT initiative on late or non-payments. Government Departments are obligated to settle their obligation within a prescribed period as outlined by the Public Finance Management Act of 1999 which states that:

*"Accounting officers must settle all contractual obligations and pay all money owing including intergovernmental claims, within the prescribed or agreed period."*

Treasury regulation paragraph 8.2.3 was introduced to divulge the "*prescribed period*" as 30 days' from the receipts of the valid invoice (Public Finance Management Act 1 of 1999 | South African Government, 1999:171). Late payment arises when goods or services have been provided to the department according to the agreed terms and conditions but the department fails to pay the service provider within the specified time frame (Bally, 2018). Despite every intervention having been made to ensure compliance, Government Departments still fail to

meet their obligation. With this being said, the problem statement has been formulated as a result of this unwelcoming action.

### **1.3. PROBLEM STATEMENT**

Sustainable Development Goal number eight (SDG 8) focuses on the advancement of sustained inclusive and sustainable economic growth, drawing significance on full and productive employment and decent work for all (U.N., 2019). Additionally, the National Development Plan intends to reduce poverty and decrease inequity. The NDP proposes a long-term perception defining an anticipated endpoint and recognizing the role each stakeholder should play in accomplishing those goals. Government Departments are the role players in the NDP and, as such, a need exists to align the department's processes with the NDP. Late payment of invoices is negating the global SDG 8 whose primary focus is to promote sustainability of the economy, achieve full employment, and reduce poverty and inequity in S.A.

The Association of Chartered Certified Accountants (2015) has estimated that almost half of all entity-to-entity agreements globally are supported by trade finance and 30% of all trade finance sales are paid late. Connell (2014) study the economic effects of late payments and discovered that delayed payments have a detrimental impact on a business environment which aggravates the financial burden of a constrained SMME. Nicolas (2021) concurs that delayed payments increase the working capital of SMMEs. Kaya (2022), studied Late payments to SMEs as a factor that affects their access to finance and revealed that late payment hinders the ability of SMEs to pay their debts and their creditworthiness suffers as a result of poor liquidity. The result of the study by Kaya (2022) reveals that late payments to SMMEs give rise to credit restricting. The study further revealed that seven percent of SMMEs that are faced with late payment are likely to face problems to access finance. Lack of access to loan and overdraft facilities was discovered to be the number one challenge that SMMEs face as they suffer the consequence of late or non-payment (Kaya, 2022).

Previous research studies globally have been cantered around enforcing payments and recently focusing on tracking invoices (Africa, 2018). National Treasury has tasked Provincial Treasury departments to devise an effective invoice tracking system to trace late invoices and enforce compliance with the prescribed 30 days' payment terms. The issues that influence late or non-payment are still not addressed as the Tracking System is limited only to the statistics of invoices paid late rather than mitigate factors that feed non-payment or over invoices.

Initiatives that aim to resolve the issue of late payment have been implemented, however, no follow-ups on the effectiveness of these initiatives have been put into place.

### **1.3.1. The background to the Problem Statement**

As previously mentioned, the South African Government has, over the years, issued regulations, and instruction notes and even developed a task team to enforce compliance in the payment of invoices within the stipulated agreed terms. National Treasury is inundated with grievances from suppliers reinforcing frustration that regardless of the deliverance of service to Departments as per the agreement with the specified units, they are not honouring their obligation. The incessant contravention of the PMFA and Treasury Regulation has resulted in the Minister of Performance Monitoring and Evaluation issuing communication demanding departments to ensure that compliance is adhered to (Africa, 2009). In 2010 the National Treasury escalated the issue by issuing a circular urging Accounting Officers to introduce measures that will warrant payments being made within 30 days' (Africa, 2010). In 2011 treasury Instruction Note 34 (IN34) was introduced to improve compliance with section 38(1) (f) of the PFMA and it states: *"Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or in the case of civil claims, from the date of settlement or court judgment."* (Publications: 20111130 Instruction Note 34 - Effecting payments within 30 days from receipt of an invoice (TR8.3.2), 2011:171).

IN34 further contends that departments must report to provincial and national treasury all invoices that were paid late and that investigations would be conducted resulting in the culpable officials being held liable. Provincial Treasuries have now been tasked to devise an invoice tracking system aimed at identifying late invoices. Despite every intervention, several departments continue to fail to make payments to suppliers. This not only contravenes the PFMA and Treasury Regulations, but several studies have revealed that this unwelcome practice also harms the country's economic growth and has led to the demise of several SMMEs due to fiscal constraints with others implementing extreme procedures like retrenching employees just to remain open (Ajam and Fourie, 2014). These actions are counter-productive to the Government's principle concern of job creation and a sustainable economy.



#### **1.4. RESEARCH AIM AND OBJECTIVES OF THE STUDY**

The research aim provides answers to the research question by outlining what needs to be studied (Creswell, 2013). The purpose of this study is to assess the effectiveness of the KZN Department of Treasury's initiative "Operation Pay on Time" on late payment of invoices by KZNPDs.

##### **1.4.1. Research Objectives**

Objectives comprise several steps that address how the research aim will be achieved (Creswell, 2013). The research objective divides the research aim into several parts that address each part separately. The objectives of this study are as follows:

1. To explore the underlying factors of late payment of invoices by KZNPDs.
2. To assess the contribution of the OPOT initiative on the underlying factors of late payment of invoices by KZNPDs;
3. To assess the effectiveness of the OPOT initiative on late payment of invoices by KZNPDs
4. To assess the impact of the OPOT initiative on KZNPDs.
5. To provide recommendations to KZNPDs in terms of increasing the level of effectiveness and efficiency.

##### **1.4.2. Research Questions**

Research questions are a central question of the study that has to be answered based on the research finding(s) (Creswell, 2013). The objectives of this study are formulated based on the following research questions:

1. What is/are the underlying factor/s that cause the late payment of invoices at KZNPDs?
2. What contribution has the OPOT initiative made to the underlying factors of late payment of invoices at KZNPDs?
3. How effective is the OPOT initiative on the late payment of invoices by KZNPDs?
4. What is the impact of the OPOT initiative on KZNPDs?

##### **1.4.3. Assumptions and Limitations of the study**

###### ***1.4.3.1. Assumption***

The assumption made is that the quality of data and record-keeping of the participating departments is of sufficient quality. This research study depends on the primary data provided

by provincial departments, which data encompasses recording invoices accurately as and when received by that department as well as keeping a track record of each invoice until such invoice is paid. The assumption made is that efficient record keeping is undertaken.

#### **1.4.3.2.    *Limitation***

The success of this research is restricted to the accessibility of relevant information from the KZN Provincial Treasury and other participating Departments. The study will also be limited by time constraints and bureaucratic processes required to access data and respondents. Due to the sensitive nature of the information provided by officials, they may feel reluctant to expose their relevant departmental flaws. There is a possibility of the inability to secure key informants for an interview. In such case, the Chief Financial Officer (CFO) or Accounting Officer (AO) of that department will be added as informants in order to obtain the same data or alternatively a reasonable number of participants necessary for the study. The study is constrained to Provincial Government Departments in Kwa-Zulu Natal, South Africa located in Pietermaritzburg. The study's sole aim is to look at the effectiveness of the OPOT initiative and the impact it has contributed to resolving the issue of late payment of invoices in KZNPDs.

### **1.5.    THE JUSTIFICATION AND SIGNIFICANCE OF THE STUDY**

#### **1.5.1.   Importance of the study to Provincial Government Departments at the operation level**

Late payment has been studied in several inquiries in this area, with only slight inputs being made to resolve the issue. There is a significant need for this research study in Provincial Government Departments at operational levels to evaluate any changes implemented following recommendations made by previous studies to pay on time. KZN Provincial Treasury, as the support department to all other Departments in KZN, has developed an initiative to assist Provincial Government Departments which continuously struggle to make payments on time. It is imperative to evaluate this initiative in order to assess its effectiveness and understand why departments are still struggling to make payments on time. The initiative was implemented as a result of the Instruction Note 34 (IN34) from the National Treasury, Instructing Provincial Treasuries to formulate an effective solution for late payments by Departments.

### **1.5.2. Importance of the study to assess and determine the feasibility and impact of the initiative on KZNPDs**

Government departments struggle at the operational level, attempting to manoeuvre around the regulations, instruction notes and policies developed at the national level cascading down to the departments to implement with a lack of understanding of each department's daily operation. The policy developers fail to understand the operational work at the provincial level with the "*one size fits all*" policy development being a concerning issue. There is a need for this study in order to acquire an understanding of the effect of the initiative on KZNPDs and its feasibility on these departments. It is critical to mitigate the issue of late payments. The Government's focus currently lies in tracking late invoices and the number of departments that are in contravention of IN34. Once that statistic is obtained National Government tries to enforce payments to the extent that they may even make payments themselves. Unfortunately, the same routine occurs every month with the issue not being addressed and the ongoing damage continuing for SMMEs. Some SMMEs are unable to bounce back because the enforced payment cannot meet costs incurred in trying to obtain payment from departments. The research findings from this study will provide a mind shift to Government and mitigate the root cause of the problem.

### **1.5.3. The beneficiaries of this research study**

This research study will benefit:

- 1.5.3.1.** The Government Departments will benefit from the study as its objective is to assess the effectiveness of the initiative by KZN Treasury in order to understand each department's operation relative to this initiative and provide relevant specific support to each department.
- 1.5.3.2.** KZN Provincial Treasury will benefit as they will understand what kind of support that must be provided to which department concerning the late payment issue.
- 1.5.3.3.** The policymakers will benefit from the study as they will consider each department's operation when developing policies to be implemented at the operational level.
- 1.5.3.4.** The Service Providers will benefit from this study as this will mean an end to their financial constraints as a result of late or non-payment of invoices by departments.

- 1.5.3.5. The community will benefit as a result of employment created by SMMEs and more business opportunities will emerge.
- 1.5.3.6. The South African economy will benefit as the SMMEs are the major contributors to the South African economy. If SMMEs are shutting down or have financial constraints as a result of late or non-payment, the country is then moving in different directions towards achieving the NDP 2030 goals.

## **1.6. ETHICAL CONSIDERATION**

The researcher applied for ethical clearance from the University of KwaZulu-Natal after requesting approval from the employer KZN Treasury to conduct research in the field of work. The researcher engaged with the Department of KZN Treasury, Transport, Social Development, and Department of Education to seek gatekeeper letters to conduct research. The Head of Departments were identified as the gatekeepers of these government departments and an application was sent to seek approval to conduct research. The researcher followed all ethical protocols of each department and approval was granted. The researcher used the gatekeeper letters to apply for the ethical clearance at the University of KwaZulu-Natal with University protocols being adhered to and the ethical clearance being granted by the Gatekeepers of the University. Upon the approvals being granted the researcher constructed an informed consent form to be signed by participants prior to collecting data. The researcher gives full consent that the research is voluntary and participants can withdraw at any time with the assurance of complete confidentiality and anonymity. The research adapted any correspondence to the respective participant's preferred language. Participants were given a brief outline of the study and requested to sign a consent form before being interviewed. Personal data has been removed and coded to maintain confidentiality. In the application for the clearance letter the research topic, objective, and questions were clearly outlined. The aim and the beneficiaries of the study were clearly stated.

## **1.7. STRUCTURE OF THE DISSERTATION**

This research is structured into six chapters where:

### **Chapter 1: Introduction**

This chapter is an introduction to the study and outlines what the research intends to achieve.

### **Chapter 2: Literature Review**

This chapter presents a critical review of the literature in relation to this study on late payments of invoices. Its objective is also to examine the role of government departments concerning service delivery to enhance the South African economy and provide enabling environments for SMMEs. Previously research studies undertaken and relevant theories identified are cross-examined and contended within the existing body of knowledge defined.

### **Chapter 3: Research Methodology**

This chapter illuminates the research design of this study. It affords and rationalizes the research methods and techniques employed in directing data collection and analysis, and lastly evaluates the reliability of this research and addresses issues of ethics.

### **Chapter 4: Presentation and Analysis of Data**

This chapter is the presentation of the data collected from the fieldwork.

### **Chapter 5: Interpretation of Finding**

Chapter five it's where results from data collected are presented and supported by applicable abstracts from primary data. It also presents a discussion of the analysed data to derive findings. Collected data is then contrasted with the researcher's paradigm and secondary data from previous literatures.

### **Chapter 6: Conclusions and Recommendations**

This final chapter draws conclusions, and present recommendations.

## **1.8. SUMMARY**

The introductory chapter commences by defining the issue of late or non-payment of invoices that cannot be overlooked. All initiatives implemented to solve this issue must be evaluated for efficiency and effectiveness. The SMMEs are the major contributors to the South African economy. Even though SDP and NDP concede this, the continuous unwelcoming practices of late or non-payment by government departments erode the SMMEs role in the economy. The phenomenon pointed out calls for a radical change in Government enforcement payment, and the dire need to evaluate systems or initiatives implemented to address this issue. In this chapter, a research aim, objective, and questions have been outlined. The background to the study and the problem statement has also been drawn. The literature review will be addressed in the next chapter.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

The literature review is the secondary source that reports on existing findings on a particular topic. They are not original experimental work and cannot be considered original findings or knowledge (Saunders *et al.*, 2007). The narrative literature review attempts to critique the literature and summarise all the evidence. It also attempts to draw conclusions regarding the topic as well as identify any gaps or inconsistencies. This chapter reviews the literature on late payment and defines the main terms. Lastly, it examines the role of the Government and the Treasury as legislated.

#### **2.2. DEFINITION OF KEY TERMS**

##### **2.2.1. Payment on Time**

The government in South Africa procures goods and services from private suppliers for service delivery to the public. With that, a payment obligation arises under certain conditions. Payments are usually not fulfilled timeously despite the PFMA stipulating the payment on time clause under section 38(1) (f) as the payment made within 30 days from receipt of invoice. Postponed payments are the norm in trade dealings, however, extreme delays in payments are usually detrimental to service providers. Long delays force firms to seek alternative means of financing and such delays can also cause a snowballing effect. A snowball effect in this context occurs when the government delays payment to suppliers and suppliers will also delay paying to their creditors which, in turn, affects the payment of salaries and wages to employees at the lower hierarchical levels. The impact of the late payment to suppliers depends on the size of the firm. Large companies can mitigate the effects of delayed payments more than SMMEs can. Large firms may acquire trade credit or negotiate bank finance. However, for SMMEs, being unable to pay on time is more serious as they are unable to obtain trade credit and it is difficult to obtain bank finance. In a hypothetical scenario, Connell (2014) estimated government payments to firms to be reduced to nil when a company shutdown rate is reduced by more than 7%. This suggests that making payments on time has a positive effect on SMMEs.

### 2.2.2. Operation Payment on Time

Operation pay on time is an initiative by the KwaZulu-Natal Department of Treasury advocating their commitment to paying suppliers within 30 days. The KwaZulu-Natal Provincial Government is committed to paying its creditors within 30 days from receipt of invoices or per the terms of the contract (Africa, 1999). The initiative provides suppliers with channels to track and report provincial departments that have delayed payments.

As part of the OPOT initiative, KZN Treasury has issued a nomination form to all departments to nominate champions within departments who will report on compliance with IN34. Departments making payments past the due dates are required to submit monthly reports to the Provincial Treasury detailing the number of invoices as well as the amount owed beyond the due date with the justification for not paying on time (Africa, 2020). Table 2.1 below shows the report of invoices that were paid late and invoice not yet paid and exceeding 30 days. The accuracy of the information is confirmed by the department's Accounting Officer before submission to Provincial Treasury. The Provincial Treasury collates the information submitted and sends it to National Treasury to enforce payment. Non-compliant departments are named and shamed publicly (Africa, 2020). The initiative has publicly provided an email address and a toll-free helpline to service providers with the email address monitored daily. KZN Treasury commits to its promise of providing a resolution within 7 days from receipt of a query should there be no dispute and payment be made within 21 days from receipts of the complaint. If there is a dispute a meeting is arranged between the said department, provincial treasury, and the service provider to propose a suitable resolution and make payment within 21 days' (Africa, 2020).

| <b>Department Name</b> | <b>2018/2019 No. of Invoice</b> | <b>Value R'000</b> | <b>2019/2020 No. of Invoice</b> | <b>Value R'000</b> | <b>2020/2021 No. of Invoice</b> | <b>Value R'000</b> |
|------------------------|---------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|--------------------|
| Education              | 5 684                           | 2 740 595          | 5 899                           | 2 712 655          | 9 205                           | 4 748 952          |
| KZN Treasury           | 84                              | 12 307             | 30                              | 3 972              | 24                              | 3 340              |
| Transport              | 3 749                           | 1 148 709          | 1 935                           | 539 217            | 623                             | 128 894            |
| Social Development     | 278                             | 12 420             | 169                             | 19 826             | 159                             | 11 899             |

**Table 2.1 Number of Invoices late or not paid**

Source: Africa, S. (2021)



## **2.3. FACTORS AFFECTING THE OPOT**

### **2.3.1. Budget Constraints**

In Government, a budget is a process that consists of a series of activities that relates to how public expenditure is undertaken. The public budget serves as the allocation of expenditure for different purposes to achieve the greatest results (Diokno, 1999). The Government's budget determines the three central economic activities (resource allocation; income and wealth distribution; and stabilised economy) that are the means of the country's objectives. The central economic functions are shared in different spheres of government (Budlender, D, et al.; 1998). National Treasury appropriates budgeted funds for the province and the provincial treasury distributes those funds to departments according to their budgeted objectives to be achieved by each department. Provincial departments are obligated to send back unutilised funds to National Revenue Fund at the end of the financial year and that reduces the money that the departments have to work with (Budget manual, 2022). The very same funds were allocated based on the activities that each department has to carry out, surrendering those funds affects the service delivery as they were allocated based on public needs. The department's mandate has to continue with limited funds appropriated in the new financial year which creates constraints and delays payments.

Aragão (2022), conducted a study research on outsourced strategies in the public sector under budget constraints where the study revealed that budget cuts primarily cause delays in paying salaries and supplier invoices. The results of the study further revealed that it is impossible to make payments to suppliers without money and this affects service continuity. In government, funds are released monthly for payment processing based on the Management's cash flow projections. Cash blocking will occur when payments to be processed are more than the available funds released. Namaiwa (2022) discovered that poor management and finance was the leading factor causing late payment. Similarly, Shwarka and Anigbogu (2012) revealed that the government's delay in the implementing budget has always been a leading factor in delayed payments.

### **2.3.2. Capacity and Skilled Decision-makers**

In a study by Aragao (2022), it was revealed that public servants experience poor workforce distribution; work overload; a lack of technical skills; and a lack of commitment. The economic

aspects were outlined as the factor that affects operation in Government. The understanding of financial planning for both financial and non-financial managers is critical to enable managers to do their realistic cash flow projections and avoid cash blocking that leads to late or non-payment of invoices. In a study by Namaiwa (2022), it was revealed that poor management is one of the causes of late payment and Aragao (2022) concurred that budget cuts also cause payment delays. This highlights the importance of realistic cash flow projections done by Government Managers, realistic projection requires skill or knowledge in the field. The importance of qualifications held by government officials was highlighted by Aragao (2022) as the key to executing and maintaining public service. Furthermore, tools and techniques increase the ability of public servants. A number of research studies (Fataye 2012; Arumita 2012; and Mohammed and Isah 2012), discovered that delayed payments of completed work ranked high among the factors that influence delays in the execution of construction projects. Namaiwa (2022), recommends that spheres of government initiate a supporting scheme to enable SMEs. There are no research studies that has been done previously in relation to the factors affecting OPOT. This research study evaluates the effectiveness of the support provided by one of the sphere of government which is the OPOT initiative.

## **2.4.THE PROCEDURES OF THE OPOT**

- 2.4.1.1.The Service provider must ensure that they are registered as vendors on the Provincial Central Supplier Database (CSD). The Government accounting system (BAS) is linked to the CSD. If a service provider is not registered on the CSD the service provider will be unable to receive any payment. The CSD enables service providers to be vendors with the State and interlinks all government systems, including South African Revenue Services, in terms of tax compliant and any other compliant status required for State vendors;
- 2.4.1.2.A service provider is required to obtain a valid order before servicing the department. A copy of this is sent to a service provider which ensures and validates that the service provider has been awarded to service that department. No contractual agreement exists without a valid order issued;
- 2.4.1.3.A service provider must obtain acknowledgment of receipt of goods or services from the receiving department;

2.4.1.4. The Service provider must submit to the finance office an original invoice with correct castings and must not wait for cut-off dates before submitting invoices; and

2.4.1.5. Service providers must register on that department's accounting system (BAS) and update their banking details on the system. This must be done for each department that the service provider services.

## **2.5. LATE PAYMENTS**

The problem of late payments is a major concern globally. Financial operations are more difficult, cost increases, investment options are narrowed, and lower competitiveness and lower profitability are a result of delayed payments (Sciences *et al.*, 2009). The survey conducted by the European Commission through its website “Your Voice” in Europe reported that more than 35% of the enterprises are threatened by late payments (Sciences *et al.*, 2009). Hence, the late payment problem is a global concern. Spain introduced a directive 2000/35/EC where payment periods and interest on late payments were specified (Salamon *et al.*, 2015; González, 2018). This directive failed and a new directive 2011/7/EU was developed to add additional measures to charge high interest and claim costs incurred in chasing payment. This directive also failed as the focus was still on the additional cost of late payment (Salamon *et al.*, 2015). It is important to provide measures and initiatives that will not add salt to a wound. In an economic downturn, late payments become more problematic because access to finance is more difficult (Official Journal of the European Union, 2011; Salamon *et al.*, 2015). In a nutshell, an enterprise's liquidity refers to its ability to meet its financial obligations on time, and government departments are far from achieving these financial obligations (Auditor-General, 2020).

Salamon *et al.* (2015), investigated the relationship between payment discipline and management ethics where 63% of the firms believed that payment delays were deliberate and 89% agree that late payments should be considered unethical. The study provided theoretical grounds that could shape new measures to fight late payment and recommended that government improves payment discipline by establishing an effective system of compulsory set-offs where suppliers can obtain payment. Auditor-General (2020), indicated R21.4million was not paid because of insufficient funds. A better payment discipline can be achieved through the adoption of new and better measures that can be captured using new knowledge of the lack of payment discipline. The researcher aims to assess the OPOT initiative which was developed

to curb the issue of late payment, the study provides new knowledge that can be used to free departments from this phenomenal late payment issue. According to Salamon *et al.* (2015), managers perceive late payments as free sources of capital (preserving the interest that banks would require if they had to borrow). In government, managers are careful not to overspend and neither underspends their budget and this is evident in the last month of the financial year extremely high amount of invoices are paid than the usual monthly payment (Africa, 2020).

#### **2.4.1. Factors influencing late payment**

Several studies have been conducted on the late payment of invoices by the Government on construction projects (Djokoto 2017; Ansah, 2011; Akinsiku, 2016; Hongtao Xie, and Junwei Zheng, 2016). A study by Djokoto (2017) examined the factors that influence late payment in the Government's new infrastructure projects in Gauteng, South Africa, and their root causes. The focus of the study was exclusive only to the new infrastructure construction projects with other trading suppliers with the state being excluded. The researcher used a mixed methodology approach to collect data in a structured questionnaire focusing on a targeted sample comprising the new infrastructure building clients in Gauteng Government. The researcher uncovered the payment process by the government departments as the underlying factor negatively affecting the new infrastructure project outcome. The study recommended Government departments effectively make payments and communicate with suppliers timeously. Despite these initiatives being put in place to effectively make payments on time, government departments continue to pay invoices late.

#### **2.4.2. The Impact of delayed payment**

Hongtao Xie, and Junwei Zheng (2016), focused on the impact of delayed payments on contractors which cascaded down to subcontractors. The researcher adopted a hybrid research methodology to simulate the relationship between delayed payments and the progress on projects combining interpretative structural modelling and system dynamic. A qualitative approach was used to evaluate the impact of late payments on construction project progress. The study quantified four policies to highlight the impact of delayed payment linked to the contractor and cascading down to the sub-contractor (Hongtao Xie, and Junwei Zheng 2016). To ascertain the effect of payment delays the researcher used the policies on payments. The study aimed to evaluate and classify the impact of delayed payments. It integrated, modelled,

and simulated the payment link between the main contractor and the sub-contractor and also revealed that when the government delays making payments to contractors, contractors are also unable to pay subcontractors on time. This, in turn, disrupts the entire supply chain and demonstrates that if contractors are paid within the stipulated time, funds will flow quickly throughout the chain and relieve the financial burden (Hongtao Xie, and Junwei Zheng 2016).

Delayed payment by Government to the SMME has a knock-on effect on the suppliers of the SMMEs as they will consequently delay paying their suppliers. SMMEs large resource capacity is allocated to the government department for a specific project which means a large proportion of SMME's income is derived from the government department. SMMEs may be small in business size but not directly proportional to their regular expenses (accommodation and overheads expenses) thus resulting in delays in payments crippling these organisation. The study by Hongtao Xie, and Junwei Zheng (2016) contends that the primary impact of late payment to be the SMMEs inability to pay their suppliers. Secondly, SMMEs are unable to make investments and pay staff bonuses. The study recommended that the contractors and sub-contractors exercise their rights of law to force departments to effectively disburse payments on time and charge interest where necessary. As a result of exercising the right of law, the Auditor-General (2020) announced an increase in interest and penalties on late payments. Money is spent on interest on late payments with no evaluation conducted on the initiatives developed to resolve the issue of late payment. This research study is integral to determining the effectiveness of the OPOT initiatives by assessing the efficiency and effectiveness of the solution provided by the KZN treasury.

#### **2.4.3. Poor Economic Production as the domino effect from late payment**

The Plum Sage conducted a survey in 2017 where it was discovered that 11% (\$1.01 trillion) of invoices issued by SMEs are paid late with 7.5% of those invoices being written off as bad debt (Gross Domestic Product by Industry, 4th quarter and annual 2017 | U.S. Bureau of Economic Analysis (BEA), 2017). In South Africa, R25 billion is accounted for as late payment and R17 billion is estimated to be written off as bad debts (Miller and Wongsaroj, 2017). The study by (Miller), declares production loss over late payment of invoices as SMMEs spent a significant amount of time chasing these payments. The study reveals that South Africa loses 20 days of productivity trying to secure payments which led to non-payment of

bonuses and consequently a reduction in staff morale. The 20 days' production loss is phenomenal compared to Australia which spent 4days' chasing up payments (Miller and Wongsaroj, 2017). SMMEs reduced investment to stay in business affects the economic growth negatively given the size (98%) of the SMMEs in the S.A economy (Miller and Wongsaroj, 2017; Rajagopaul *et al.* 2020).

SMMEs are unable to absorb the operational shocks as a result of limited resources like cash flow and human capital (Rajagopaul *et al.*, 2020). Operating at a low cash flow reserve has a significant impact when payments are delayed and if drastic measures have to be taken by SMMEs it will likely be detrimental to relationships with clients. For this reason, protecting the relationship with the client has been reported in a study by Plum Sage as the major barrier preventing SMMEs from chasing their payment (Miller and Wongsaroj, 2017). Miller and Wongsaroj (2017), concurred that a significant number of SMMEs find it difficult to charge for late-payments and be firm with their clients for fear of jeopardizing their future relationships. The study by Plum Sage advocates that a change be implemented in the policy to incentivize SMEs' clients to make payments on time (Miller and Wongsaroj, 2017). It is critically important for policymakers to evaluate and monitor the initiatives implemented. This could be achieved by understanding the most effective intervention needed to tackle this phenomenal issue. Current studies exclusively focus on the effect and reasons for late payments by the government to construction companies (Djokoto 2017; Ansah, 2011; Akinsiku, 2016; Hongtao Xie; and Junwei Zheng 2016). Government is the regulator and the policymaker that drives the country's economy which makes it critically important to understand why the regulators of law are non-compliant despite the regulations and initiatives being put in place. This research study focuses on assessing the OPOT initiative by the KZN Treasury as a means to mitigate payment delays. The study provides an in-depth assessment of the initiative and its effectiveness to the KZNPDS regarding overdue invoice payments. It has been identified that the solidity of the future client relationships is the major barrier for SMMEs taking action against late payment. Initiatives such as the OPOT breaks the silence and encourages SMMEs and Government Departments to work together for a better country.

## **2.6. THE CHALLENGES FACING SMMEs**

Hlatshwako (2012), investigated the contributing factor to the success or failure of small enterprises in Swaziland. A qualitative approach was utilized to collect data in a semi-structured interview where a study revealed that 36% of challenges faced by SMEs are caused by financial constraints while 20% were a result of operational costs. Hlatshwako (2012), explained that a delay in payment affects several SMEs both directly and indirectly. Directly affected SMEs are those that supply or trade with Government directly whereas indirectly are those small businesses that supply SMEs with stock and the SMEs supply government. The SMEs wait for payment from Government before they pay these small businesses.

The findings revealed that lack of financial resources, competition, and high operating costs are the most challenges faced by SMMEs with little support being provided by Government. The study indicates that SMMEs struggle to survive or even collapse as a result of these financial constraints. It further identified the economic climate as a significant challenge for SMMEs and Governments having financial difficulties. These late payments further cascade down to SMMEs. (Hlatshwako, 2012). The researcher recommended that Government should play a prominent role in creating an enabling environment for the development of SMMEs (Hlatshwako, 2012). SMMEs are integral to the creation of jobs, social stability, and economic welfare. They also contribute to the reduction of poverty by fostering economic growth and job creation (Ayyagari, 2007). It has been contended by Stokes and Wilson (2010), that small businesses and entrepreneurship have been widely recognized as critical to national economic growth. In S.A. the level of inequality is phenomenal having a 32% unemployment rate with SMMEs closing this gap by creating and providing employment to the lower-income group (Africa, 2020).

## **2.7. RESULT OF LATE PAYMENT AS A CONTRIBUTING FACTOR TO LACK OF ENTREPRENEURSHIP**

Nieman and Nieuwenhuizen (2010), believe that the state of the economy is influenced by a combination of businesses of all sizes. According to a study by Global Entrepreneurship Monitor, the level of entrepreneurship is directly related to the stage of an economy's development. (Nieman and Nieuwenhuizen, 2010). The level of entrepreneurial activity within a country is predominately dependent on the economic development of that country. Stefanovic (2010) attested to the development of the market economy depending

primarily on SMMEs. The percentage of SMMEs exceeds 95% in most developed countries with more than 60% of their workers being employed by these SMMEs (Nieman and Nieuwenhuizen, 2010). Nieman and Nieuwenhuizen (2010), pointed out that 97.5% of South African businesses are SMMEs employing more than half of the country's private sector and additionally contributing to 35% of the country's gross domestic product (GDP). Stokes and Wilson (2010) agree that SMEs improve social and economic wellbeing as they employ local resources and promote local development for the citizens. Businesses must be able to grow to be successful and a favourable economic environment necessitates this growth (Tahir *et al.*, 2011; Nieman and Nieuwenhuizen, 2010).

## **2.8. THE LEGISLATIVE FRAMEWORK: A CONCEPTUAL OVERVIEW**

South Africa is governed by the Constitution of the Republic of South Africa (Public Finance Management Act 1 of 1999 | South African Government, 1996). The Constitution of South Africa was developed in 1994 but only materialised in 1996. It comprises various legislative frameworks that govern the country of South Africa.

### **2.8.1. The legislative framework applicable to late payment of invoices**

Chapter 13 of the Constitution outlines the administration of the Public Financial Management (PFM) in detail (Public Finance Management Act 1 of 1999 | South African Government, 1996). Section 216 of the Constitution under chapter 13 states that treasury controls must be established through legislation framework to regulate expenditure and ensure transparency within the various levels of the government sphere (Public Finance Management Act 1 of 1999 | South African Government, 1999). The Constitution allows Provincial Departments to render their service at "*minimum standards*" which is then described under section 44(2) (d). The term "*minimum standards*" implies that supporting departments may offer a variety of service delivery standards as long as they adhere to the *minimum standard* (Layman, 2003). On the other hand, Section 216 requires uniform treasury norms and standards as well as uniform expenditure classifications to streamline the consolidation and coordination of intergovernmental reports (Public Finance Management Act 1 of 1999 | South African Government, 1999).

The provincial government spheres are different at the operational level. The Department of Health and the Department of Education is labour-intensive with clusters or districts that they



are required to serve and support. On the other hand, there are service departments like Works or Treasury that are devoid of clusters or districts under their wing but are given the same support. Departments with such operations (Labour intensive, districts, or those that are not additionally clustered) are provided with the *minimum standards* and are administered with the uniform treasury norms and standards. This implies that support given by the provincial treasuries can be minimal regardless of the size of the department supported (Layman, 2003). The uniform treasury norms and standards stipulate that any support or initiatives developed to support departments must be the same regardless of the type of operation the department has (Public Finance Management Act 1 of 1999 | South African Government, 1999). Effective supporting initiatives by the provincial treasury will result in compliance with the legislative frameworks by provincial departments concerning paying invoices on time. In contrast, ineffective supporting initiatives by the provincial treasury will result in non-compliance with the legislative frameworks concerning paying invoices on time. No studies have been conducted on the effectiveness of the support provided to the departments. For this reason, this study will assess the effectiveness of the OPOT initiative developed by a supporting department (KZN Treasury) to ascertain the effectiveness of the minimum standard and the uniform treasury norms and standards used for the OPOT initiative.

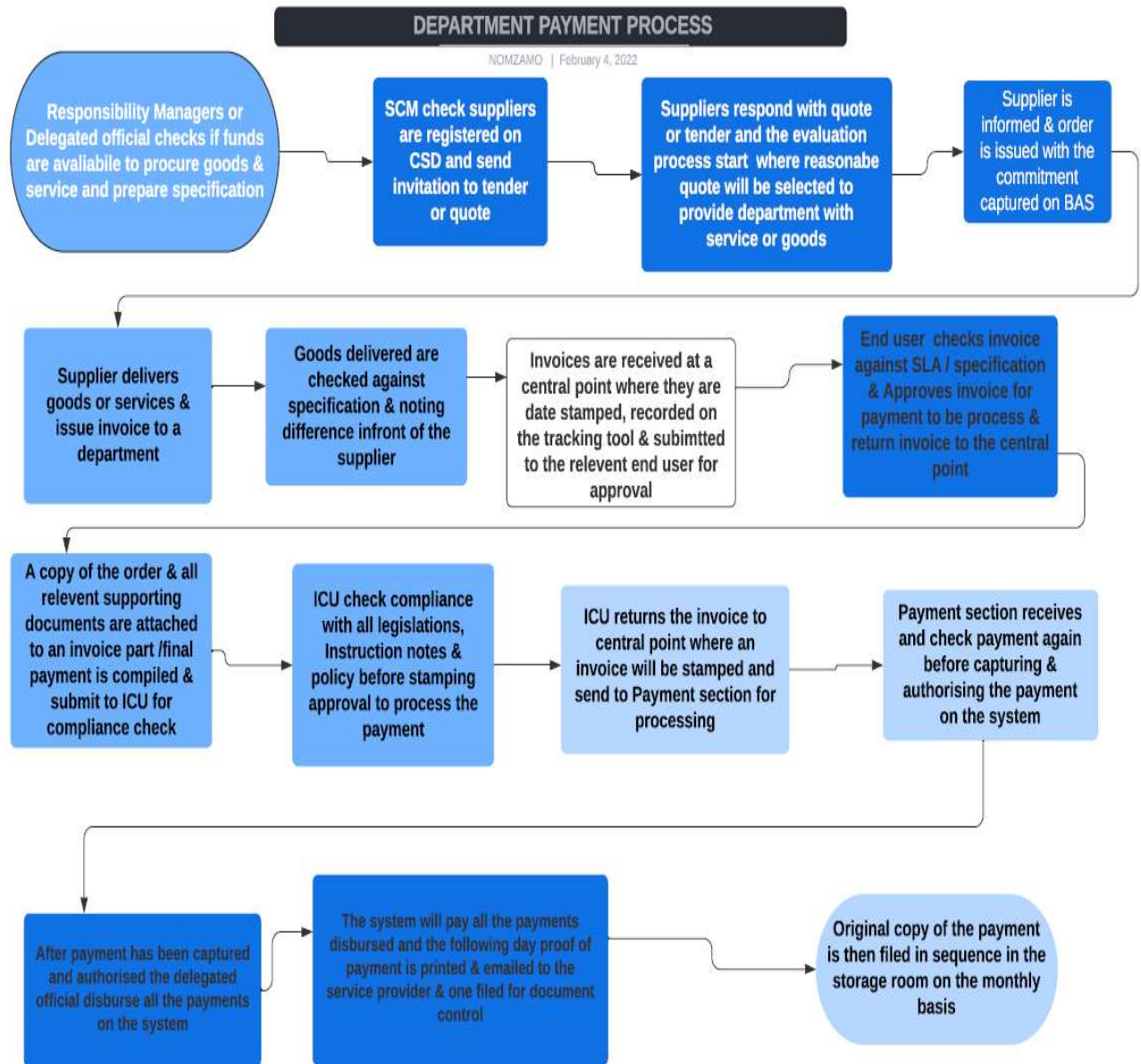
### **2.8.2. The role of Provincial Treasuries as mandated by the PFMA**

Public Finance Management Act, 1 of 1999 (PFMA) (Public Finance Management Act 1 of 1999 | South African Government, 1999) is the legislative framework under which section 216 of the constitution is implemented. According to the PFMA Explanatory Memorandum, the Act seeks to update the financial management system for national and provincial governments to effectively adopt a financial management system that will free this region from the opaque, bureaucratic system of management that lacks accountability. The legislation creates provincial treasuries and delegates considerable powers. In terms of coordination, it is clear in the constitution and legislation of South Africa who should coordinate the what, how, and when. The provincial Treasury plays an integral role in adhering to the PFM legislation and building capacity in provincial departments. The PFM Act does not guarantee the effectiveness of the PFM legislation as an actual mechanism of operations but compliance and accountability are at the heart of the PFMA (Public Finance Management Act 1 of 1999 | South African Government, 1999). Section 17 of the PFMA formalizes the design of provincial treasuries

and they are assigned broad powers under Sections 18 and 19 of the PFMA. These powers include the preparation of the provincial budget and controlling its execution. They must also ensure that provincial departments are accountable and transparent with regard to revenue, expenditure, assets, and liabilities (Public Finance Management Act 1 of 1999 | South African Government, 1999). Provincial Treasuries manage and audit revenue funds and house all revenue received by the province as well as prepare consolidated financial statements for the provincial Government. To achieve the objectives of the PFMA, Provincial Treasury Departments must provide effective leadership for constructive financial management reform. As a result, undercapitalized provincial treasuries hinder the ability of provincial departments to establish rigorous and efficient fiscal management systems. Provincial Treasuries contribute significantly to the adherence of the PFMA legislation and the building capacity in departments.

### **2.8.3. Standard Operating Procedures**

In terms of Section 18(2)(e)(i) of the Public Finance Management Act 1 of 1999 | South African Government (1999:29), *“A provincial treasury may assist departments and .....in building their capacity for efficient, effective and transparent financial management”*. This section further states that *“A provincial treasury may do anything further that is necessary to fulfil its responsibilities effectively”*. It is in line with this section that a Standard Operating Procedure (SOP) Guideline on recording and payment of creditors was formulated and issued to KZN Departments. The guideline is provided to departments to develop their own standard operating procedure based on that department’s operations and functionalities. The SOP outlines the payment process as illustrated in figure 2.1 below. Each department is required to trace (manually or electronically) all invoices submitted to that department. The legislation (Public Finance Management Act 1 of 1999 | South African Government, 1999) also requires the Accounting Officer of that department to ensure internal procedures and control measures are in place for payment processing and approval.



**Figure 2.1: KZN Provincial Treasury's Payment Process**

Source: Primary data

## 2.9. THE PERFORMANCE OF PROVINCIAL TREASURIES

Ajam and Fourie (2014), examined the performance of provincial treasuries in implementing the budget reform at the provincial level with respect to the PFMA legislative framework. Ajam and Fourie (2014), reviewed the legislative framework underlying South Africa's PFM reform

and its mandate for provincial treasurers. In the article, provincial treasuries were evaluated for their performance in promoting PFM at the provincial level. The National Treasury's intervention in the Limpopo Provincial Treasury case was analysed with the researcher exploring the extent to which provincial treasuries influence provincial government finances. Ajam and Fourie (2014:45), used the hypothesis that:

*"Effective PFM reforms in decentralized fiscal systems require strong coordinating institutions, especially provincial treasuries and conversely, weak provincial treasuries undermine the effectiveness of PFM implementation in the provincial sphere".* The study concluded that PFM reforms may possibly not reach their potential success due to high variations in provincial treasury performance and capacity. The researcher concurs that if supporting departments are effective in providing assistance to departments then departments will comply (Ajam and Fourie, 2014). Limited research has been undertaken in evaluating the effectiveness of the support by Provincial Treasuries to the Departments.

## **2.10. PERFORMANCE OF DEPARTMENT'S**

Provincial treasuries play an essential role in providing support and oversight to the provincial and local departments. This enables them to provide a greater level of assurance. Provincial treasuries must continue to enhance the oversight roles and provide assurance to departments that have been supported by the initiatives. The department's performance can have a significant impact on how audit outcomes are improved by provincial treasuries, especially when that department is supported. The Office of the Auditor General (AG) recommended that policy and procedures be assessed regularly (Auditor-General, 2014). Auditor-General audited compliance with PFMA with 90% of departments being found to be non-compliant and provincial treasury having no findings on compliance (Auditor-General, 2014). Treasury, as a supporting department to other departments, has no findings on compliance while other departments exhibit material findings. Late payment increased from 23% in 2012/13 to 25% in the 2013/14 financial year. R12million expenditure on interest and penalties incurred from late payments was fruitless and wasteful. (Auditor-General, 2014:30). In the 2019/20 financial year, R151millions was wasted on unnecessary expenditure as a result of late payments. In contrast to the late payment, R1 447million was paid for goods and services not received (Auditor-General, 2020:2). The financial health status of departments indicates R147, 12 billion of unpaid claims with an average payment period of 48days' (Auditor-General, 2020:3).

Auditor-General recommended that government structures take ownership of the compliance and regularly check progress on action plans and initiatives implemented. “Effective oversight includes holding management accountable for implementing and monitoring the policies and procedures and implementing effective action plans designed by leadership” (Auditor-General, 2020:3). This research study aims to assess the effectiveness of the Operation Pay on Time initiative to assist the provincial treasury to evaluate the effectiveness of the support or initiatives provided to departments.

## **2.11. THE ROLE OF GOVERNMENT**

The function of the Government is to create an enabling environment for the sustainability of the economy with one of its functions being to reduce inequality and poverty in the country. This is denoted by sustainable development goal number 8 of the NDP 2030 (Presidency, 2014). The government ensures equal opportunities and redistributes income equally between those who have and those that do not. This is achieved by creating an enabling environment for SMMEs to give access to income to lower-income earners. Paying SMMEs on time enables SMMEs to pay their employees and service providers on time which increases the consumption in the economy. In 2015 the Scottish Government launched a Business Pledge which served as a commitment to make payments promptly (Hopkins *et al.*, 2017). The Scottish business Pledge emphasizes the impact of late payments on SMEs and outlines the benefits of making payments on time. The most crucial aspect of a small business is the ability to establish the business and expand its operations. The non-evaluation of initiatives implemented renders many initiatives like OPOT futile.

### **2.11.1. The Role of Government in late payment an international view**

Government procures goods and services from private suppliers under specific conditions with payment obligations arising which are usually not fulfilled timeously. In Spain, fiscal decentralization is predominant, and crucial social spending items such as health and education are handled by the central Government. In this way, the proper functioning, fiscal stability, and fiscal sustainability of these institutions are integral to the well-being of Spanish society. Decentralization provided Spain with considerable autonomy in fiscal and political matters.

The local and regional governments in Spain undertook several measures to reduce their trade deficit with new regulations aimed at reducing payment delays. Following the adoption of various measures targeted at reducing payment delays, the consolidated general government's obligation outstanding in 2013 stood at 58, 7 billion euros after reaching 87, 3 billion Euros in 2011 (Connell, 2014). The study by Connell (2014), expresses the extraordinary ways in which Spain pays suppliers and evaluates the impact of those mechanisms to pay on time. The central Government formulated the facility to resolve the short-term non-payment problem. In the long term, new legislation was established for pronounced transparency and control over commercial debt across all government levels (Connell, 2014).

The central Government employed its funds to finance the regional and local Government's purchases from its suppliers to reduce the trade debt. These plans have culminated in local and regional governments replacing their trade debt with the central Government (Connell, 2014). Regional governments were provided with funds through the 2012 ICO-regional government facility so they could fulfil their payment obligations and settle their outstanding payments to suppliers. Treasury funds could be procured from the regional Government at a lower cost than banks as the regional Government financed it. According to the legislation, payments must be received no later than 30 days after receipt of invoices or goods. The General Government is also obliged to publish the average payment period for suppliers, as well as to execute various measures unilaterally if the permitted average payment period is exceeded (Connell, 2014). Spain's efforts to reduce regional and local governments' trade debt led to an increase in their stock of outstanding debts and a reduction in their time to pay their suppliers. It has proven highly effective in ensuring liquidity for local and regional government suppliers, resulting in a dramatic increase in their outstanding invoices payable. This led to the conclusion that such plans must be strictly followed (Connell, 2014).

## **2.12. SUMMARY**

In conclusion, this chapter provided literature focusing on the payment of invoices, late payment of invoices the factors of the Operation Pay on Time initiative, the factors influencing late payment, and the impact late payment of invoices has on SMMEs. The second part of this chapter outlined the legislative frameworks that govern the payment of invoices on time and provides guidelines to the Government Departments in terms of the Constitution of the country. The following chapter outlines the research design and the methodology.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. INTRODUCTION**

The research methodology and study design employed to conduct the study is presented in this chapter. Various methodologies, philosophies, and research designs applicable to this research study are discussed in order to authenticate the selection of the particular research methodology and the design developed. Various sampling approaches are reviewed and identifies population, the sample, the instrument, and its implementation. The analysis data methods are thereafter discussed along ethical considerations of this study.

.

#### **3.2. RESEARCH PURPOSE**

The research purpose is to collect, analyse, and interpret information (data) so that the researcher can gain a deeper insight into a subject that interests him or her (Leedy and Ormrod, 2010). It is a form of thinking that aids in advancing a practice or profession through the development of critical analysis, understanding, and formulation of guiding principles (Kumar, 2018). The research involves enquiring what actions are being undertaken to date and observing information in order to identify opportunities for change in the way services could be delivered in a more efficient and effective manner. (Kumar, 2018). Research extends not only to gathering information but involves finding answers to unanswered questions or developing ideas that are not currently in existence. In the context of Goddard and Melville (2001), research can be characterized as the process of eroding people's ignorance by gathering and analysing information to enhance understanding of an issue. Creswell (2013), suggests that the boundary of ignorance can be contracted and that science research generally involves three steps, namely: posing questions, collecting information to answer the questions, and presenting the findings of the research.

#### **3.3. RESEARCH PHILOSOPHY AND METHODOLOGY**

Developing a research methodology requires a researcher to make multiple decisions for the research study project. The researcher works from the outside to the inside of the onion, selecting from a range of choices to find a suitable research method for the study. Based on

these assumptions the author has formulated the research strategy from the research philosophy adopting Saunders's six-layer research onion (Saunders *et al.*, 2007). The author has peeled off and examined each layer concluding that the most practical and suitable research method for this project is a mixed method.

### **3.3.1. Research Philosophy**

A research philosophy describes the beliefs underlying a study. It creates direction for all research projects by embedding into it ontological, epistemological, and methodological prescriptions (Saunders *et al.*, 2007; Sarantakos, 2005: 30).

#### **3.3.1.1. *Ontology***

*Ontology*, as a branch of philosophy, is a way of understanding what the known means, the nature of the known, and what is possible for us to capture and grasp objectively the explanation of a distinct person or thing.

#### **3.3.1.2. *Epistemologist***

An *epistemologist* seeks to understand "how" a researcher acquires knowledge. It results in an understanding of things in terms of what the reality is and what the limits of knowledge are that researchers possess.

#### **3.3.1.3. *Positivism***

*Positivism* research is perceived to that knowledge existing beyond the subject matter of the study. An objective approach to research can be used and opinions excluded. The researcher observes without interpreting. This states that there is only one reality and that knowledge can be acquired through empirical research based on measurements and observation. In this research philosophy gaining knowledge rather than reasoning from human experience is vitally important. It is only when knowledge is not proven to be true or false that it can be discarded as it no longer holds any substance (Saunders *et al.*, 2007). This method, however, fails to correctly measure social phenomena.

#### **3.3.1.4. *Interpretivism***

*Interpretivism* emphasizes the influence that social and cultural factors can have on an individual. Socio-cultural considerations are taken into account in analysing people's thoughts and ideas. It emphasizes the researcher's role in collecting the information needed to draw a professional conclusion about the participant's behaviour, thoughts, and meanings (Saunders *et al.*, 2007).



#### **3.3.1.5.    *Pragmatism***

*Pragmatism* stresses the importance of employing tools that are best suited for investigating the phenomena rather than approaching the research from a fixed mind-set. The goal is to approach it from a place of continuous interpretation and questioning. Pragmatism philosophy accepts concepts to be relevant only if they support action. Despite various ways of interpreting the world and conducting research, one point of view cannot illuminate the whole picture as there are multiple realities to contend with. When concluding participants' responses and decisions this method incorporates elements of involvement and subjectivity of the researcher. Since a researcher can modify an experiment to suit his or her needs, the outcome is more important than the philosophical concept it is based on (Saunders *et al.*, 2007).

#### **3.3.1.6.    *Selected Research Philosophy***

This research study employs a pragmatist philosophy as most appropriate for the research purpose. All material and methods necessary to obtain answers to research questions are employed in order to achieve the desired objective. Pragmatist researchers are suitably compared to architects as they utilize any material or method available to construct the structure they require. Alghamdi *et al.* (2013), concur that pragmatism does not belong to any philosophy as the researcher is free to choose and use methods, techniques, and procedures that most effectively achieve the objectives of the study.

### **3.3.2.    Research Approach**

#### **3.3.2.1.    *Inductive vs. Deductive Research Approach***

A research approach informs the decisions taken by the researcher in collecting and analysing data. The approach can be *inductive* or *deductive* (Saunders *et al.*, 2007). Researchers who adopt the inductive research approach create theories from their research rather than conceptualizing science from the beginning. Deductive research involves analysing theories and building on them through research (Saunders *et al.*, 2007).

#### **3.3.2.2.    *Selected Research Approach***

An Exploratory research was adopted by first using a quantitative research approach proceeded by qualitative research. As a result, a deductive research approach was used to collect, explore and analyse the phenomenon of late and non-payment of invoices.

### **3.3.3. Research Strategy**

The research strategy is based on the aim of the study. It outlines how the research will be conducted with different approaches (experimental, action, case study, ground theory, ethnography, and archival research) being available to the researcher (Saunders *et al.*, 2007).

#### **3.3.3.1. Experimental research**

*Experimental* research involves assessing the relationship between variables. It alters the independent variable in order to observe a change in the dependent variable. *Action or participant* research involves learning through participation and is conducted in practical settings like workspaces or classrooms.

#### **3.3.3.2. Ethnography Research**

Here the data speaks for itself in *ground theory* as data informs the development of a new framework, theory, or model. Creswell (2013), refers to *ethnography* as the study of behavioural meaning, language, and interactions among members of a culture-sharing group whilst

#### **3.3.3.3. Case Study Research**

This research is conducted using a *case study* method that is wide-ranging and robust (Saunders *et al.*, 2007).

#### **3.3.3.4. Selected Research Strategy**

A case study method was used for this study as the author needed to understand the phenomenon of late payment of invoices by government departments in KZN. In this project the researcher analysed, in-depth, a single issue (late payment) in order to comprehensively understand the problem. The aim was to assess the effectiveness of the OPOT initiative to gain an in-depth insight into why late payment of invoices continues in the government department despite the OPOT initiative being implemented to curb this phenomenon. The study is qualitative and inductive as it takes the social and cultural context into cognisance. The understanding and assumptions of the researcher form part of the case study approach which means the philosophy is interpretive (Saunders *et al.*, 2007).

### **3.4. RESEARCH DESIGN**

The research design concentrate on the type of research study being planned, the type of outcomes aimed at, and the evidence vital to sufficiently address the research questions. Sekaran and Bougie (2019), describe a research design as a strategy of how the investigator will analytically collect and analyse data that is needed to answer the research question. In the

field of business research, case studies fall into three categories: explanatory, descriptive, and explorative.

#### **3.4.1. Exploratory Design**

This design method, examines the research problem which isn't clearly demarcated or understood. Exploratory research is not used to acquire data that answers research questions, instead it provides a profounder background to research questions.

#### **3.4.2. Explanatory design**

Explanatory research object to explain the "why" behind confident phenomena. This design uses cognitive to connect different concepts to define a cause and effect-based relationships that highlight the causes or motives behind what is actually happening.

#### **3.4.3. Selected Research Design**

An exploratory method is adopted to explore the research questions with the intention of studying a problem in an in-depth, robust manner. The effectiveness of the OPOT initiative has not been assessed previously while the initiative was aimed to curb the phenomenal issue of late payment of invoices. This provides the suppliers the platform to report non-compliant departments. The phenomenal issue of late payment continues regardless of the initiative in place. An exploratory case study method assisted the researcher to understand the dilemma of late payments by analysing and assessing the effectiveness of the OPOT initiative concerning late payments by government departments.

#### **3.4.4. Research Method**

Saunders stated that *choices* in the onion are what follows is an overview of three types of data (mono, mixed and multi-method) research needs to make on this layer:

##### **3.4.4.1. Mono Method.**

One type of data is adopted in the mono method, either qualitative or quantitative.

##### **3.4.4.2. Multi Method**

There are a variety of methods utilized in a multi-method approach with not only one qualitative or quantitative approach being adopted. (Saunders *et al.*, 2007). A qualitative research method is an approach of exploring and understanding the meaning of individuals or groups (Creswell and Creswell, 2014). This approach seeks to gain insights and understanding of an individual's perception of the world. Data is collected by observation and words and entails an investigation that provides a solution to a problem. A qualitative method is associated

with research questions and the phenomena of interest that require the exploration of detailed in-depth data. A Quantitative research method seeks to gather realistic information and study the relationship between variables it explains the phenomena. It is dependent on quantitative (statistical) information.

#### **3.4.4.3. *Mixed Method***

A Mixed research method encompasses a combination of a qualitative and a quantitative research method in one research project. The mixed-method develops a rich insight into several phenomena of interest which cannot be achieved using only one method.

#### **3.4.4.4. *Selected research method***

This study made use of a mixed research method which led to the researcher being able to obtain all the required data to answer the research questions and to meet the objectives of this study. A mixed-method complements the literature review that has been conducted in chapter 2. It assisted in obtaining further information and bridging the gap by studying the phenomenon for an in-depth understanding. A semi-structured interview and a survey questionnaire were used to obtain the relevant information required for this project within the constrained time. The study collected data at a point in time and adopted a cross-sectional time horizon for this project.

#### **3.4.5. Targeted Population and Sampling**

A population refers to a class or a family group which a researcher has selected to investigate (Kumer, 2011). The author investigates the effectiveness of the Operation Pay on Time initiative in South African government departments in KwaZulu-Natal. There are 15 government departments in Kwa-Zulu Natal (Africa, nd) with the targeted population for this study being the entire fifteen Kwa-Zulu Natal Government departments that experience the issue of late payment. According to the non-compliance report from the National Treasury (2021), all fifteen government departments in KZN have the issue of late payments. The author employed the IN34 report (the report that details all Provincial Government Departments that struggle to pay invoices on time) from the KZN Department of Treasury (2021) to identify the targeted population. The targeted population for this study comprises 500 government employees from fifteen government departments in KZN that pay invoices late with a single element consisting of 40 of these employees being from the finance office (Africa, 2021). Sekaran and Bougie (2019), describe elements as a single member of the population. In this

study, each government department in KZN is a member of the researcher's targeted Population.

#### **3.4.5.1. Time Horizon**

Time of when or how far data will be collected including the techniques and procedures of collecting data must be included. Saunders *et al.* (2007), defines a *time horizon* as the period in time where data is collected and not the actual type of data collected. Data collected for this study was at one point in time being the cross-sectional time horizon was and did not include longitudinal as time was constrained to collect data over multiple points in time.

#### **3.4.5.2. Sampling**

Kothari (2004), describes the sampling technique as the procedure for gathering information on the entire population by examining part of that population. Certain elements of the population will form a sample. This may be an organization or individuals within that organization where a probability or non-probability sampling can be used.

##### **3.4.5.2.1. Random Sampling**

Cooper and Schindler (2006) contested that probability sampling is built on a random selection which warrants each population has a known non-zero chance of being selected. Non-probability sampling is subjective and does not give any approximate estimate of the probability of any one element being included in the sample (Cooper *et al.*, 2006).

##### **3.4.5.2.2. Convenience Sampling**

Bryman and Bell (2011), chronicles convenience sampling as being when elements of that population are selected for inclusion based on the ease of access. This gives a guarantee to a researcher that all or almost all questionnaires will be returned and completed. Cooper *et al.* (2006), state that a sample can be a quota of the targeted population that is carefully nominated to symbolize the population. It does, however, have some disadvantages as it cannot be used for generalisation. Furthermore, limitation of using a convenience method is that the investigator does not have control over the elements of the sample.

#### **3.4.5.3. Target Population**

As a sample of this study, four KZN government departments were drawn from the targeted population comprising fifteen government departments. This exceeds the quota of the targeted population. The author was able to draw conclusions from the sampled government departments in KZN (Sekaran and Bougie, 2019).

#### **3.4.5.4.     *Selected Sampling Method***

The Convenience sampling was selected based on the objectives of the study, the class of the targeted population, and time and cost constraints. This procedure saved time and money as only the readily accessible officials participated and responded to this study. According to the headcount report from KZN Provincial Treasury (2021), there are 500 government employees in the department with at least 40 officials from the finance section (Africa, 2021).

Another reason that Non-probability sampling has been selected for this study is that it is less vigorous, less accurate, and less representative than random and probability samples (Kothari, 2008). Not every section of the population has an opportunity to be included in the study. The researcher found convenience sampling suitable as it allowed the researcher to obtain participants based on their expertise and knowledge. This method allowed the author to elicit data from a specific group that provided the required data.

Invoices are submitted, processed, and captured for payment by the finance office. The sample size was selected based on the expertise and knowledge required for the study. 60 government officials from the finance office were sampled for this study in the KZN Provincial Departments who still struggle to make payments on time. Obtaining, analysing, and interpreting data from the entire population of the provincial government departments would have been impossible to accomplish in the constrained time and financial resources available for this study. For this reason, a quota of the targeted population was considered for this study. Table 3.1 below shows a subset of 50 officials from the department's finance office selected for a survey with 10 senior managers from departments being sampled for an interview out of the entire targeted population.

| Population  | Targeted Population   | Sample Size   | Sampling method   |
|---|---|---|---|
| Fifteen Government Departments in SA, KZN Province with a potential of seven departments to participate in the study. | Fifteen Government departments in KZN Province struggling to make payments on time.<br><br>It must be noted that all 15 Departments in KZN struggles to make payment on time (Africa, 2021) | A quota of a targeted population was considered enough Cooper <i>et al.</i> (2006).<br><br>(Four government departments in KZN Province that struggles to make payments on time were conveniently selected to participate). | Convenience sampling based on expertise and knowledge needed for the study. |
|   | 500 government employees in a single element where 40 employees are from finance (Africa, 2021).  | A quota of the sample size selected for the study ( $50 \times 4$ departments) = $200 \times \frac{1}{4} = 50$ government officials)  |   |

**Table 3.1: Sample for Provincial Government officials**

Source: Primary data (2021)

The data collection tools used within the available time constraints were interviews and a survey. The quantitative and qualitative sampling technique allowed the author to collect data from employees that were directly involved in the payment process. The selected government officials were provided with tacit knowledge on the subject matter under research.

#### **3.4.5.4.1. Quantitative sample**

In a quantitative method, a survey questionnaire was developed for fifty government department participants from the finance office who receive, check compliance and capture invoices for payment. Ten of the participants were responsibility managers who prepare the budget as well as check and authorize expenditure for payment processing. The focus group for the survey comprised highly experienced responsibility managers and finance officials within the government department. They gathered an in-depth view of the late payment of invoices and the effectiveness of the OPOT initiative impact on the contributing factors of late payments. The information provided by the responsible managers and finance officials was met to effectively answer the research questions.

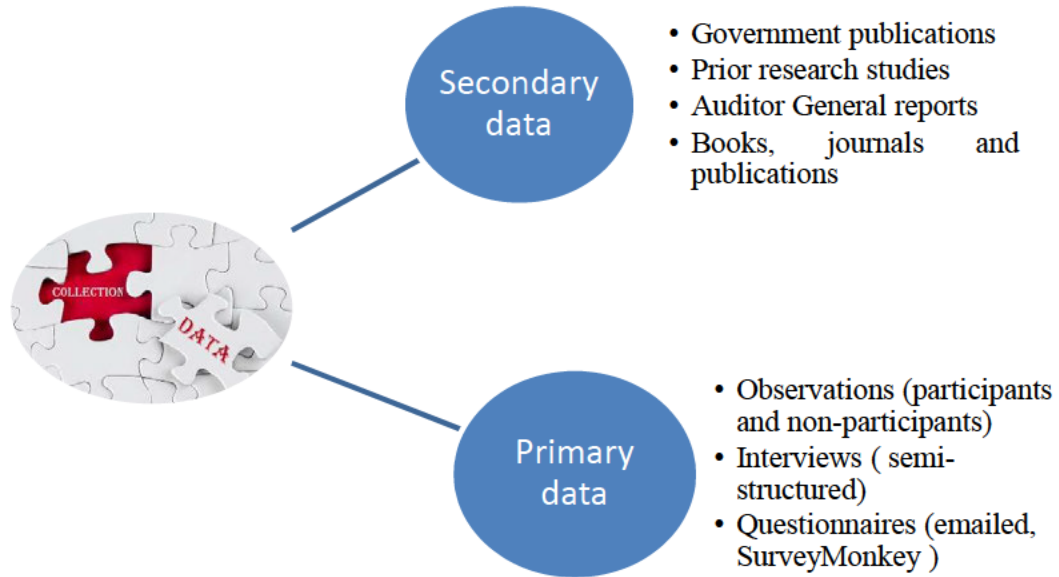
#### **3.4.5.4.2. Qualitative sample**

An interview included 10 Senior Managers from the provincial government departments in KZN that face the dilemma of late payments. These key informants were selected based on the knowledge and expertise required for the study. They are senior managers that oversee budgets and projects to be conducted for/by the Department. They are therefore suitable for an interview to provide the necessary information required to meet the aim and the objectives of the study.

#### **3.4.6. Data Collection**

Kumar (2018), and Kothari (2008), details the data collection method in two ways, namely primary and secondary data. Primary data is collected first hand. It is originally conducted by the researcher for the first time whilst secondary data is information the researcher sources from other researchers (Kothari, 2008). This type of data arises from prior researchers and is not the original information of the current researcher. Saunders *et al.* (2007) *explained techniques and procedures* in the centre of the onion as those that represent the type of data to be collected and the collection method to use. Figure 3.1 below illustrates the collection method the author has employed for this research study and the type of data analysis which assisted in answering the research questions and meeting the objectives of this study. The last layer of the onion represents materials such as questionnaires for the interview. Survey questionnaires were set with techniques and procedures being aligned to all other layers of the onion (Saunders *et al.*, 2007).





**Figure 3.1: Data collection method**

Source: (Kumar, 2018)

#### **3.4.6.1. Primary data**

The world is currently faced with the Corona Virus pandemic which requires people to avoid physical contact and socially distance themselves from each other. As a safety measure the author maintained social distancing and emailed a link to a survey questionnaire. In addition, the researcher conducted interviews on an online communication tool: Teammate.

##### **3.4.6.1.1. Survey**

A survey was undertaken to collect data from the audience using an online survey tool called Survey Monkey. Survey Monkey is an online tool used to collect data from the intended targeted population. Questionnaires were designed to be brief, concise and direct. Data was analysed employing the theme analysis method (Boulton *et al.*, 1996). The survey questionnaires were developed using the reasons for late payment stipulated on the IN34 report from the National Treasury (2021) in line with the factors of the OPOT initiative illustrated in chapter 2 of this study. The questionnaire comprised two sections, namely: section A composed to extract background information of the participants and section B comprised questions which focused on obtaining information regarding the OPOT initiative and the underlying factors of late payment of invoices. A request to participants were sent via email

containing a brief introduction and an overview of the study with a link to a survey above the identity of the researcher. Selected questionnaires must have the ability to produce practical, valid and questionnaire is its ability to produce reliable data. Hence, this study employed a structured procedure to choose the most suitable instrument.

#### **3.4.6.1.2. Interviews**

As little is known about the research topic, the primary objective of using interviews as a data collection tool was to obtain data from experts in the field studied. These experts provided insightful details on the research study based on their accumulated knowledge and experience in the field (Gill *et al.* 2008). Sekarana and Bougie (2016) defined interviews as guided and purposeful conversations between two or more people to gather data in a research study. There are three different kinds of interviews, namely: structured interview questions that are pre-determined and guide the process of the interview with no deviation; semi-structured interview questions which are also pre-determined but have an element of flexibility to explore avenues that may arise during the interview process and unstructured interview questions which do not have a pre-determined set of questions.

#### **3.4.6.1.3. Selected Data Collected Method**

A semi-structured interview process was adopted for this study to allow the researcher to adjust questions and provide clarity to key informants in order to ensure the data collected was clearly understood. This was the most suitable method as it allowed for an open-ended question which permitted key informants the freedom to respond in their own words without having to choose from pre-selected responses by the researcher. It had that element of flexibility for the key informants to elaborate on their answers. Interview questions were pre-determined based on the government legislative frameworks concerning the late payment of invoices. The author used a guide to interviews as an instrument to collect data and prepared the guide in advance to facilitate interviews (appendix B). No pretesting of the interview guide was conducted. The interview guide provided a process of semi-structured questionnaires that led to a clear understanding of the phenomenon issue under consideration. Interviews were conducted with finance senior practitioners in management positions in four KZN government Departments sampled. These practitioners have extensive experience in the field of government finance.

A request for an interview session was circulated via an email comprising a brief introduction and an overview of the study. Key informants were issued with a pre-determined list of questions to be answered during the interview session. Questions were categorized using themes suggested by the literature review where each theme was aimed to address the research questions, aim, and objectives of the study. Inclusive were close-ended questions which allowed key informants to expand and explain their answers. These questions were to ensure that key informants focused on a specific point simultaneously providing freedom to elaborate on their responses where necessary. Interview sessions were conducted over 3 months in order to allow flexibility with timeslots accommodating each key informant's diary. Interview sessions were conducted at the Treasury House Building in Pietermaritzburg, number 145 Chief Albert Luthuli Street. Key informants had an option of a physical one-on-one meeting or an online visual meeting Teammate. Teammate is a software application downloaded either on computer or mobile device. It is used for visual meetings between two or more individuals that are not in the same physical space or room. The online visual meeting was scheduled due to limitations of the COVID-19 pandemic. The gatekeepers of each department were requested to provide the names and contact details of the department's senior managers in finance with key informants being sent an email request to participate in the study.

15 senior managers from four KZN Government Departments sampled were invited to participate in a research study. The invitation clearly identified the researcher and their traceable contact details. Two managers responded to an email, follow up telephone calls were made to request key informants to participate and seven more key informants agreed to a study. Four additional key informants secured an interview session through their personal assistant. On various dates an online meeting was scheduled in accordance the individual's preferred time slots. An email with a link to an online interview session with an attachment of a semi-structured questionnaire, a consent form, an ethical clearance letter from the research committee, and a gatekeeper letter. The objective of the semi-structured questionnaire being emailed prior to the interview allowed key informants to familiarise themselves with the questions beforehand. A reminder of the interview session was sent to them the day before. A verbal discussion concerning the research study, aim and objectives were outlined prior to the interview starting. This was done to ensure that key informants understood the content and purpose of the research study. The interview sessions were recorded via mobile telephone once consent of each key informant was given while minutes were taken where key informants did not agree to a recording.

Anonymity of key informant's information was maintained with each respondent being referred to as key informant 1 up to key informant 10. Once the formalities of the introduction and greeting had been made the author outlined the research study, purpose, as well as the study's objectives. The researcher explicated to the informants that there was no wrong or right answer but rather that the answer rested on the interest of key informant's experience and opinion. The researcher explained the informant's rights to participate or not to participate in a study and expressed the chose to withdraw anytime they wished with no negative consequences. The researcher was cognisant and sensitive to the possible reasons for informants' reluctance to answer the questions. These being:

- Shame at their ignorance of the subject matter;
- Distaste of the subject matter;
- Self-perception as a respectful citizen; and
- Fear as a result of repercussions.

Seven agreed to a recording and three were not comfortable with a recording. Notes were then taken which led to 20 minutes more added to a normal 30 minutes recorded interview session. Informants were asked to read the consent form and sign should they wish to continue with the study. The opening line was to briefly explain the Operation Pay on Time initiative and what the study intended to achieve. In section A, key informants were asked for their demographic information. Section B of the interview was structured to explain the Legislative Framework concerning the payment of invoices by Government Departments while section C comprised details regarding departments' daily operations and the impact the OPOT has made concerning late payment of invoices. This is followed by the support provided by the Supporting departments as mandated.

#### **3.4.6.2. *Secondary Data***

Secondary data was collected from prior research illustrated in chapter two of a literature review using books, journals, publications, annual reports from the Provincial and National Treasury, reports from the Office of the Auditors general South Africa, and the South African Legislated Act. The secondary data was used to reinforce the research findings. The author stored all data collected security on a pass worded share drive account accessible by the author and the supervisor only, with the data being stored on a shared drive for five years, the privacy (anonymity) of the key informants has been maintained and data will be safely destroyed after five years by burning and shredding it.

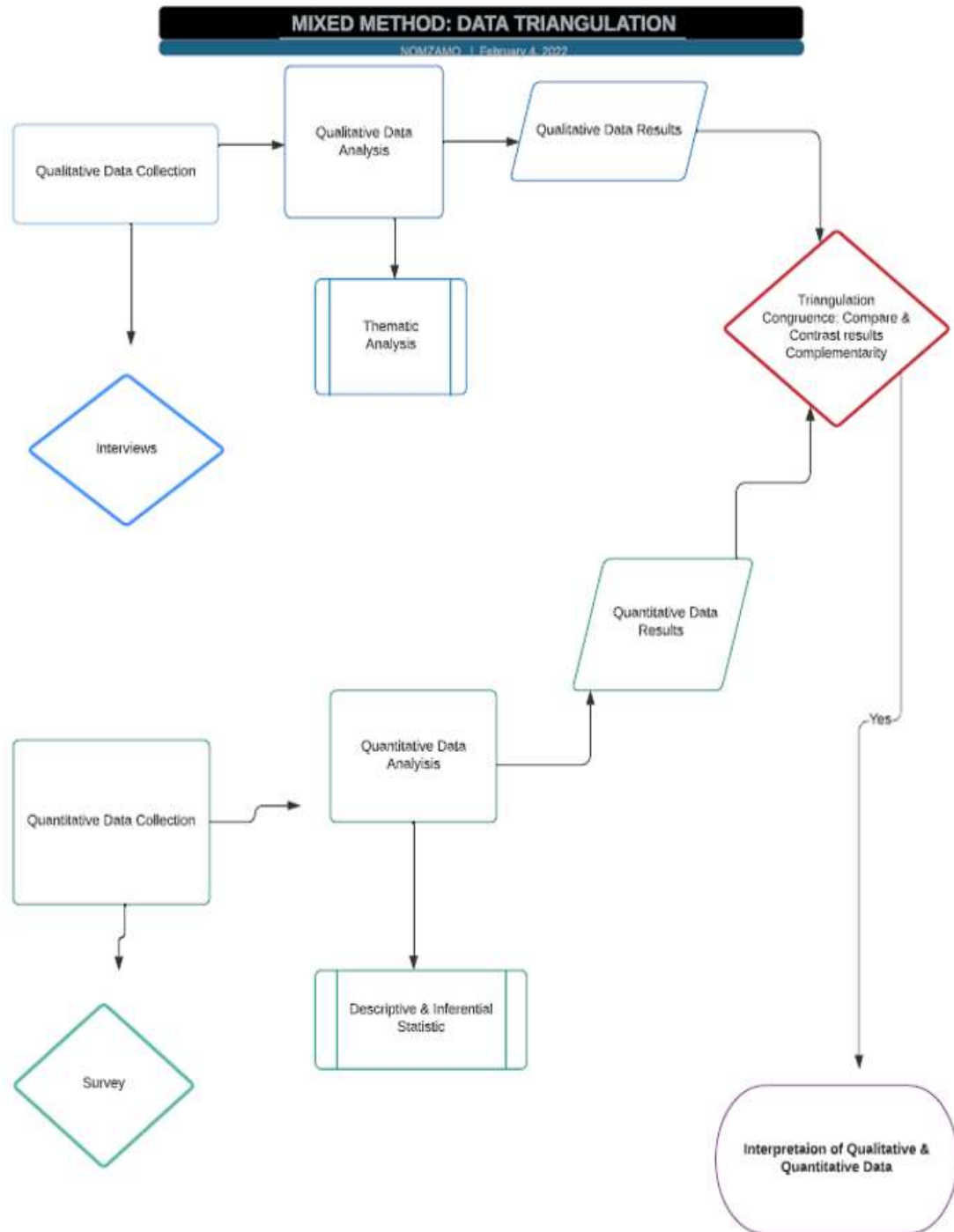
### **3.5. DATA ANALYSIS**

Qualitative data collected derives from primary and secondary data where thematic data analysis was used to analyse data collected (Cooper and Schindler, 2011). Thematic data analysis was used to identify and classify key themes of the qualitative data using research questions to develop themes that made sense and derive meaning (Creswell, 2013). Cooper and Schindler (2011), view quantitative data analysis as the data that can be easily converted into numbers without losing any meaning. Measuring the differences between groups and assessing the variances relationship can be used to test hypotheses (Cooper and Schindler, 2011). Cooper and Schindler (2011), recognizes two quantitative data analysis methods that can be used. These depend on the author's aim, objectives, and research questions:

- Descriptive statistics focuses on describing the contents of a sample.
- The inferential statistics where predictions are deduced regarding the population based on the findings obtained within the sample.

#### **3.5.1. Selected Data Collection and Analysis Method**

To collect and analyse data, the author adopted descriptive and inferential statistics methods. Descriptive statistics were used to investigate the sample whereby a sample was chosen to represent the population of the area of study. The inferential statistics method was used to conclude this population using data obtained from the sample (Cooper and Schindler, 2011). The study population characteristics were described and presented using tables, figures, and graphs derived from Microsoft Office 2016 Excel and Word functions. The total number of observations (n) and proportion (%) in a variable was computed using the “tab” command of Stata 11. The graph box graph displaying the median and distribution of observations was created using the “graph box” command of Stata 11. Relationships between two categorical variables were investigated using Chi-Square analysis and results were reported with three parameters i.e., number of observations (n) Chi, and P-value. If the P-value was 0.05 or less, then the relationship between the two variables was regarded as statistically significant. The mixed-method requires data triangulation as multiple sources of data were used to collect information. Figure 3.2 below illustrates how data was triangulated to compare, grouping together similarities and inconsistencies. Lastly, secondary data was used to verify the findings.



**Figure 3.2 Mixed method Data Triangulation**

Source: (Creswell, 2013)

### **3.6. VALIDITY AND RELIABILITY OF THE DATA**

Kothari (2004); Bernad (2006) and Kumar, (2018), describe validity as the level of trust or the accuracy of the instruments, findings, and data used in the study. Reliability refers to the precision and accuracy of an instrument used to measure (Kothari, 2004). The greater the degree of uniformity or consistency in an instrument, the more reliable the instrument is (Kothari, 2004).

#### **3.6.1. Validity of the Questionnaire.**

Questions were expressed in the following manner, namely: from the physical environment setting, the attitude an interviewer has towards the informant and to the regression effects of the instrument. All these contributed to the reliability and the validity of the instrument. Validity is achieved when an instrument measures exactly what it was planned to measure adequately. Bryman and Bell (2015) contends that the author can correlate data with their knowledge when the author is a participant in that area of study. The author is employed by the Government Department and has introduced her own experiences to the interview thus allowing key informants to respond freely to the issues concerned to this research study.

#### **3.6.2. Reliability of the Questionnaire.**

Reliability refers to the precision and accuracy of an instrument used to measure (Kothari, 2004). The greater the degree of uniformity or consistency in an instrument, the more reliable the instrument is (Kothari, 2004). Additionally, to guarantee reliability and validity of this study the following measures were taken:

- Comparative questions were asked to all participants;
- The questions were set in basic common language that all participants knew and understood;
- Questions were clear to the study to shy away from disarray; and

Anonymity was assured and communicated clearly to ensure participants were comfortable as they are protected,

### **3.7. ETHICAL CONSIDERATION**

Cooper *et al.* (2006), define ethics as moral behaviours that guide honourable choices. The objective is to provide assurance that no one was maltreated by the research activities conducted pre and post the research study. This research study has aligned all protocols of the research ethics from the University of KwaZulu-Natal with department's protocols for the

individuals participating and responding to this study. The researcher informed all participants and key informants of the study's aim, objective, and nature of the study and participated anonymously in the study. Participants were advised that they were participating voluntarily and were allowed to withdraw at any time with no negative repercussions. Gatekeepers of each of the four departments were requested to provide with the names and contact details of the finance official in the departments and the details of the senior managers in finance. A request to participate in a survey was sent to finance officials. An invitation email contained a brief introduction of a researcher, traceable contact details and an overview of the research study with a link to a survey. The researcher visited finance officials and requested participation to employees personally with only ten responses being obtained. Officials requested if the researcher could send the link to a survey on their mobile phone as participants complained that they don't have access to emails after office hours and that they are unable to answer the questionnaires during work hours. A link was sent to mobile divides of the participants where most of the participation was obtained after working hours.

### **3.8. ASSUMPTIONS AND LIMITATIONS**

This study is limited to the accessibility of the relevant information from the KZN Government Departments sampled. Information was requested through a gatekeeper of each department where a pre-authorization letter to release information was granted. Time constraints and bureaucratic processes are needed to access data and get key informants for the interview and respondents for survey. Questionnaires were designed to be short and precise. These were circulated via email and mobile telephone messages giving participants flexibility with regards to time and place to answer. Key informants were given a pre-set questionnaire before an interview started to familiarise themselves with the questions. The limitation of the sensitive nature of the information provided by government officials resulted in some participants perhaps feeling reluctant to expose flaws of the departments they are working for. Officials were motivated to speak freely and were assured that information shared will be stored safely in a passworded share drive after their identity has been removed. Participants were given no identifying names during the interview session to protect their identity being exposed on the recording. There was a possibility of not obtaining key personnel for an interview as it was the festive season and senior managers were trying to finalize their duties before year-end. Their diaries were fully booked during the weekdays. The researcher offered for an interview to be



online at the time suitable to the key informants thus allowing informants to participate in the comfort of their home or anywhere they were during holidays' time.

This study only sampled a quarter of provincial government departments in Kwa-Zulu Natal that struggle to make payment on time. Secondary information was used to compare, match, and contrast seminars of data collected from the sample to the data provided by the entire population where the issues of late payment have been stipulated by each department in the IN34 and on the reports from the auditor general South Africa. This assisted the researcher to include the entire population. The study only aims at assessing the effectiveness of the OPOT initiative concerning the underlying factors of the late payment of invoices. The impact of the OPOT has contributed to the issues of late payment.

### **3.9. SUMMARY**

The research methodology exploited to point this research study from its extensive design to its explicit methods and techniques. The chapter describe the methodologies, philosophies and the strategies selected for this research study. Different sampling procedures were outlined and defined the sample and measurements. The data collection and analysis methods were discussed. Deliberating security protocols, making important decisions and choosing the credible data capturing instruments for this study. The research constraints, its credibility and ethical consideration was also outlined. The results for the research data will be presented in the next chapter.

## **CHAPTER FOUR**

### **PRESENTATION OF RESULTS**

#### **4.1. INTRODUCTION**

This chapter presents the results of this study also these results are described, interpreted, and discussed. This chapter encompasses a number of sections comprising the introduction and sub-sections listing the questions, graphically representing their relevant results and an explanation of how these results relate to the study's objective. The study aims of this study are to assess the effectiveness of the KZN Department of Treasury's initiative "Operation Pay on Time" on late payment of invoices by KZNPDS. The objectives are to explore the underlying factors that cause the late payment of invoices at KZNPDS. These are namely to assess the following: the contribution of the OPOT initiative on the underlying factors of late payment of invoices at KZNPDS, the effectiveness of the OPOT initiative on late payment of invoices by KZNPDS, the impact of the OPOT initiative on KZNPDS and provide recommendations to KZNPDS in terms of increasing the level of effectiveness and efficiency. The research questionnaires in appendix A and B were designed to meet these objectives which were carefully scrutinized and tested by a statistician in order to ensure that the data collected is presented clearly with graphs, tables, and percentages. A reflective chart analysis was developed to collect crucial data that will fulfil the research objectives. Data collected from multiple sources (quantitative and qualitative) will be presented. To visually represent the subject of each data collection method various themes were developed and illustrated in mind maps.

#### **4.2. MIND MAP**

Data from the two collection methods are presented separately because themes were derived from more than one data collection method. It should be noted that this data will be helpful in data triangulation. Figure 4.1 is an illustration of the mind map for data collected from the surveys while Figure 4.2 depicts the themes emerging from the interviews. Using hybrid coding, themes were developed based on the objectives and research questions. Pre-established codes were developed before interaction using the secondary data leading to an informed questionnaire that provided relevant information for the study. It should be noted that themes and aspects that were raised explicitly during the interviews are discussed under each objective

as sub-topics. Themes were developed from the interview responses with the likelihood that various judges will select the same themes in order to classify data into those categories or themes (Sekaran and Bougie, 2016).

4.2.1. Interview Mind Map

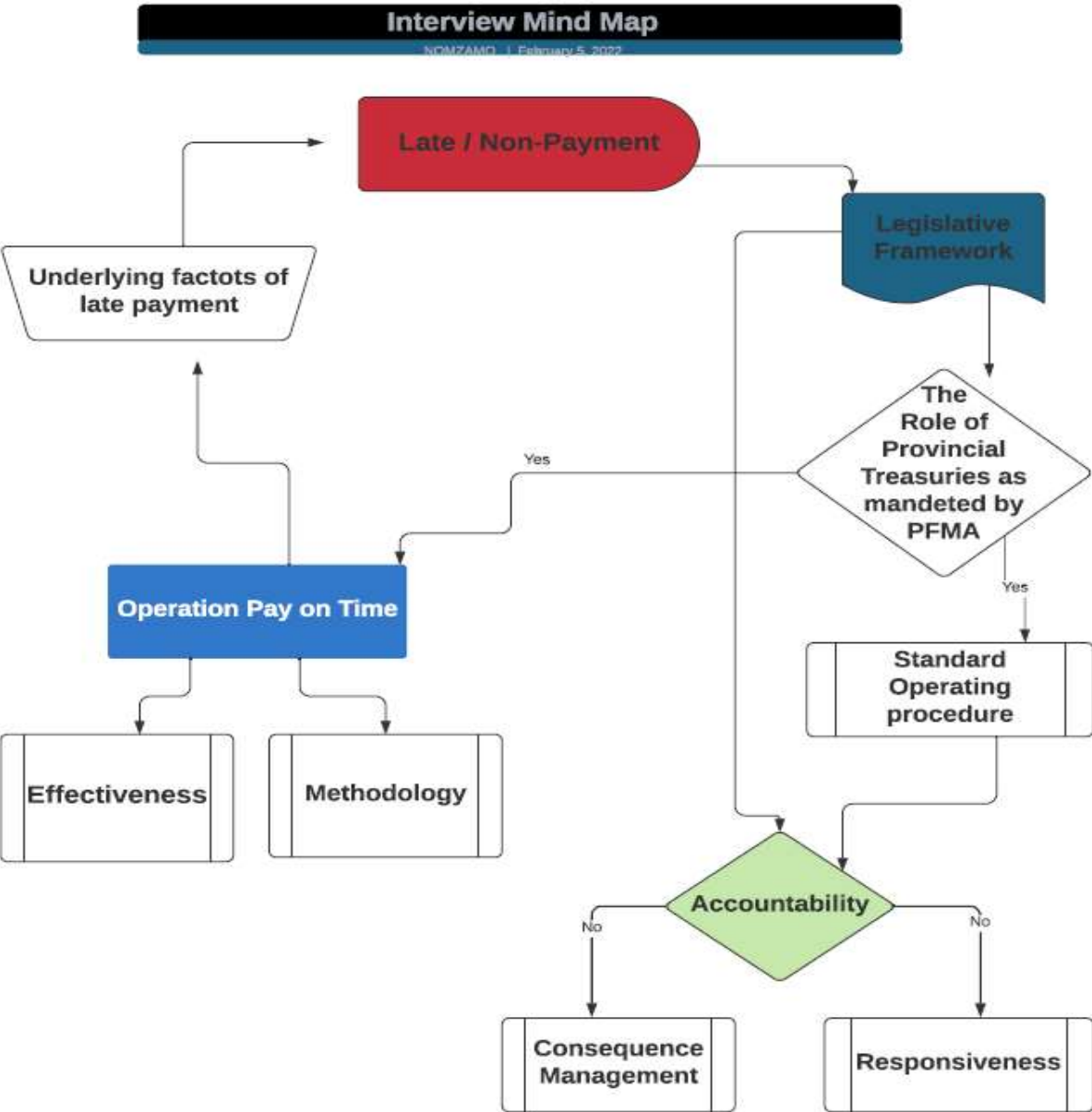
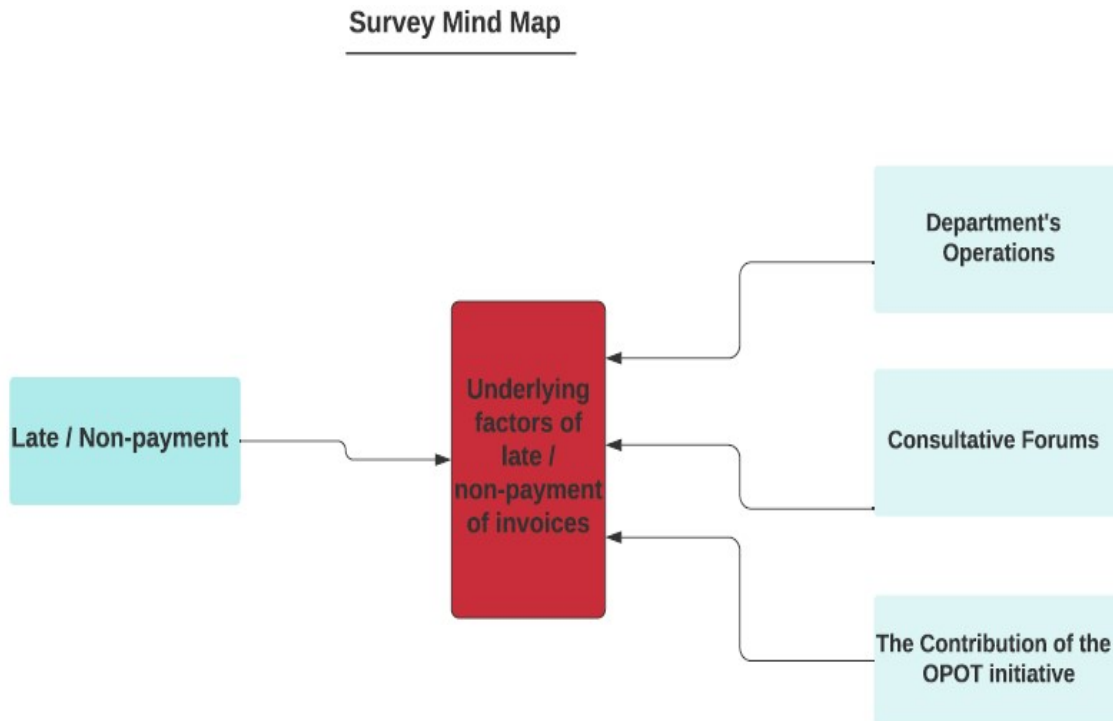


Figure 4.2: Mind map depicting themes: Interviews

Source: Author

#### 4.2.2. Survey mind map



**Figure 4.1: Mind map for survey data**

Source: Author

#### 4.3. RESPONSE RATE

A response rate is expressed as a percentage form, which indicates the number of people who responded to the questionnaire, over the number of individuals in the sample. A total number of seventy questionnaires were distributed to finance officials in four KZN government department sampled for the study and fifty-six were returned. This is a response rate of 93% (n=56) of the targeted participants (n=60). A total of 56 study participants were black. The majority comprising 55.6% (n=31) were from Treasury, whilst the Department of Education had the least number of study participants, reflected by a figure of 7(12.5%) as depicted in Table 4.1. Finance employees 71.4% (n=40) indicated having more than 5 years working experience.

**Table 4.1 Table representing distribution of departments and participants experience in the OPOT study.**

| <b>Characteristic</b> | <b>n (%)</b> |
|-----------------------|--------------|
| <b>Department</b>     |              |
| Education             | 7(12.5)      |
| Social development    | 10(17.9)     |
| Transport             | 8(14.3)      |
| Treasury              | 31(55.6)     |
| <b>Experience</b>     |              |
| Less than 1 year      | 3 (5.6)      |
| 1-2                   | 4(7.1)       |
| 2-3                   | 3(5.6)       |
| 4-5                   | 6(10.7)      |
| More than 5years      | 40(71.4)     |

Source: Primary data (Survey, 2021)

Interview key informants were sourced from fifteen senior managers who were invited to participate via email stating clear identification and traceable contact details of the researcher. Two managers responded initially to the email proceeding this, follow up telephone calls were made to the other respondents with seven more informants agreeing to the study. Four additional informants secured an interview session via their personal assistant. An email with a link to an online interview session was sent to each informant with an attachment of a semi-structured questionnaire, a consent form, an ethical clearance letter and a gatekeeper letter. A semi-structured questionnaire was sent before an interview sitting to allow key informants to familiarise themselves with the questionnaires. Key informants were sent a reminder of an interview session a day before the session.

The researcher introduced herself and thanked each participant for agreeing to a meeting. To ensure that informants understood what the research study entails, the researcher explained the study aim and objectives. The researcher explained to the informants that there was no correct or incorrect answer as the questions were merely aimed at establishing key informant's experience and opinion. It was reinforced that they were there voluntarily and could withdraw at any stage of the interview. Key informants were given the assurance of the anonymity which has been kept and were encouraged to express themselves freely. The researcher explained the

need to use a tape recorder during the session and asked if informants were comfortable with the use of a recorder. Seven agreed and three expressed discomfort. Notes were taken adding 20 minutes more to a normal 30minutes recorded interview session. A mobile telephone device was used to record and transcripts was constructed later together with notes taken during the session. Key informants were asked to read the consent form and sign should they wish to continue with the study. The opening line was to briefly explain the OPOT initiative and the structure of the interview session was outline for the key informants. Section A requested key informant's demographic information while section B and C were aimed at achieving the objectives of the study. The results from section A will be presented first.

#### **4.4. DEMOGRAPHIC PROFILING**

KZN Provincial Department's finance officials and senior managers were invited to participate in the study.

##### **4.4.1. Respondents Demographic Information**

This results of the personal information of the study participants is presented in this section. The personal data includes the demographic details of gender, race, and qualifications and years of experience. This is to show the reliability and relevance of response of the participants in relation to the organisations. Data collected for demographics profile indicate that gender was equally represented in the study 50% (n=28) male and 50% (n=28) females where 89% (n=55) of the study participants were black.

**Table 4.2 Description of study Respondents gender, race and qualifications.**

| <b>Characteristic</b> | <b>Male n (%)</b> | <b>Female n (%)</b> | <b>Total (N)</b> |
|-----------------------|-------------------|---------------------|------------------|
| <b>Race</b>           |                   |                     |                  |
| Black                 | 24 (48)           | 26 (52)             | 50               |
| Coloured              | 1(50)             | 1(50)               | 2                |
| Indian                | 2(66.5)           | 1(33.5)             | 3                |
| White                 | 1(100)            | 0(0)                | 1                |
| <b>Qualifications</b> |                   |                     |                  |
| Masters               | 1(33.5)           | 2(66.5)             | 3                |
| Degree                | 13 (54.1)         | 11(45.9)            | 24               |
| Post-graduate Diploma | 7(38.9)           | 11(61.1)            | 18               |
| Others                | 5(62.5)           | 3(37.5)             | 8                |

Source: Primary data (Survey, 2021)

Eighty percent (n=45) of the study participants indicated having high qualifications in finance (post-graduate diploma's, degree and masters) 37% (n=21) were males and 42% (n=24) were females. The results of the demographic information obtained from the interview key informants will follow.

#### 4.4.2. Key Informant's Demographic Information

There were a total of 10 key informants, 60% being males and 40% females as depicted in Table 4.3 below. The majority reflected by 90% (n=9) of the senior managers are above the age of 35 years, with only a 10% (n=1) representation of youth in senior management position

**Table 4.3: Represents key informant's demographic information**

| Description   | Demographic information   | Total Key informants |
|---|---|----------------------|
| Age   | Less than 35 years (n=1)<br>35< >60 years(n=7)<br>Greater than 60 years (n=2)                     | 10                   |
| Gender  | Male 60%(n=6)<br>Female 40%(n=4)  | 10                   |
| Experience in Govt. Finance                             | Less than 5 years (n=1)<br>Greater than 5 years (n=9)   | 10                   |
| Top Management<br>Middle Management<br>Lower Management | Male 30%(n=3) and Female 30%(n=3)<br>Male 20%(n=2) and Female 10%(n=1)<br>Male 10%(n=1) and (n=0) | 10                   |

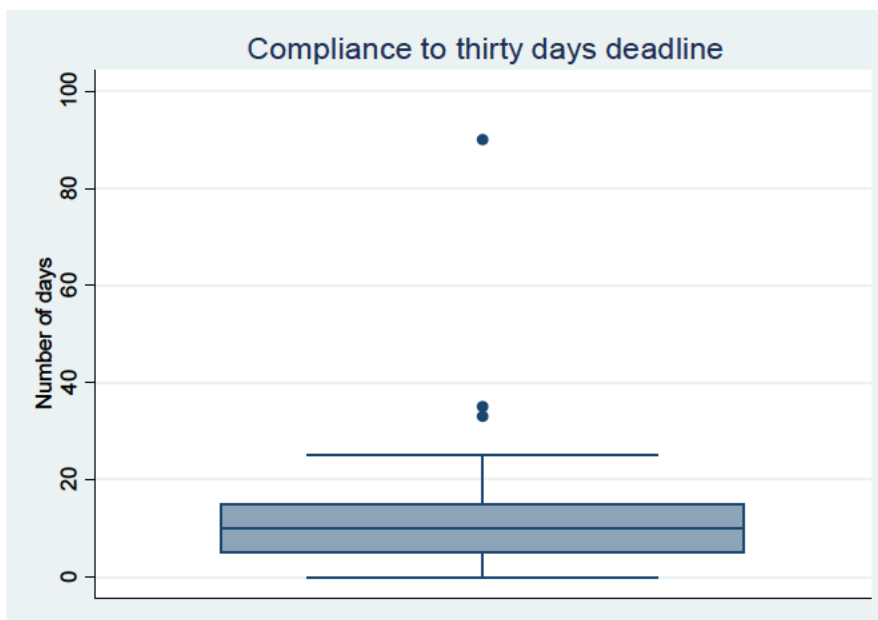
Source: Primary data (Interview, 2022)

Results from data collected indicate that 60% (n=6) of the senior managers are males, with only 40% (n=4) representing females. This highlights gender inequality and this is consistent with the 20<sup>th</sup> Annual Report of the Employment Equity Commission that revealed that women are more represented in administrative than in decision making (Commission for Employment

Equity, 2020). Youth is represented by 10% (n=1) in management positions in government. Over the years the SA Government has issued regulations, instruction notes and developed a task team to enforce compliance in payment of invoices on time. National Treasury is flooded with grievances from suppliers claiming that regardless of delivering the service to the Departments as per the agreed terms, departments are not honouring their obligation. Taking into cognisance all that has been done to curb the issue it is imperative that the true underlying factors of late payment by government departments are uncovered.

#### 4.5. FINDINGS BASED ON OBJECTIVE 1: - Exploring the underlying factors that causes late payment of invoices at KZNPDs

To ascertain the underlying factors of late payment of invoices, participants were first asked if they have ever processed any invoice beyond a 30-day payment interval. The median (average) number of days' officials processed invoices was 10 days as depicted in Figure 4.3 with one official indicating processing an invoice 90 days past the deadline as indicated by the outlier dot in Figure 4.3.



**Figure 4.3 Description of the number of days' officials took to process invoice.**

Source: Primary data (Survey, 2021)

This is consistent with a report published by the South African Institute of Chartered Accountants (SAICA, 2015) where it was discovered that provincial government was



processing payments 86 days late. Sixty-two percent 62.5%; (n=35) of the Government Officials indicated processing invoices within the 30 days' deadline whilst 37.5% (n=21) indicated processing invoices beyond the deadline. Key informants exposed the fact that some invoices are unpaid for a period over a year. *"You will find that some invoices are over a year old and suppliers can't move forward because of the non-payment setbacks"* (key informant 4). Similar to what Miller and Wongsaroj (2017) reported that 11% (R25billion) of invoices issued by SMMEs are paid late. Chasing payments cost the supplier 20 days of production. This study reveals that thirty-seven 37.5% (n=21) of government officials pay invoices late. 20 days are spent chasing payment from each government official equates to 420 days running after 21 officials who pay invoices late in KZN. Participants were given pre-populated reasons why invoices are paid late. These were extracted from the IN34 report submitted by departments monthly to KZN Treasury as the explanations as to why they have not paid suppliers on time. Chi-Square analysis was used to investigate the association between participant's responses to the question of whether they have submitted invoices late in relation to the questions listed in **Table 4.4**.

**Table 4.4 Display of Chi-Square analysis results for the investigation of underlying factors causing late payment of invoices**

| Characteristic (n, Pearson, P-Value)  | n  | Chi | P-value |
|---|----|-----|---------|
| The department has a central receiving point for invoices   | 56 | 5.2 | 0.259   |
| Invoices only captured when there is a payment run  | 56 | 3.0 | 0.556   |
| Late payments are caused by cash blocking   | 56 | 3.4 | 0.492   |
| Supporting documents are not submitted with the invoice   | 56 | 2.1 | 0.724   |
| Incomplete work by Service provider   | 55 | 5.7 | 0.222   |
| End users submit invoices late to finance   | 55 | 5.4 | 0.245   |
| Service provider not registered on Central Supplier Database (CSD) or Banking details not verified on CSD | 56 | 3.1 | 0.535   |
| Service providers has non-tax compliant status.   | 56 | 5.2 | 0.267   |

Source: Primary data (Survey, 2021)

There were no statistically significant factors listed in Table 4.4 identified for causing delays in paying invoices on time. As no statistical significance was found that caused delays or non-payment of invoices, informants' responses were investigated to uncover the underlying factors of late payment of invoices. When key informants were questioned as to the late payment

reasons in their department, they stated the following, namely: the lack of invoice tracking system, no central receiving point of invoices, system by-pass, lack of capacity, lack of proper processes (Standard Operating Procedure), issue of Network and unethical behaviour.

#### **4.5.1. Lack of Invoice Tracking**

Key informants indicated that they are unable to keep track of invoices submitted to the department. *“.....there are invoices sitting on people’s offices and desks, you don’t even know that there is an invoice that has come in the department”* (key informant 5). The manualised system of submitting results in untraceable invoices as service providers submit invoices to anyone on site representing that department. *“We rely too much on the manualised systems, which may lead to omission when invoices are captured on excel or on word.....”* (Key informant 4). Invoices submitted for payments are captured manually with certain information needing to be traced which could result in the invoice possibly being omitted on the manualised tracking tool.

#### **4.5.2. No Central Receiving Point of Invoices**

Key informants highlighted one of the underlying factors of late payment or non-payment of invoices as departments lacking a central receiving point of invoices. *“Another issue is that we don’t have a central point of receiving invoices”* (key informant 5). *“Currently the department has numerous district offices that receive invoices which still needs to be transported to the department which is miles away”* (key informant 1). The organisational structure is an issue as larger departments receive invoices at various offices that are far from the processing of the payment department. *“A centralized payment office for a department with responsibilities across the province substantially contribute to delay in payment”* (key informant 9). Departments that have central receiving points, however, suppliers fail to submit to the relevant office. *“...here in my department we have a central receiving point of invoices but you will find that service providers cut corners and submit their invoices straight to Unit Manager”* (key informant 4). *“They take shortcuts and give invoices to project managers on-site”* (key informant 5).

#### **4.5.3. System Bypass**

Key informants mentioned that service providers bypass internal processes and submit invoices to project managers on site instead of at the Department's finance office. *"The major issue we have is when the responsibility managers receive the invoices and don't forward them on time for processing"* (key informant 2). This results in project managers forgetting to submit the invoice to the relevant office. *"The project manager will remember that invoice 15 days or 20 days later when the supplier enquires about that invoice"* (key informant 5). One of the key informants expressed that this is common, across the country as end-users submit invoices late to the finance office. *"This is the issue I have received across the country that departments face to get the end-user to send invoices on time to finance to process the payment"* (key informant 10).

#### **4.5.4. Lack of Capacity**

Data collected disclosed that departments' lack of manpower results in the inability to assign specific officials to manually trace invoices. *"No dedicated section for receiving invoices"* (key informant 6). Key informants mentioned the ineffectiveness of getting approval to fill up posts and resulting thus in a lack of senior managers to oversee departments. *"...they don't want us to hire more people...they will say you are bloating an organisation structure"* (key informant 5). *"Departments are under staff ... especially in my experience the most common cause of late payment is the capacity"* (key informant 3). The informants raised the point that most of the time officials need to work autonomously reviewing their own direction and work as they don't have operational managers to oversee daily operations. *"The department lack senior managers, as a result, we end up doing operation work and overseeing our own work"* (key informant 1). Officials in departments are jack of all trades *"The departments are under staff there is no capacity to segregate duties"* (key informant 3), officials are obliged to do the work they were appointed and in addition, do their senior's work. *"I was appointed to do something but now I end up doing everything because of lack of a senior manager"* (key informant 1). This obliged the officials to oversee their own work as officials are acting in their manager's post while simultaneously performing their own duties. *"People are acting in multiple posts.... you will find a person that is a director acting also as chief director"* (key informant 1). The official mentioned that if they don't do this, work piles up and this hinders the process flow, resulting in the inability to deliver or comply *"We have a manager that has been sick for the entire year and some have been suspended"* (key informant 1).

#### **4.5.5. Lack of Proper Processes**

*“The biggest issue is that departments don’t have proper processes”* (key informant 4). Key informants mentioned that Departments possess the SOP that outlines internal processes where invoices must be submitted within the department. Unfortunately, officials and service providers choose not to follow it. *“The biggest issue is that departments don’t have proper processes and those with processes officials are not following those processes”* (key informant 4). Key informants intimated the issue of poor listening and the inability to follow instructions by department officials and service providers. *“It is very easy to comply, it is just that we do not listen and follow instructions”* (key informant 5). *“.... end-users not attending to invoices timeously”* (key informant 8). *“We fear AG most than Treasury because Treasury just issues legislation. I am the one who is supposed to implement, issuing an instruction does not mean I will follow it”* (key informant 5). Service providers also contribute to the issue of late payment as they fail to follow the proper channels for submitting invoices. *“Service provider delivers an invoice to responsibility manager directly and not to the finance unit the finance unit is not aware of the existence of that invoice”* (key informant 9).

#### **4.5.6. Issue of Network**

Key informants indicated an issue of the network in the financial system at district offices. As a result, district offices attempt to make payments by moving invoices from one district to the Department just to capture and authorise payment. *“Departments have issues with network and they are required to move from one district to another to be able to capture and authorize payment”* (key informant 3). Key informants mentioned the issue of having specific dates for payment runs where officials capture and authorise payment on the system, however, payment is not disbursed on the system *“Delays in payment run or payments have been authorised but not disbursed on the system to take effect”* (key informant 4) and await specific payment run date. *“So a department can authorize the payment on the 1<sup>st</sup> of February but then treasury only release the payment 15 days later when they do payment run”* (key informant 10). Key informants also voiced the issue of budget constraints resulting in departments failing to manage their cash flows. *“The issue we come across is budget constraints as departments fail to budget appropriately...each department manages its own cash flow”* (key informant 4).

#### **4.5.7. Lack of Ethics**

Key informants declared that some government officials deliberately hold back invoices and requested service providers to pay them a certain amount so they could fast-track their payment of invoices. *“Suppliers come to OPOT frustrated and angry.... some invoices are over a year old, suppliers can’t move forward in some cases, suppliers are told by some of the government officials that if you want me to fast track your payment you need to pay me a certain amount”* (key informant 4). Departments have the SOP which indicates where invoices must be submitted. Data, however, revealed that officials and managers fail to submit invoices to finance *“That manager will put that invoice on the curbing holder”* (key informant 5). The intention of withholding invoices to receive money unethically from the service providers is considered fraud. *“Fraud and corruption existed as an obstacle to ensuring that service providers were paid on time”* (key informant 9) *“No, it is not difficult it is purely departments who just are not doing it...”* (Key informant 5). The OPOT was initiated and implemented to curb the issue of late payment of invoices. The researcher investigated the contribution of the OPOT initiative to the underlying factors of late payment of invoices.

#### 4.6. FINDINGS BASED ON OBJECTIVE 2: - The contribution of the OPOT initiative on the underlying factors of late payment of invoices

Participants were tested on their knowledge of the OPOT initiative prior to the assessment of the contribution of the OPOT. Over 78% (n=44) of the study participants either strongly agreed or merely agreed to possess knowledge of the OPOT initiative. This compared to the only 1.8% (n=1) study respondents strongly disagreed. Above 78% (n=44) of the study, participants disagreed having not attended any workshop on OPOT. Sixty-four percent (64.3, n=36) of the study participants were neutral on the question of whether the Treasury has visited their finance section.

**Table 4.5 Table outlining the description of operation pay on time initiative (OPOT)**

| Characteristic (n, %)                                     | Strongly agree | Agree    | Neutral  | Disagree | Strongly disagree | Total |
|---|----------------|----------|----------|----------|-------------------|-------|
| I know what the Operation Pay on Time (OPOT) is           | 20(35.7)       | 24(42.9) | 4(7.1)   | 7(12.5)  | 1(1.8)            | 56    |
| I have attended the workshop on OPOT                      | 4(7.1)         | 1(1.8)   | 7(12.5)  | 28(50.0) | 16(28.6)          | 56    |
| I am not aware of what is the OPOT initiative             | 3(5.4)         | 9(16.1)  | 7(12.5)  | 26(46.4) | 11(19.6)          | 56    |
| KZN Treasury has not piloted the OPOT initiative          | 3(5.4)         | 5(8.9)   | 29(51.8) | 13(23.2) | 6(10.7)           | 56    |
| KZN Treasury has visited my finance office.               | 4(7.1)         | 6(10.7)  | 36(64.3) | 7(12.5)  | 3(5.4)            | 56    |
| OPOT hasn't assisted in complying with a 30-day deadline  | 2(3.6)         | 3(5.4)   | 27(48.2) | 17(30.4) | 7(12.5)           | 56    |
| OPOT helps reduce the volume of late payment of invoices. | 8(14.3)        | 21(37.5) | 21(37.5) | 4(7.14)  | 2(3.6)            | 56    |

Source: Primary data (Survey, 2021)

The Chi-Square Analysis in table 4.6 below was used to investigate the relationship between having knowledge of the OPOT initiative with having KZN Treasury visits to the department's finance offices and assisting departments to comply with 30 days' payment interval. The analysis depicted in Table 4.6 reflects a very strong significant statistical association between the question of whether study respondents agreed or disagreed with submitting invoices beyond the prescribed 30-day limit and the KZN Treasury department visiting their finance office. This was exhibited by the fact that the P-value was 0.005 which is less than 0.05 at a 95% confidence level.

**Table 4.6 Display of Chi-Square analysis results for the investigation of the relationship between having knowledge of the OPOT assist departments to comply with 30days payment interval.**

| Characteristic (n, Pearson, P-Value)                      | n  | Chi  | P-value |
|---|----|------|---------|
| I know what the Operation Pay on Time (OPOT) is           | 56 | 3.9  | 0.420   |
| I have attended the workshop on OPOT                      | 56 | 7.5  | 0.111   |
| I am not aware of what is the OPOT initiative             | 56 | 4.2  | 0.385   |
| KZN Treasury has not piloted the OPOT initiative          | 56 | 2.6  | 0.618   |
| KZN Treasury has visited my finance office.               | 55 | 15.0 | 0.005   |
| OPOT hasn't assisted in complying with a 30-day deadline  | 55 | 4.7  | 0.316   |
| OPOT helps reduced the volume of late payment of invoices | 56 | 2.9  | 0.580   |

Source: Primary data (Survey, 2021)

Participants were requested to provide their perception of the OPOT initiative on the underlying reasons for late payments of invoices, as depicted in Table 4.7. Forty-one percent 41.1% (n=23) of study respondents strongly agreed that the department has a central receiving point for invoices while only 7% (n=4) strongly disagreed. Thirty percent (30%; n=17) of the study participants strongly disagreed that invoices were only captured when a payment run was due whilst 7% (n=4) agreed that was the case. Twenty-five percent (25%; n=14) of study participants agreed that the reason why some invoices were submitted late was due to the fact that some service providers were not registered on the CDS.

**Table 4.7 Description of underlying factors causing late payment per the IN34 report.**

| Characteristic (n, %)  | Strongly agree | Agree     | Neutral  | Disagree | Strongly disagree | Total |
|--|----------------|-----------|----------|----------|-------------------|-------|
| The department has a central receiving point for invoices  | 23(41.1)       | 13 (23.2) | 8(14.3)  | 8(14.3)  | 4(7.1)            | 56    |
| Invoices are only captured when there is a payment run   | 4(7.1)         | 11(19.6)  | 11(19.6) | 13(23.4) | 17(30.4)          | 56    |
| Late payments are caused by cash blocking  | 3(5.4)         | 7(12.5)   | 16(28.4) | 21(37.5) | 9(16.1)           | 56    |
| Supporting documents are not submitted with the invoice  | 5(8.9)         | 18(32.1)  | 8(14.3)  | 12(21.4) | 13(23.2)          | 56    |
| Incomplete work by the Service provider  | 6(10.9)        | 18(32.7)  | 15(27.3) | 11(20.0) | 5(9.1)            | 55    |
| End users submit invoices late to finance  | 8(14.6)        | 22(40.0)  | 15(27.3) | 9(16.4)  | 1(1.8)            | 55    |
| Service provider not registered on Central Supplier Database (CSD)<br>or Banking details not verified on CSD | 3(5.4)         | 14(25.0)  | 15(26.8) | 15(26.8) | 9(16.9)           | 56    |
| Service providers have a non-tax compliant status.   | 3(5.4)         | 8(14.3)   | 21(37.5) | 21(37.5) | 3(5.4)            | 56    |

Source: Primary data (Survey, 2021)

#### 4.6.1. Reliability and responsiveness

The description of the results in Table 4.8 relates to the study participants' perceptions of the reliability and responsiveness of the OPOT initiative. Approximately 69% (n=39) of study participants were neutral on the question of whether the OPOT initiative has assisted the department to comply with PFMA (30 days' payment terms) compared to 10.7% (n=4) who strongly agreed with the question. Close to two-thirds of 62.5%; (n=35) officials indicated adhering to the 30 days' timeline for processing invoices whilst 37.5% (n=21) stated failure to adhere to the deadline.



**Table 4.8 reflects the reliability and responsiveness of the OPOT**

| <b>Characteristic (n, %)</b>   | <b>Strongly agree</b> | <b>Agree</b> | <b>Neutral</b> | <b>Disagree</b> | <b>Strongly disagree</b> | <b>Total</b> |
|--|-----------------------|--------------|----------------|-----------------|--------------------------|--------------|
| 1. Treasury has contacted or liaised with my department to resolve a query about late payments.                          | 7(12.5)               | 13(23.2)     | 34(60.7)       | 2(3.6)          | 0(0)                     | 56           |
| 2. Treasury has assisted my department to resolve the dispute that resulted in the late payment of the invoice.          | 5(8.9)                | 18(32.1)     | 32(57.1)       | 1(1.8)          | 0(0)                     | 56           |
| 3. Invoices remain unpaid even after the Department of KZN Treasury has intervened to assist the department.             | 0(0)                  | 3(5.4)       | 37(66.1)       | 10(17.9)        | 6(10.7)                  | 56           |
| 4. KZN Treasury does provide support to resolve issues of late payment.  | 5(8.9)                | 14(25.0)     | 20(35.7)       | 14(25.0)        | 3(5.4)                   | 56           |
| 5. Officials have attended the PFMA workshop that addresses the issue of non-compliance within 30 days of payment terms. | 4(7.1)                | 6(10.7)      | 33(58.9)       | 8(14.3)         | 5(8.9)                   | 56           |
| 6. No PFMA workshop has been conducted that addresses the issue of non-compliance with 30-day payment terms.             | 1(1.8)                | 12(21.4)     | 34(60.7)       | 5(8.9)          | 4(7.1)                   | 56           |
| 7. The OPOT initiative has assisted the department to comply with PFMA (30-day payment terms).                           | 6(10.7)               | 8(14.4)      | 39(69.4)       | 3(5.4)          | 0(0)                     | 56           |

Source: Primary data (Survey, 2021)

With reference to officials having to attend a PFMA workshop that addresses the issue of non-compliance within 30 days' payment terms, above 58% (n=33) of the study participants were neutral whilst 7% (n=4) strongly agreed to attend the seminar.

There is no evidence to indicate that officials have received any training nor workshops or seminars to assist departments on strategies to curb the issue of late payment of invoices. Data reveals that only suppliers are provided with the training. *“Treasury decided to formalise the OPOT Initiative as the platform where service providers can report late or non-paid invoices..... They provide workshops to suppliers, provide guidance on the submission of invoices to the relevant offices, and educate them on the importance of billing correctly”* (key informant 4).

#### 4.6.2. Consultative Forums

Data collected reveals that there are no consultative forums in relation to paying invoices on time in KZN Departments *“No, in our department we were appointed as champions of the OPOT but we don’t even know what it entails as no workshop was done”* (key informant 1). Officials are appointed to drive initiatives, and implement instruction notes and Treasury guidelines that they themselves do not fully comprehend whilst service providers are capacitated with the knowledge of the initiative. *“SMMEs that are just starting up, issue incorrect invoices.....service providers need to be educated on what to include on an invoice..... you will receive an invoice but there are errors on the invoice...”* (Key informant 10). Departments are only provided assistance upon request *“Supporting departments are there when the AO or HOD of that department calls for help”* (key informant 4). Data reveals that officials require guidance in order to gain direction. *“When officials are educated on department's controls and daily guided when they need of clarity eventually they will understand the process and be compliant...”* (Key informant 4).

#### 4.6.3. The Methodology

The method of intervention occurred when Treasury decided to formalize the OPOT initiative to serve as the platform whereby service providers can report late or non-paid invoices.

Key informants were questioned as to whether they feel the minimum support provided by treasury on late payment of invoices is sufficient enough to curb the issue of late or non-payment of invoices. *“The support is sufficient because treasury does follow-ups on all late paid invoices and those that are still not paid”* (key informant 2). Forty percent (n=4) of key informants said yes, it is sufficient whereas 60% (n=6) of the key informants indicated that the treasury needs to improve the support to departments. *“There aren’t enough strategies provided to the department to meet the 30-day payment terms* (key informant 1).

This was reflected by 30% (n=3) of key informants being sceptical of the support *“I cannot specifically say it is sufficient or not but the bottom line is that departments need to be able to run on their own....”* (Key informant 6) with 30% (n=3) of the key informants clearly indicated that support by the treasury to departments regarding late payment is insufficient. *“No, the support is not sufficient.... Treasury writes too many instruction notes and circulars so they are falling short on providing systems”* (key informant 5).

Data collected indicates that Treasury provides support to service providers *“Yes, it sufficient... treasury provides workshops for suppliers in trying to assist them in registering on the central database, providing guidance on the submission of invoices to the relevant offices, and educating them on the importance of billing correctly.* (Key informant 4). There is no evidence of support for any underlying factors contributing to the late payment of invoices to departments. *“...the electronic process will go a long way in addressing most of the shortcomings in the payment of invoices”* (key informants 8). The only method of intervention is the conducting of follow-ups on the outstanding payments once a service provider has reported the invoice that is already late. *“.... It is not support to phone and hound me about an invoice that I have not paid just because there is someone who has called you for their payment.... I don't have support from the treasury for about 30 days but I have instructions. However, they are providing support to the general public which is a good .....”* (Key informant 5). 60% of key informants cited that the minimum support provided is not sufficient, with only one informant acknowledging the timing of the OPOT as a good early intervention method. Key informants contended that the method used to report 30 days late or non-paid invoices is not effective. *“The OPOT is not only a platform that waits for a complaint from service providers but the initiative goes out and analyses IN34 reports to scrutinize invoices .... That is constantly appearing on this report. The initiative then contacts the department to find out why that particular invoice .... Is still not paid .....”* (Key informant 4). Key informants mentioned that the manual method of reporting is an issue *“You have to rely on an excel spreadsheet that is humanly captured and there will always be omission”* (key informant 5). Key informants voiced the fact that the data they capture for the OPOT reporting is sometimes incomplete. *“We rely too much on the manualized system which leads to omission when officials capture data....* (Key informant 4).

#### 4.7. FINDINGS BASED ON OBJECTIVE 3: - The effectiveness of the OPOT initiative on late payment of invoices by KZNPDs

A description of results with reference to the study participants' perceptions of the effectiveness Operation Pay on Time (OPOT) system contained in Table 4.9 indicates a combined 98.1% of participated were either neutral 42.8% (n=24), disagreed 35.7% (n=20), or strongly disagreed, 19.6% (n=11) that the OPOT fails to assist the Department in complying with Note 34(IN34). More than fifty percent (53.6%; n=30) of study participants disagreed that OPOT forces the department to make payments despite service providers not having delivered accordingly.

**Table 4.9 Description of the effectiveness of the operation pay on time initiative**

| Characteristic (n, %)   | Strongly agree | Agree    | Neutral  | Disagree | Strongly disagree | Total |
|---|----------------|----------|----------|----------|-------------------|-------|
| 1. <b>Doesn't</b> assist in complying with Instruction Note 34 (IN34).  | 0(0)           | 1(1.8)   | 24(42.8) | 20(35.7) | 11(19.6)          | 56    |
| 2. <b>Not</b> assisted in reducing the volume of late payment of invoices.                                      | 0(0)           | 6(10.7)  | 24(42.8) | 17(30.4) | 9(16.1)           | 56    |
| 3. Invoices captured for payment immediately after RM approves  | 14(25.0)       | 24(42.8) | 14(25.0) | 2(3.6)   | 2(3.6)            | 56    |
| 4. The OPOT forces departments to make payments even when the service providers have not delivered accordingly. | 0(0)           | 3(5.4)   | 13(23.2) | 30(53.6) | 10(17.8)          | 56    |
| 5. The department does not have an invoice tracking system.   | 0(0)           | 3(5.4)   | 13(23.2) | 30(53.6) | 10(17.9)          | 56    |

Source: Primary data (Survey, 2021).

The analysis of the effectiveness of the OPOT initiative in table 4.10 below was analysed using the Chi-Square analysis.

**Table 4.10 Displays the Chi-Square analysis results for the investigation of the effectiveness of the OPOT on causes of late payment of invoices.**

| Characteristic (n, Pearson, P-Value)  | n  | Chi | P-value |
|---|----|-----|---------|
| 1. <b>Doesn't</b> assist in complying with Instruction Note 34 (IN34).  | 56 | 1.8 | 0.631   |
| 2. <b>Not</b> assisted in reducing the volume of late payment of invoices.                                      | 56 | 0.7 | 0.891   |
|   | 56 | 6.2 | 0.185   |
| 3. Invoices ready for payment immediately after RM approves   |    |     |         |
| 4. The OPOT forces departments to make payments even when the service providers have not delivered accordingly. | 56 | 1.6 | 0.651   |
|   | 56 | 2.5 | 0.646   |
| 5. The department does not have an invoice tracking system..  |    |     |         |

Source: Primary data (Survey, 2021)

There was no statistical evidence supporting a relationship between the question of whether payments were paid on time and the OPOTs lack of assistance in reducing the volume of late payment invoices. On a similar note, interview key informants also confirmed that *“it does not assist in any way it just gives instructions to things that are already known to happen. However, it helps when you are reporting because you don't want high exceptions in the number of invoices paid late or not paid. That's where the OPOT helps departments but it does not help to pay on time. Instead, it brought the attention that was needed.”* (Key informant 5).

Key informants were questioned on the OPOTs initiative's extent of assistance on departments to comply with Treasury regulations to pay all valid invoices within 30 days. Seventy percent (n=7) of key informants indicated that the OPOT initiative has assisted departments to comply with 30 days' payment terms *“Yes, drastically late invoices have been reduced.... especially because this will be coming from the Head of Departments side as Treasury calls or email straight to HOD and Accounting Officer”* (key informant 4). *“Yes, it played a major role in terms of monitoring 30days payment terms. The more you report the more you improve”* (key informant 3). Whilst 30 % (n=3) declared that it had not assisted the department to reduce late on non-payment of invoices. *“No, in our department we were appointed as champions of the OPOT but we don't even know what it entails, we just follow the name and use the IN34 to ensure we make payments on time”* (key informant 1). Of the 30% key informants that

proclaimed that the initiative has not assisted, 20 % (n=2) acknowledged that they have received a call from the OPOT initiative and that the initiative has brought the attention that was needed. *“It’s effective for service providers who have not been paid.....the initiative assists in resolving disputes and helps departments and service providers to come to an agreement on outstanding information”* (key informant 5).

Key informants divulged that the key point is the type of support provided on the actual issues that lead to late payment. If the support does not effectively address the underlying issues, late payment will continue to exist. *“..... It also depends on the support they are providing and the understanding of why department is not performing”* (key informant 10). Key informants stated that the method used to report 30 days late or non-paid invoices is not effective as it results in omission. *“There is an issue on the reporting side of invoices that have not yet been paid, coordinating the information manual is very difficult as there will be Invoices sitting in people’s offices and desks, you don’t even know that there is an invoice that has come in the department”* (key informant 5). The information reported in the IN34 reports is inaccurately presented. *“We rely too much on the manualized system which lead to omission when officials capture data....* (Key informant 4). Data reveals that paying on time plays a part in the performance indicators of the leaders in the departments *“The upside they have done is to take payment of invoices to the HOD’s KPI however, there is no element of control nor there is an element of monitoring.....So, I don’t think that is effective it will be effective the day they create a system”* (key informant 5).

Key informants were questioned on the existence of Internal control unit in their departments to assist with compliance checks. 100% (n=10) of key informants indicated that they do have internal control (ICU). *“Yes, we do but at the moment ICU in my department are not doing what they are meant to do but rather they perform the same duties as AG and Internal audit”* (key informant 5). Key informants were asked if they think ICU can assist departments with compliance and possess the capability to pay all invoices on time. 70% of the key informants stated yes, they think ICU can assist in paying on time. *“We need ICU to assist us with compliance before we process payments because .... You cannot go back and fix the issues when damage has already happened”* (key informant 1). *Yes, if they are not auditors but assist the department by doing compliance checks that will test existing controls and mitigate any faults or licks* (key informant 4). Key informants were further asked if they need Internal Control Unit and to elaborate on their responses. *“Yes, we need to prevent issues before they*

*cause damage*” (key informant 1). *“Someone independent of the processes is needed to guide department on correct measures before the bridge of contract occurs”* (key informant 2).

Key informants mention that ICU can only assist departments if their services are utilised before issues not after when the damage has already happened. *“Yes, if ICU is effectively used it provides a layer of assurance before Internal or external Audit comes in and they ensure that controls are working effectively. They assist in identifying weaknesses as early as possible”* (key informant 6). *“We need them to test our controls and assist us daily when we need guidance on legislation”* (key informant 4). *“.... checking the transactions after the effect saves no point as opposed to checking before the effect just like how treasury does”* (key informant 5). Data reveals that departments do have Internal Control Unit, however, it performs similar duties as internal and external auditors *“... at the moment ICU in my department are not doing what they are meant to do....”* (Key informant 5). The researcher then investigated the department’s operating procedures after the OPOT initiative was formalised.

#### **4.7.1.1. Standard Operating Procedures**

The OPOT initiative appointed champions in each department. *“We were appointed as champions of the OPOT...”* (Key informant 1). After the formalisation of the OPOT initiative data collected reveals how departments operate. *“.....we just follow the name and use IN34 to ensure we make payments on time.... we use our internal system to speed up the turnaround times”* (key informant 1). KZN Treasury developed a guide for the Standard Operating Procedures of payment processing for the KZN Departments. key informants felt that KZN Treasury needs to be actively involved in the operational side of departments in order to provide the adequate support they require *“Treasury needs to get involved in the operational level of departments to identify the challenges that departments face in paying on time”* (key informant 10). Key informants proclaimed that the implementation of each support provided be led by a department Treasury support filtering in departments procedures as they are structured differently. *“There is always a way around procedures that must be created by filtering that department’s operations”* (key informants 6) key informants stated that after the implementation of the OPOT initiative in the departments some officials assist champions of the OPOT. *“Some managers are complying by refusing to accept invoices outside the channel and direct the suppliers to the central receiving point. Which helps us as finance a lot as we can control the flow and trace all invoice”* (key informant 4). To evaluate the effectiveness of

the OPOT initiative, key informants were asked if the uniform treasury norms and standards used to assist departments, specifically those that have additional clusters and districts they need to support, 60% (n=6) of key informants said yes it does consider *Yes, the uniform norms and standards do consider other departments. Simply because it is the responsibility of each department's Accounting Officer to ensure that their financial systems are talking to the legislation*" (key informant 3) whilst 40% (n=4) said no it does not. *"They forget that other departments have clusters and district which the turnaround times given does not take into consideration the process an invoice has to go through before it reaches the payment stage"* (key informant 1).

Key informants mention that 30 days is sufficient for every department, big or small, however, additional controls should be prioritised for bigger departments. *"The uniform 30days turnaround times of reporting is fine for everyone as long as big departments are decentralized* (key informant 5). Key informants mention that the OPOT initiative falls short on the reporting side *"...there is an issue in the reporting side of OPOT, it is difficult to coordinate manual information"* (key informant 5). Key informants proclaimed that not all information is available to the OPOT as they are unable to trace unpaid invoices from various units, districts or clusters. *"Regional hospitals and education department should prioritise additional control measures or tracking to ensure invoices are submitted..."* (Key informant 9). The effectiveness of the OPOT initiative has been evaluated and now what impact has the OPOT initiative has on the underlying factors of late payment of invoices.

#### **4.8. FINDINGS BASED ON OBJECTIVE 4: - The impact of the OPOT on KZNPDs**

In this section the study assessed the impact that the OPOT initiative has made in the KZN Provincial Departments. A description of results regarding study participants' perceptions on the OPOT impact described in Table 4.11 indicates fifty percent of study participants either disagreed 33.9% (n=19) or strongly disagreed 16.1%; (n=9). This signifies that the OPOT initiative has made no difference in the underlying issues of late payment of invoices in departments. Fifty-one percent (n=29) of the study participants either agreed or strongly agreed that OPOT has mitigated the issues on late payment of invoices.



**Table 4.11 Diagram representing the description of the impact of the pay on time initiative**

| Characteristic (n, %)   | Strongly agree | Agree    | Neutral  | Disagree | Strongly disagree | Total |
|---|----------------|----------|----------|----------|-------------------|-------|
| 1. Inform the service provider of the outstanding supporting documents to the invoice | 14(25.0)       | 22(39.3) | 12(21.4) | 4(7.1)   | 4(7.1)            | 56    |
| 2. Has reduced the issues on late payment of invoices.                                | 9(16.9)        | 20(35.7) | 21(37.5) | 4(7.1)   | 2(3.6)            | 56    |
| 3. Has increased the issues on late payment of invoices                               | 2(3.6)         | 5(8.9)   | 26(46.4) | 17(30.4) | 6(10.7)           | 56    |
| 4. OPOT has made no difference  | 0(0)           | 5(8.3)   | 23(41.1) | 19(33.9) | 9(16.1)           | 56    |
| 5. Invoices tracked till payment  | 0(0)           | 26(46.4) | 10(17.8) | 7(12.5)  | 13(23.2)          | 56    |
| 6. New invoices are registered in the invoice tracking system.                        | 12(21.4)       | 21(37.5) | 17(30.4) | 6(10.7)  | 0(0)              | 56    |
| 7. Department has a tracking system   | 9(16.1)        | 21(37.5) | 17(30.4) | 9(16.1)  | 0(0)              | 56    |

Source: Primary data (Survey, 2021)

The impact of the OPOT initiative on late payment was analysed using Chi-Square analysis. The analysis showed a statistically significant relationship between the question of informing service providers of outstanding supporting documents and paying invoices before the 30-day deadline as the P-value was 0.031 at 95% confidence. The P value is less than 5% which means there is a statistically significant difference between paying invoices on time and informing services providers of the outstanding information.

**Table 4.12 Display of Chi-Square analysis results for the investigation of the impact of the OPOT on late payment of invoices.**

| Characteristic (n, Pearson, P-Value)  | n  | Chi  | P-value |
|---|----|------|---------|
| 1. Inform the service provider of the outstanding supporting documents to the invoice | 56 | 6.9  | 0.031   |
| 2. Has reduced the issues on late payment of invoices.                                | 56 | 0.2  | 0.923   |
| 3. Has increased the issues on late payment of invoices                               | 56 | 0.1  | 0.936   |
| 4. OPOT has made no difference  | 56 | 0.03 | 0.859   |
| 5. Invoices tracked till payment  | 56 | 0.4  | 0.833   |
| 6. New invoices are registered in the invoice tracking system.                        | 56 | 3.7  | 0.347   |
| 7. Department has a tracking system   | 56 | 0.5  | 0.470   |

Source: Primary data (Survey, 2021)

Key informants were asked to what extent the impact of the OPOT initiative in Government department has made. Data collected indicated that the OPOT is a hands on initiative “.... it’s their day-to-day thing they are so involved and hands-on. They ask for reports, send reminders, they study reports submitted and follow up on non-paid invoices appearing constantly on the report...” (Key informant 5). Key informants voiced that the OPOT has expanded their services to also assist Municipalities on late payment by departments. *We have received calls monthly and it is not just for service providers only but also for municipalities as well* (key informant 5). Key informants proclaimed their feeling about the initiative and, what they have observed was that the OPOT does to respond to late payment of invoices. *“The initiative does not say pay even if there is as dispute but it gives guidelines and protocols to follow to resolve such issues”* (key informant 3).

Data indicate that the initiative also help departments to resolve disputes they have with the service provider. *“The initiative assists in resolving disputes and helps departments and service providers to come to an agreement on outstanding information”* (key informant 5). Data indicates that departments tries to push invoices they have received for payment to avoid having to account or answer why the invoice was not paid “.... knowing there is a phone call or an email that demands answers why there is an unpaid invoice pushes officials to ensure they pay all invoices” (key informant 4). The OPOT has put a constant eye over departments as key informants indicated “.....you have this watch dog now to pay within 30days” (key informant 10). Data reveals that the initiative has alerted the Departments which indicate “.....it

*brought the attention that was needed*” (key informant 5). Data reveals that late payment exist whilst there is no consequences and accountability on late or non-payment of invoices by departments.

#### **4.8.1.1. Consequence Management**

Data collected from key informants reveals that officials intentionally don't pay invoices *“For my department, we don't have issues except that they just don't pay them”* (key informant 5) and unfortunately there is no consequence owing to the suppliers' fear of reporting the wrong doing. *“Suppliers are told by some government officials that if you want me to fast track your payment they need to pay me a certain amount”* (key informant 4). Data uncovers things are not implemented in the province systems that have already been made available by the National Treasury and who are not initiated in the province as a result the Province struggles on petty issues *“.....the project was not initiated because of laziness this gives us problems that other provinces do not have”* (key informant 5). Key informants were asked about their department's major issue in complying with 30 days' payment term. Data revealed poor internal control processes and unethical behaviour as the major issue of late payment of invoices. *“Responsibility managers receive invoices and don't forward them on time for payment processing”* (key informant 2). There shows no evidence of any consequence management *“Official or a manager that has kept the invoice will not even bother to response why invoice was not submitted for payment in time”* (key informant 4) neither some level of accountability on the unethical behaviour of the Government officials in KZN Departments. *“We fear AG most because Treasury just issue instructions and I am the one that still need to implement it. Issuing an instruction does not mean I will follow it but knowing I have to account for it will work”* (key informant 5). Data reveals that departments are not concerned by the instructions as they know Treasury will not hold them accountable for not complying. *“Each department has officials appointed to ensure that the operation of the department is well oiled .....”* (Key informant 3). Key informants mention that officials can be accountable only when payment on time affects their key performance indicators *“The initiative will be more effective if departments include it as part of their performance measures. I think people are sleeping on the job a lot .... They could do a lot better only when people are not lazy and do their job”* (key informant 5).

#### 4.8.1.2. *The Role of Provincial Treasuries*

Key informants were quizzed if supporting departments should be held accountable for continuous poor performance of the departments they are supporting, 70% (n=7) said no supporting departments should not be held accountable *“No, if they have supported the department fully and have helped the department on the matters arising from the Auditor’s reports.....Remember you cannot force a horse to drink water”* (key informants 1) whilst 30% (n=3) saying they should be accountable *“Yes, it is their primary function to provide support and if they fail it means the support is not the adequate intervention”* (key informant 8). *“They can’t be accountable for things that they have no control over if they have provided support and the departments do not make use or take advantage of the support”* (key informant 6). Data reveals that supporting departments should be held accountable if they have not provided relevant support needed by departments *“Maybe, here it also depends on the support they are providing and understanding why the departments are not performing”* (key informant 10). Key informants intimated that the Supporting departments be involved in the departments they support in order to pinpoint the areas they are struggling with the most and to provide support in line with the department’s shortfall. *“Come up with the support that will assist that department in the issues they have fallen short on. The support they do must be visible and have evidenced with adequate support”* (key informant 1).

Data collected reveals that departments are unable to locate invoices because they lack a system of tracking them. Systems are available but not implemented by the province *“If KZN Treasury is supporting departments we should be having a system by now that we can use to track invoice.... “The lack of providing departments with an electronic system is not helping. You cannot monitor things to spot problem areas. So, if you do not assist people with a system it doesn’t matter writing instruction notes if I am still dependent on the manual system, especially in a department that is decentralized like Transport, Health, and Education”* (key informant 5). Departments feel that supporting departments don’t understand them because they are centralised and contain all units they need in one place and thus they do not comprehend how and why other departments are not performing *“Look at it, we are still buying manually no wonder we are battling to even have stationery, they have not followed up on the issue of the electronic procurement system and It is easy for them because they are getting clean audits. I am very comfortable in saying this as a person who has worked at Treasury so it is easy for me to know their capabilities vs what they are currently doing”* (key informant 5).

Key informants were asked if they think supporting departments should be measured on the performance of the departments they support, 60% of key informants said yes they should be measured *“Yes, they should be measured on the training or support they have given to other departments..... this is part of their core existence”* (key informant 2). *“They will do better if they could be judged by the performance of the departments and stop thinking they could provide assistance through consultants because that is what they are good at, what am I going to do with just one person when I have so many districts”* (key informant 5) whilst 40% stated no they should not be measured. *“No, it will be unfair to Treasury if they are measured in that way..... Treasury only provides support to departments that have requested support”* (key informant 3). Data reveals that supporting departments will provide adequate and relevant support to departments if they are measured by the performance of the department they have supported. *“If there were to be measured they will do better, I told PAG that as a province we need LOGIS, and the project was not initiated because of laziness this gives us problems that other provinces do not have”* (key informant 5). Data uncovered that departments are having issues that could be easily resolved if they are united and work together *“We have so many unnecessary issues that could be solved by the system and National Treasury is tired of hearing me as an individual.....saying I want this as a solo department whereas things could be coordinated by the provincial treasury* (key informant 5).

#### 4.9. SUMMARY

The chapter commenced with a mind map picture of data collected from the survey and data emanated from interviews. Proceeding this was the response rates and the results for demographics data. The median for the number of days’ officials take to process invoices beyond deadline date was outlined and followed by the results pertaining to the objectives of the study. This was presented with themes that were developed and coded from data collected. The analysis was conducted using the Chi-Square analysis. The following chapter will discuss, analyse and interpret the findings from data collected.

## CHAPTER FIVE

### DISCUSSION AND INTERPRETATION OF FINDINGS

#### 5.1. INTRODUCTION

This chapter interprets and discusses the results of the study based on the objectives of assessing the effectiveness of the OPOT initiative on KZN Provincial Departments. The study findings of the objectives were as followed:

- To explore the underlying factors that cause late payment of invoices,
- The interpretation and discussion of the results of the contribution of the OPOT initiative,
- The assessment of the effectiveness of the OPOT initiative on the underlying factors of late payment of invoices and
- The interpretation and discussion of the finding for the impact of the OPOT initiative.

The interpretation of results is presented first and followed by a discussion of each objective.

#### 5.2. INTERPRETATION OF FINDINGS

##### 5.2.1. Exploring the underlying factors that causes late payment of invoices at KZNPDs

The results of the study indicated that a least (37.5%) of officials in KZN Government departments admit to paying invoices late whilst most (62.5%) of the research participants indicated adhering to 30-day payment terms. No statistically significant factors were identified as the cause of delays in paying invoices on time. The results reveal that few officials pay invoices late because of the lack of proper internal processes within the Departments. The majority (60%) of participants stated that they are unable to trace invoices that have been submitted whereas 64% agreed to have a central receiving point of invoices in the department. 53% indicated that invoices are only captured when there is a payment run. The overall majority of the study agreed to process invoices prior to the payment run and having a central receiving point. The finding of this study confers that KZN Government departments lack internal proper processes that provide control of invoices submitted. This reflects similarly to a study by

Djokoto (2017) where the factors that influence late payment were investigated with Djokoto discovering the payment process as the cause of late payment.

Apart from inefficient internal processes, the study uncovered that departments deal with multiple offices, districts, and clusters across the provinces where suppliers are required to submit invoices at a centralised office. These offices are often miles away from the supplier. Suppliers bypass internal processes of submitting to eliminate the cost of travelling just to submit an invoice. In this way, suppliers choose to give invoices to a government official that is onsite where the service provider is. Data revealed that officials submit invoices late to the Finance office as they store invoices they have received onsite on curbing holders, only to remember those invoices when service providers call to query. The traditional manual processes of receiving invoices results in officials not knowing what is where and hence unable to trace invoices as departments don't have a proper system to track invoices. The results of the current study reveal that invoices are paid late as departments lack the capacity for the drivers of the government strategy. A lack of strategic direction hinders the process flow as officials need senior operational managers to drive the process with guidance and the need to authorise transactions before they are disbursed for payment *"Departments lack senior managers as a result we end up doing operation work and overseeing our own work..."* (Key informant 1). The current study discovers that although officials perform their duties within their delegated authority there is a lack of senior operations managers to review the official's work for the next stage of the payment process. *"We have a manager that has been sick for the entire year and some have been suspended"* (key informant 1). As a result, officials rely on their initiative of what to do in the situation with no real direction or control *"Departments are under staff there is no capacity to segregate duties"* (key informant 3). A Lack of direction and proper processes in place creates confusion as to what must be done, when it must be done, and by whom.

The study revealed that officials fail to follow written instructions when they are conscious that there will be no accountability held on their part. *"It is very easy to comply, it is just that we do not listen and follow instructions..."* *"We fear AG most than Treasury because Treasury just issue legislation and I am the one who is supposed to implement it, issuing an instruction does not mean I will follow it but knowing that I have to account for it will work"* (key informant 5). The study divulged that officials are cognisant of non-compliance but because they know that they will not be held accountable and as such they ignore or don't priorities those instructions and legislations. Failure to pay invoices on time becomes the norm as officials choose not to

pay supplier's invoices in order to gain financially through unethical avenues. *"Suppliers are told by some of the government officials that if you want me to fast track your payment you need to pay me a certain amount"* (key informant 4). In this study, we see officials deliberately withholding payments in order to benefit financially. This indicates that an unpaid invoice is a potential unethical income. The Chi-Square analysis investigated the association between respondents' responses to the question of whether they have submitted invoices late and questions listed in Table 4.4 which were extracted from IN34 reports submitted to the Treasury as reasons for not paying on time (Africa, 2020). The Chi-Square analysis disclosed no statistically significant factors that caused delays in paying invoices on time but there is an indication that deliberate withholding of invoices is a cause of late payment by Government departments in KZN. This aligns with a study by Salamon *et al.* (2015), which revealed that 63% of firms believed that payments were delayed deliberately and that late payment of invoices should be considered unethical. The study by Salamon *et al.* (2015), divulged that managers perceive late payments as a free source of capital.

Key informants also voiced the issue of budget constraints resulting in departments failing to manage their cash flows. *"The issue we come across is budget constraints as departments fail to budget appropriately...each department manages its own cash flow"* (key informant 4). Similarly, to a study by Shwarka and Anigbogu (2012) where it was revealed that delays in implementing budget is a leading factor in paying on time. Aragão (2022), concurred that budget cuts cause delays in paying salaries and supplier invoices as it is impossible to make payments to suppliers without money. In a study by Hlatshwako, (2012), the results uncovered that contributing factors leading to the successful failure of small enterprises in Swaziland revealed that government support is lacking. The researcher recommended that Government should play a pivotal role in creating an enabling environment for the development of SMMEs (Hlatshwako, 2012). Similarly, the OPOT initiative was developed to enable financial support to SMMEs in KZN Departments. The results of the contribution of the OPOT initiative on the underlying factors of late or non-payment of invoices will be interpreted and discussed.

### **5.2.2. The contribution of the OPOT initiative on the underlying factors of late payment of invoices at KZNPDs**

The results of the study disclosed that the OPOT initiative has positively contributed to reducing the number of invoices paid late. Data also reveals that the OPOT initiative has aided



departments. This is reflected by 51% of the study participants agreeing to comply with the 30 days' deadline as a result of OPOT. The study reveals no direct need to possess knowledge of the OPOT initiative or have to attend any training or a workshop on the OPOT as 78% of the study participants are fully aware of the OPOT initiative. This is reflected by 78% disagreeing to having attended any workshop on the OPOT initiative. Data revealed a confidence level of 95% with the P-value of 0.05 on the association between submitting invoices beyond 30 days and having KZN Treasury visiting departments, and finance offices. *"Treasury needs to get involved in the operational level of departments to identify the challenges that departments face in paying on time."* (Key informant 10). A strong significance indicates a dire need for the KZN Treasury to visit the department's finance offices in order to understand the operational side of Departments.

Data also conceded that officials were neutral (69%) on whether the OPOT initiative has assisted in resolving the underlying issues of late payment. It was revealed that the response of the OPOT initiative is an aftereffect to resolve the dispute of a particular case and not the cause of the dispute itself. As a result, the OPOT is temporal to each case reported and departments cannot rely on the OPOT to address the Department's underlying factor of late payment of invoices. Only 3% of the study participants agreed to a question that pointed out that invoices remain unpaid even after KZN Treasury has intervened indicating that OPOT does assist post the effect. The results of the study concluded that consultative forums are only available to suppliers and that instructions and initiatives are implemented without having to involve all stakeholders. *"No, in our department we were appointed as champions of the OPOT but we don't even know what it entails as no workshop was done"* (key informant 1). As a result, officials were neutral on the reliability and responsiveness of the OPOT.

The results of the research found that the minimum support provided by KZN Treasury to KZN Departments is insufficient as indicated by 60% of the study participants. The method of intervention is minimum as it addresses issues post effect and fails to provide solutions to the underlying factors of the late or non-payment of invoice. The Constitution of South Africa (1999), allows the Supporting Departments to assist departments at a *"minimum standard"*. Layman (2003) outlined the *"minimum standard"* as the minimum support. The study also reveals that supporting departments are quick to point out non-compliance on departments they support, yet with little understanding of the underlying factors to provide the relevant support. Auditor-General (2014), audited compliance with PFMA with 90% of the Government

Departments being found to be non-compliant and provincial treasuries having no findings in compliance. This begs the question of whether or not the minimum support provided to departments is effective. The results of the effectiveness of the OPOT initiative in KZN Departments will be interpreted and discussed next.

### **5.2.3. The effectiveness of the OPOT initiative on late payment of invoices by KZNPDs**

A combined 98.1% of the study participants were neutral or disagreed that the OPOT initiative does not assist with compliance with a 53.6% disagreed that the OPOT initiative forces departments to make payments even when the service provider has not delivered according to the contractual agreement. Key informants were asked if the OPOT initiative has assisted in paying all valid invoices. 70% of the study participant's data reveals that the OPOT initiative has assisted with 30% of the study indicating that the OPOT has only played a major role in monitoring the 30 days' payment terms rather than actually resolving the underlying issues of late or non-payment of invoices. The results indicate that the OPOT initiative will be more effective once departments minimise the use of manualised systems and when the payment of invoices forms part of the officials' KPI 's *"I don't think that is effective it will be effective the day they create a system"* (key informant 5). There was no statistical evidence that supported a relationship between payments being paid on time as a result of the OPOT initiative assisting in reducing the volume of late paid invoices. Data also uncovered that the OPOT initiative is ineffective on the underlying factors of late payments. The study disclosed that the OPOT is effective as a constant reminder to departments to report on compliance with 30 days as a result reduces the number of exceptions on the IN34 report. *"...it helps when you are reporting because you don't want high exceptions in the number of invoices paid late or not paid. That's where the OPOT helps departments but it does not help to pay on time"* (key informant 5). The results stipulate that the type of support provided by the OPOT initiative fails to address the underlying issues of late payment of invoices and as such same issues continue to arise from month to month.

Overall the results indicate that the IN34 reports for late and non-paid invoices reported monthly to the OPOT do not paint a true picture of the actual number of invoices paid or not paid as a result of the manualised systems *"There is an issue on the reporting side of invoices that have not yet been paid"* (key informant 5). More so the information reported on the IN34 reports provide an under estimation of the unpaid as most invoices in departments are

untraceable. This being one of the underlying factors of late or non-payment of invoices. *“We rely too much on the manualized system which lead to omission when officials capture data”* (key informant 4). The OPOT works in conjunction with the internal control processes to fast track compliance checks and pay invoices on time. This study discovered that departments do have Internal Control units (ICU) as 100% of the participants indicated. Data discovered that ICU in departments does not perform duties that add value to the underlying issues they face. The current study reveals that the effectiveness of the OPOT initiative relies on effective control measures to be in place which is a function of the Internal Control Unit. ICU in departments are counterproductive as data collected discloses that they perform similar duties as internal and external auditors. The control measures that should have been put in place to avoid the issues of unethical behaviour discovered by this study as the underlying factors of late or non-payment of invoices before they actually occur. The current study disclosed that 70% of the participants agree that ICU can assist departments to pay on time and that the OPOT can be effective when the use of internal control measures is tested and checked by the ICU in the daily operations of the departments with not just accepting inadequately informed reports.

The research study, however, found the OPOT initiative effective when the standard operating procedures in the department are used. Participants indicated that after the appointment of the OPOT champions, the departments utilized the OPOT standard operating procedure guide for processing payments to develop their internal system which speed up the turnaround times it took their department to process the payment. The OPOT standard operating procedures provide guidance to officials. The study reveals that managers are complying with the SOP by refusing to accept invoices outside the central receiving point and rather directing the suppliers to submit their invoices to a central receiving point. System by-passes were found to be an underlying factor of late or non-payment of invoices in KZN departments. The SOP turnaround times of 30day payment deadlines were found to be sufficient for all departments to comply and secure payments on time. Data acknowledges that the OPOT initiative is shorthanded on the reporting side as departments lack capacity to co-ordinate information required due to its being conducted manually. In general, invoices are untraceable with minimum staff to process data and even segregate duties. The study discovered that departments are under staffed to the extent that they are required to transport invoices for processing from one district to head office and are not accounted for in the OPOT reports as they are not coordinated correctly. Lack of

capacity and network issues were one of the underlying factors of late or non-payment of invoices in KZN Departments.

The overall data reveals that the OPOT initiative is falling short due to insufficient strategies to resolve the issues *“There aren’t enough strategies provided to the department to meet the 30day payment terms* (key informant 1). This is inconsistency with what the Spanish Government did where strategies were provided for local and regional government to enable them to pay on time (Connell, 2014). In a study by Connell, (2014) the Spanish Government (Connell, 2014) published the payment period with relevant measures to implement when the payment period is exceeded. The central Government of Spain further utilized its funds to finance local and regional government and implemented drastic measures if suppliers were not paid. The current study reveals that the payment period has been published and a platform (OPOT) where suppliers can report non-compliance has also been furnished. Unfortunately, no drastic measures have been taken for the non-compliance thus shading the contribution and the effectiveness of the OPOT initiative as reports are submitted monthly but with no corrective measures to curb the issues. The initiatives are also not evaluated inconsistently, Spanish Government evaluates the impact of those mechanisms to pay on time (Connell, 2014). The results of the impact of the OPOT initiative in KZN Departments will be interpreted and discussed next.

#### **5.2.4. The impact of the OPOT initiative on KZNPDs**

The results disclosed that the OPOT initiative has made an impact on the issues of late paid invoices. When participants were asked about the impact of the OPOT initiative 5% stated that the initiative has made no difference whilst 51% (n=29) of the study participants agreed that the OPOT has reduced the issues of late payment of invoices. This study concurs to data in table 2.1 which indicate a drastic improvement in a number of invoices paid late or not paid, where 3 749 invoices were paid late in 2018/2019 financial year by Department of Transport and improved to 623 in 2020/2021 financial year. The OPOT initiative was implemented in 2017 and Department of Social Development indicated 278 invoices were paid late and improved to 159 invoices after the initiative started. Although seventy-five percent of the participating departments shows improvement as a result of the OPOT initiative, Department of Education is still struggling as the number increases over the years. 64% of the study participants agreed that they are informing the service providers of the outstanding documents,

this being one of the underlying factors that service providers fail to submit supporting documents for payment processing. The Chi-Square analysis with a P-value of 0,031 and a confidence level of 95% show no statistical significance in the relationship between informing service providers of the outstanding documents and paying invoices before 30 days. The results of the study indicate that the OPOT initiative in KZN Government departments is a hands-on initiative that reminds Departments daily of the 30 days' compliance. *".... it's their day-to-day thing they are so involved and hands-on. They ask for reports and study them, they send reminders, and follow up on non-paid invoices appearing constantly on the report..."* (Key informant 5).

The results indicate that the impact of the OPOT initiative has been extended to the Municipalities as the OPOT intervenes and ensure payments are made by departments to Municipalities for all outstanding invoices. *We have received calls monthly and it is not just for service providers only but also for municipalities as well*" (key informant 5). The results further exhibited a positive impact of the OPOT in departments. This is because the initiative assists departments to resolve disputes that have led to non-payment. The study also reveals that departments are hard-pressed to do they work. *".... knowing there is a phone call or an email that demands answers why there is an unpaid invoice pushes officials to ensure they pay all invoices"* (key informant 4). The results indicated that KZN Departments have a watch-dog (the OPOT initiative) that constantly has it eyes peeled on Departments' non-compliant with 30 days' payment terms *"you have this watch dog now to pay within 30days"* (key informant 10). The outcomes of the study demonstrate that the OPOT initiative has no impact on unethical behaviour as one of the underlying issues of late payment. It revealed that invoices are occasionally intentionally not paid with government officials asking service providers for a ransom before they process their invoices. No evidence of any consequence management exists. This is because suppliers report to the OPOT initiative but they fail to provide the OPOT initiative with names for fear of being blacklisted and unable to get any work in future if these officials are reported. The OPOT initiative feels shorthanded as they cannot fully get a full grasp on the underlying factor of this unethical behaviour. Proper reporting systems like whistle blowing and fraud lines are there to report unethical behaviour of any government official. This study, however, indicates that service providers don't report for fear of future relationships. This aligns with a study by Plum Sage where Miller and Wongsaroj (2017) revealed that SMMEs are afraid to take actions against departments as that will affect their future relationship with the department.

The results of the study divulged that departments are struggling over petty issues that could be easily resolved with proper systems which are already in place at National Treasury. These systems, however, are not implemented in the province of KZN. The results reveal that departments are ignoring instructions provided by Treasury as they feel that Treasury is neglecting to provide them with neither the strategies nor the environment to implement those instructions effectively. The study results reveals that supporting departments should not be held accountable (70%) for continuous poor performance of the departments they are supporting. 60% stated that instead they should be measured on the performance of the departments they have supported. Evidence from data collected that the OPOT initiative has minimal impact on departments as minimal support is provided. This is as a result of them knowing that supporting departments will not be held accountable for poor performance of the departments they support. The results of the study express no consequences being taken for the continuous non-compliance of late or non-payment of invoices neither has there been any action taken against unethical behaviour which is a prominent underlying factor of late payment of invoices in KZN Government departments.

The study findings appeared to be in sync with the results of the study by Ajam and Fourie (2014), that also revealed that effective PFM reforms in decentralized fiscal systems require strong coordinating institutions, especially provincial treasuries. Ajam and Fourie (2014), evaluated the performance of provincial treasuries in promoting Public Financial Management (PFM) at the provincial level. The study by Ajam and Fourie, (2014) concluded that PFM reforms may be less successful than they should be due to high variations in provincial treasury performance and capacity. The current study reveals that KZN Provincial Treasury has unimplemented systems that are already available at National Treasury for departments to use. Evidence from the study indicates that a greater impact of the OPOT initiative will be visible when an invoice tracking system has been implemented in KZN Departments. Ajam and Fourie, (2014) concurred that if supporting departments are effective in providing support to departments then departments will comply.

### **5.3. SUMMARY**

The chapter has interpreted data collected and discussed the findings of the study. The chapter interpreted and discussed results in line with each objective of the study and drew conclusions under each objective using secondary information from previous research studies. Themes that were developed from the data collected were interpreted and discussed in line with each objective of the study. The results of the study found that the OPOT initiative is effective but falls short as the environment fails to enable the process with legislations allowing minimum support where departments struggle. The Plam Sage report by Miller and Wongsaroj (2017) contend that a change has to be made on policy to incentivize payments on time. Evidence from the study departments did make an effort to include payment on time to the Head of Department's KPI. The proceeding chapter will provide the recommendations and the conclusion of the study.

## CHAPTER SIX

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.1. INTRODUCTION

In chapter five the focus was on discussion and interpretation of the results and findings based on the study's objectives. The findings of the study informed the conclusion which is the basis of the recommendations for this study. This chapter provides a summary of the key findings, recommendations, limitations, point direction for further research studies, and concluding remarks.

#### 6.2. SUMMARY OF MAJOR FINDINGS

This research study was designed to attain the following objectives:

**Objective 1: To explore the underlying factors that cause late payment of invoices at KZNPDs**

**Key findings:** The analysis of data revealed that significant underlying factors of late payment of invoices are not reported on the IN34 report that is submitted to Treasury on a monthly basis. The analysis suggested that Departments are failing to comply with the 30 days' payment terms as a consequence of the lack of capacity of staff, officials performing multiple tasks as well as the fact that are working autonomously reviewing their own work. Groundwork necessary for the end product which is to pay on time lacks direction as departments have no operational senior managers at the foundation level. Lack of direction results in operational work lacking proper internal processes and as a result invoices become untraceable because they are being submitted anywhere in the department and even on sites. Submission of invoices is centralised to the finance office of the department. As a result, invoices are submitted late to the department's finance offices as field officials on sites need to keep those invoices they have received until the day they go back to office. By that time those invoices have long been forgotten as they were not recorded. The analysis disclosed that Departments do not possess an adequate invoice tracking system and as a result they receive unknown invoices. The analysis revealed that not having an effective system in place that provides control and monitoring of the situation leaves room for unethical behaviour occurring.



**Objective 2: To assess the contribution of the OPOT initiative on the underlying factors of late payment of invoices at KZNPDs.**

Key findings: The analysis indicated that the OPOT has assisted the departments in reducing the number of invoices paid late or not paid at all. The analysis of findings illustrates that suppliers have placed their reliability on the OPOT initiative to secure their invoices being paid even although the response of the OPOT initiative is after the effect. The analysis of findings indicated that there are no consultative forums for departments where the underlying factors of late payment of invoices are dealt with. As a result, the same issue continues to be the reason for late payment month after month. The analysis revealed that it is only the suppliers that are provided with workshops and such workshops are of a minimal standard. The contribution of the OPOT initiative is as minimal as the Legislative frameworks permits. The analysis of results also indicates that the methodology (minimum support) used by supporting departments to support departments is not sufficient enough for departments.

**Objective 3: To assess the effectiveness of the OPOT initiative on late payment of invoices by KZNPDs**

Key findings: An appropriate statistical analysis of data was conducted to assess the relationship between paying on time and the OPOT initiative assisting in reducing the number of invoices paid late. The relationship was assessed using the Chi-Square analysis and findings revealed that there was no relationship between departments paying on time as a result of the OPOT initiative assisting in reducing the number of invoices paid late. The analysis disclosed that invoices reported on the OPOT initiative are not statistically correct as official's co-ordinate information manually and omission of data exists. The results indicated that departments have appointed OPOT champions internally who are not trained or upskilled of their role with workshops and consequently just proceed without any understanding of what the initiative outlines are or their responsibilities as the appointed champions. The analysis indicated that the OPOT initiative is ineffective with regards to the underlying factors of late or non-payment as a result of the absent standard operating procedures in departments. The analysis revealed that supporting department's issue-out instruction notes and develop policy for departments without filtering in the underlying issues of department's non-compliance. The closed system of supporting departments is the result of

consistently facing the same issue month after month as the root cause has not been addressed. The analysis also exposed the fact that the OPOT initiative has assisted departments by signifying the importance of paying on time hence the number of invoices paid late has decreased. Invoices, however, are still paid late as the issue of untraceable invoices still exists as invoices are registered manually in a centralised finance office. As a result, the effectiveness of the OPOT initiative on the underlying factors falls short.

#### **Objective 4: To assess the impact of the OPOT initiative on KZNPDs**

Key findings: Data analysis revealed that the OPOT initiative has made a difference and has indeed reduced the issues of late payment. The analysis indicated that the OPOT initiative is a hands on initiative that is directly involved in resolving disputes that lead to non-payment. The analysis indicated that government officials push to pay invoices to avoid having to answer to the OPOT for non-payment. The OPOT has been constantly keeping a watchful eye on late or non-payment of invoices. Data analysis expressed that the impact of the OPOT has expanded from assisting service providers to also aiding municipalities in securing their payments for municipal services they have rendered to departments and have not received their payments.

Furthermore, the analysis revealed that late payments continue to exist with no accountability being held nor any consequence management for non-compliance with 30 days' payment terms. The analysis indicated that unethical behaviour has been reported to the OPOT however, service providers fear their future relationship and fear being blacklisted by the departments if they take legal actions. Unfortunately, the initiative has limited powers and is unable to escalate these matters. The analysis revealed that the supporting departments should not be held accountable for poor performance of the Department they support as each department has the AO and the HOD that should account for each department's performance. Lastly, the analysis concluded that systems that can resolve some of the issues that Provincial departments have are available at national level but these systems are not implemented provincially which is the role of the Provincial Treasuries as mandated by legislation. It was revealed that departments are unable to locate and track invoices due to ineffective invoice tracking systems and as such untraceable invoices were identified as one of the underlying factors of late or non-payment. The analysis

showed that a greater impact of the OPOT initiative will be visible when departments has an efficient invoice tracking system.

### **6.3. RECOMMENDATIONS**

This section will provide with the recommendations and implementation procedures proposed based on the key findings of this study. The recommendation will increase the level of effectiveness and efficiency in departments. Some of the recommendations will apply in multiple objectives of this study. In such a case that recommendation will only be presented once.

#### **Objective 1: To explore the underlying factors that cause late payment of invoices at KZNPDs**

##### **Recommendation 1**

Accounting Officers to investigate the true underlying factor of each payment delayed or not paid. A copy of a payment voucher with the proof of date when invoice was submitted must be sent to AO or HOD for investigation prior to the IN34 report being signed and submitted to Treasury.

##### **Recommendation 2**

Each Department must have a Standard Operating Procedure (SOP) for payment processing that stipulate the turnaround times an invoice has at each stage of a payment process. The SOP must clearly articulate steps followed designating responsible personnel or sections for each step of the payment. This SOP must be clearly communicated to all stakeholders of the departments.

##### **Recommendation 3**

An effective invoice tracking tool must be implemented. This tool must be a service portal where suppliers can upload their invoices themselves anywhere anytime. The tool must flag each invoice submitted and provide the age analysis of that invoice. The status of each invoice should change and provide a warning for each invoice when a turnaround time stipulated on the SOP had been exceed. The tool should give control to managers, AO and HOD of that department to monitor the entire payment process chain. The tool must be designed filtering in each departments requirements.

**Recommendation 4**

Supporting departments to be directly involved and families themselves with each department's day to day operating procedures and standard in order to gain an understanding of each department's issues and provide relevant support needed.

**Recommendation 5**

Fast track to process of filling vacant posts to enable segregation of duties in departments, providing leadership on the ground work and avoiding officials having to act on post and review their own work.

**Recommendation 6**

Improve a system of communication by adopting an ICT technology that will have virtual communication and accelerate the flow of information and provides transparency.

**Objective 2: To assess the contribution of the OPOT initiative on the underlying factors of late payment of invoices at KZNPDs.**

**Recommendation 7**

Provide assistance that prevent issues before they actually occur as opposed to having initiatives that only intervene after the effect.

**Recommendation 8**

Provide departments with consultative forums in a form of training; workshops; and information sharing sessions for both departments' officials and service providers.

**Recommendation 9**

The level and standard of support provided must be in line with the size of the department and also the support must be aligned to the issues each department has. There is no such thing as size one fit all mentality when it comes to supporting departments. One consultant cannot assist the entire department with district office all over the province.

**Recommendation 10**

Provincial treasuries to develop a dedicated training office that aims at improving and capacitating various department's officials and deploy those officials in departments once they are fully capacitated.

**Objective 3: To assess the effectiveness of the OPOT initiative on late payment of invoices by KZNPDs****Recommendation 11**

An electronic self-service invoice tracking built and designed to specification as per recommendation 3 will resolve the issue of incorrect information co-ordinated as a result of manualised systems and the electronic system will provide with the correct statistics in terms of the outstanding invoices.

**Recommendation 12**

Provincial Treasury to be involved, visit departments and understand each departments operation, their capabilities and weakness. After filtering in each departments short comings then provide with the support relevant to the issues the departments have. A closed type of system support will not be effective if the department in need of support is not consulted before an instruction is written and issued for implementation without any guidelines of what, where and how it must be done.

**Recommendation 13**

The effectiveness of any initiative including the OPOT initiative relies on the strength of the coordination of the supporting department, in this case, KZN Treasury. Working together towards a common goal, not as individuals pointing fingers but instead complement each other will unite the province for better achievements.

**Objective 4: To assess the impact of the OPOT initiative on KZNPDs****Recommendation 14**

Provincial Treasuries need to be hands on, communicate and listen to departments. Thereafter co-ordinate departments policy and facilitate the implementation of systems required by the departments.

## Recommendation 15

Each department needs strong Internal Control that assist departments by continuously testing available controls and provide them with effective control measures that prevent issues before they actually occur. The ICU must not counter-perform the duties of the Auditors.

## 6.4. CONCLUDING REMARKS

The Investigation was undertaken to assess the effectiveness of the Operation Pay on Time initiative on KZN Provincial Departments. The study also examined the underlying factors of late payment of invoices. The study identified the factors of late payment of invoices in KZN Departments as follows:

- Untraceable invoices,
- No central receiving point for invoices,
- System by-pass,
- Lack of capacity,
- Lack of proper internal processes;
- Network Issues
- Unethical behaviour.

Based on the findings obtained from the analysis and interpretation this study revealed that the Operation Pay on Time initiative is effective, however exhibiting shortfalls on proper systems that will bring control. The lack of proper internal processes is the key reason for the late payment of invoices in KZN Departments. Furthermore, the inability to hire staff in the department, shortens the department's capabilities. The study used a mixed-method to investigate the problem and assess the effectiveness of the initiatives implemented to resolve the issue of late and non-payments. The study findings suggest that the OPOT initiative would be more effective when the factors of late or non-payment on invoices are filtered into any assistance provided and are post-effect rather than an after effect. However, the initiative is falling short on the underlying factors as the initiative is one sided. The study's findings indicate that initiatives like OPOT in the Departments are futile as they don't provide proper guidelines on how to go about paying on time and neither do they filter the department's actual issues before they are implemented.

## **6.5. LIMITATIONS OF STUDY**

The research was restricted to only KZN Provincial Departments in South Africa. It would have been more comprehensive if it covered all government departments in South African and compared provinces' operations in relation to late or non-payment of invoices. The study also targeted officials from the finance office as the targeted population. The researcher suggests that a future study should focus on end users within the department, particularly those that deal directly with the service provider and the finance office. The research was a cross-sectional time horizon and the data was a snapshot for the particular time. By no means can the findings of this study be concluded for all Government Departments in KZN. To overcome such limitations, the study adopted a multiple data collection method which included a secondary and primary (survey respondents, and interviews) data source. A longitudinal research is suggested in order for the future study to understand the trends regarding the payment on invoices.

## 7. REFERENCES

Act, S. A. S. J. R. b. T. C. O. S. A. P. G. P. R. O. T. N. C. F. S. N. I. E. and Paper T. N. C. F. E. S. S. P. G. P. W. 1996. "Pretoria: Government Printer." 6: 277-291.

Adebowale, O. J. 2018. "A multi-stakeholder approach to productivity improvement in the South African construction industry."

Africa, R. O. S. 1999. Public Finance Management Act, No. 1 of 1999. Government Printer Pretoria.

Africa, S. 2021. National Treasury Instruction Note Number 34. Effecting payments within thirty (30) days from receipt of an invoice. [online] Available at: <[http://www.treasury.gov.za/comm\\_media/press/2021/Annual%20Report%20on%20non-compliance%20with%20payment%20of%20supplier's%20invoices%20-%202020-2021%20Approved.pdf](http://www.treasury.gov.za/comm_media/press/2021/Annual%20Report%20on%20non-compliance%20with%20payment%20of%20supplier's%20invoices%20-%202020-2021%20Approved.pdf)> [Accessed 1 April 2021].

Africa, S. 2011. Oag.treasury.gov.za. 2011. *Publications: 20111130 Instruction Note 34 - Effecting payments within 30 days from receipt of an invoice (TR8.3.2)*. [online] Available at: <[https://oag.treasury.gov.za/\\_layouts/mobile/dispsform.aspx?List=4e63637b-de5a-4d79-894d-771879f86bcd&View=ea6e6b15-593d-4839-a804a91a49cb20a0&RootFolder=%2FPublications%2F10.%20Instruction%20Notes%2FFor%20fin%20year%202011-12&ID=1976](https://oag.treasury.gov.za/_layouts/mobile/dispsform.aspx?List=4e63637b-de5a-4d79-894d-771879f86bcd&View=ea6e6b15-593d-4839-a804a91a49cb20a0&RootFolder=%2FPublications%2F10.%20Instruction%20Notes%2FFor%20fin%20year%202011-12&ID=1976)> [Accessed 1 April 2021].

Africa, S. 2021. *Quarterly Labour Force Survey (QLFS) – Q3:2021 | Statistics South Africa*. [online] Statssa.gov.za. Available at: <<https://www.statssa.gov.za/?p=14957>> [Accessed 1 August 2021].

Africa, S. 2021. 20th Commission for Employment Equity Annual Report 2019/20.[online] Available at: <[https://www.labour.gov.za/DocumentCenter/Reports/Annual%20Reports/Employment%20Equity/2019%20-2020/20thCEE\\_Report\\_.pdf](https://www.labour.gov.za/DocumentCenter/Reports/Annual%20Reports/Employment%20Equity/2019%20-2020/20thCEE_Report_.pdf)> [Accessed 27 September 2021].

Ajam, T. and Fourie, D. J. 2014. The role of the provincial treasury in driving budget reform in South Africa's decentralised fiscal system. Available at:



- <[https://repository.up.ac.za/bitstream/handle/2263/50064/Fourie\\_Role\\_2014.pdf?sequence=1](https://repository.up.ac.za/bitstream/handle/2263/50064/Fourie_Role_2014.pdf?sequence=1)> [Accessed 30 June 2021].
- Ajibade, P., et al. 2017. "The role of records management in small micro and medium enterprises (SMMEs) in South Africa and its implications for business sustainability." 27(2): 175-188.
- Akinsiku, A.A., Dare, E.O., Ajanaku, K.O., Adekoya, J.A., Alayande, S.O. and Adeyemi, A.O., 2016. Synthesis of silver nanoparticles by plant-mediated green method: optical and biological properties. *Journal of Bionanoscience*, 10(3), pp.171-180
- Alghamdi, A. H., et al. 2013. "Adapting design-based research as a research methodology in educational settings." 1(10): 1-12.
- Alloza Frutos, M., Delgado Téllez de Cepeda, M., García Moral, B. and González díez, V. J. E. B. B. D. E., N. 2019. Developments in Spanish public debt in 2018
- Ansah, S.K. 2011. Causes and effects of delayed payments by clients on construction projects in Ghana. *Journal of Construction Project Management and Innovation*, 1(1), pp.27-45.
- Aragão, J.P.S., Fontana, M.E. Outsourcing Strategies in Public Services under Budgetary Constraints: Analysing Perceptions of Public Managers. *Public Organiz Rev* 22, 61–77 (2022).
- Arumita, I.I. 2012. An appraisal of client-caused delays in building projects: A case study of Kaduna and Kano states. *Namoda Techscope, journal of Applied Science and Technology*, 9(1), PP.184-194.
- Association of Chartered Certified Accountants, 2015. Ending late payment- Part 1: taking stock. Accaglobal.com. 2022. [online] Available at: <<https://www.accaglobal.com/content/dam/acca/global/PDF-technical/small-business/pol-tp-elp-3reflections.pdf>> [Accessed 26 September 2021].
- Auditor-General 2014. Auditor-General of South Africa. 2016. *Final Management Report for the year ended 31 March 2016, KwaZulu-Natal Legislature*. Durban, RSA: Auditor-General of South Africa.

- Ayyagari, M., Thorsten, B., Demirguc-Kunt, A. 2007. Small and Medium Enterprises Across the Globe. *Small Business Economics*, 29, pp415-434.
- Bailey, H. A. 2019. "The challenge of late payment of SMMEs with a focus on South Africa."
- Barrot, J. N. and Nanda R. J. T. J. O. F. 2020. "The employment effects of faster payment: evidence from the federal quick pay reform." 75(6): 3139-3173.
- Bea.gov. 2017. *Gross Domestic Product by Industry, 4th quarter and annual 2017* | U.S. Bureau of Economic Analysis (BEA). [online] Available at: <<https://www.bea.gov/news/2018/gross-domestic-product-industry-4th-quarter-and-annual-2017>> [Accessed 1 August 2021].
- Bernard, H. R. 2017. *Research methods in anthropology: Qualitative and quantitative approaches*, Rowman and Littlefield.
- Bizana, N., et al. 2015. "Supply chain management as a contributing factor to local government service delivery in South Africa." 12(1): 664-683.
- Boluk, K. A., et al. 2019. *A critical framework for interrogating the United Nations Sustainable Development Goals 2030 Agenda in tourism*, Taylor and Francis.
- Boulton, D., Hammersley, M. J. D. C. and Analysis 1996. Analysis of unstructured data. 11, 282-297.
- Brown, R. B. and Brown R. 2006. *Doing your dissertation in business and management: the reality of researching and writing*, Sage.
- Bryman, A., and Bell E. 2011. "Business Research Methods (3 ed.; Oxford: Oxford University Press)."
- Budlender, D., Sharp, R. and Allen, K. for AUSAID (1998). How to do a gender-sensitive budget analysis: Contemporary research and practice. AusAID. Available from:<<http://www.ned.org/mena/ar/documents/45.pdf>> (Accessed 30 November 2022).
- Chawla, D. and Sodhi N. 2011. *Research methodology: Concepts and cases*, Vikas Publishing House.

Chen, J. J. J. O. S. B. and E. development 2006. "Development of Chinese small and medium-sized enterprises."

Clover, T. and Darroch M. A. J. A. 2005. "Owners' perceptions of factors that constrain the survival and growth of small, medium and micro agribusinesses in KwaZulu-Natal, South Africa." 44(2): 238-263.

National Planning Commission, 2013. National development plan vision 2030.

Connell, W. 2014. The economic impact of late payments. Economic papers 531, European Commission.

Cooper, D. R., Schindler, P. S. and SUN, J. 2006. *Business research methods*, McGraw-hill New York.

Creswell, J. and Creswell, J. 2014. *Research design: Qualitative, Quantitative, and mixed methods approaches*. 4th ed.

Creswell, J. 2013. *Research design: Qualitative, Quantitative, and mixed methods approaches*. 4th Edition, SAGE Publications, Inc., London.

Creswell, J. 2013. *Qualitative inquiry and research design*.

De Castro, F., et al. 2018. "A quarterly fiscal database fit for macroeconomic analysis." 224(1): 139-155.

Delgado-Tellez, M., et al. 2017. "The macroeconomic impact of delayed government payments: a case study 1." 17(2): 152.

Diokno, MS.I. 1999. A Rights Based Approach towards Budget Analysis. Available from: <<http://www.iie.org/Website/CustomPages/ACFE8.pdf>> (Accessed 02 December 2022).

Djokoto, V.K.T., 2017. *Factors that Influence Late Payments in Government New Build Infrastructure Projects in Gauteng Province, South Africa* (Doctoral dissertation, University of the Witwatersrand, Faculty of Engineering and the Built Environment, School of Architecture and Planning).

Desa, U.N., 2016. Transforming our world: The 2030 agenda for sustainable development.

Fatoye, E.O. 2012. Contributing factors of delay in the Nigerian construction industry: A comparative Analysis with other selected countries. West African Built Environment Research (WABER) conference. Abuja, Nigeria:24<sup>th</sup>-26<sup>th</sup> July. Pp. 575-586.

Gill, L., 2012. Barriers to small business growth in Canada. *Journal of Small Business and Enterprise Development*, 19(4), pp. 656-668.

Goddard, W. and Melville, S. J. L. L. 2001. Research methodology: An introduction Juta and Co.

González, F. G. J. D.-I. D. E. F. 2018. "The management of Government Expenditure Arrears in Spain." (6): 1-20.

Gov.za. 2017. *National Development Plan 2030* | South African Government. [online] Available at: <<https://www.gov.za/issues/national-development-plan-2030>> [Accessed 1 August 2021]. Gov. za. (1999). *Public Finance Management Act 1 of 1999* | South African Government. [online] Available at: <<https://www.gov.za/documents/public-finance-management-act>> [Accessed 1 April 2021].

Hlatshwako, P.L., 2012. *Challenges facing small and medium enterprises in Manzini, Swaziland* (Doctoral dissertation).

Hopkins, P., Richmond, K. and Kane, K. J. F. O. A. E. C. 2017. The economic impacts of late payment. 41, 60-64.

Kaya, O., 2022. Late payments to SMEs: a factor that affects their access to finance. In *European Financial Management Association 2022 Annual Meeting, Rome, Italy, 29 June-2 July 2022*.

Kothari, C. R. 2004. *Research methodology: Methods and Techniques*, New Age International.

Kumar, R. 2018. *Research methodology: A step-by-step guide for beginners*, Sage.

- Layman, T., 2003. Intergovernmental relations and service delivery in South Africa. *South African Department of Provincial and Local Government*. Disponível em: <http://www.sarpn.org.za> (Acessado em 29/2/2012).
- Leedy, P. D. and Ormrod, J. J. O., Merrill prentice hall 2010. E. 2010. Practical research: Planning and design.
- Miller, T. J. T. D. E. T. I. O. L. P. Wongsaroj. S. 2017.
- Mitchell, A. 2018. A review of mixed methods, pragmatism, and abduction techniques. Proceedings of the European Conference on Research Methods for Business and Management Studies.
- Mohammed, K.A. and Isah, A.D. 2012. Causes of delay in Nigerian construction industry. *Interdisciplinary Journal of Contemporary Research in Business*, 4(2), pp. 785-794.
- Namaiwa, M.B. 2022. Causes of Late Payment of Commercial Debt and Challenges of Working Capital to Small and Medium Enterprises (SMEs) in the Construction Industry of Zamfara State, Nigeria.
- Nicolas, T. 2021. Short-term financial constraints and sme's investment decision: Evidence from the working capital channel. *small Business Economics*.
- Nieman, G. and Nieuwenhuizen, C. 2010. *Entrepreneurship A South African Perspective*, Pretoria, Van Schaik.
- Rajagopaul, A., Magwentshu, N., Kalidas, S. J. J. M. and Company, 2020. How South African SMEs can survive and thrive post COVID-19.
- Rocco, T. S. and Plakhotnik, M. S. J. H. R. D. R. 2009. "Literature reviews, conceptual frameworks, and theoretical frameworks: terms, functions, and distinctions." 8(1): 120-130.
- Salamon, T., Mllfelner, B. and Belak, J. J. L. L.-J. O. L. S.-G. 2015. Late Payments and Ethics of Management: Possible Solutions for Local Economies. 13.
- Saunders, M., Lewis, P. and Thornhill, A. J. B. S. T. E. P. E. L., England, 2007. Research methods.

Schizas, M. Ending late payment Part 1: Taking stock, ACCA 2015a.

Sciences, E. C. D.-G. F. R. S.-E., Research, E. C. D. G. F., Science, E. C., Economy, Society, Sciences, E. C. U. L.-S. and Humanities. 2009. *European Research on Youth: Supporting Young People to Participate Fully in Society: the Contribution of European Research*, Office for Official Publications of the European Communities.

Sekaran, U. and Bougie, R. 2019. *Research methods for business: A skill building approach*, John Wiley and Sons.

Shwarka, S.M. and Anigbogu, N.A. 2012. The impact of public procurement option on building projects performance in Nigeria. The professional Builder, Journal of the Nigerian Institute of Building, 3(2), pp. 46-54.

Stefanovic, I., Prokic, S. and Rankovic, L. 2010. Motivational and success factors of entrepreneurs: the evidence from a developing country. *Zbornik radova Ekonomskog fakulteta u Rijeci: časopis za ekonomsku teoriju i praksu*, 28(2), pp.251-269.

Stokes, D., Wilson, N. 2010. *Small Business Management and Entrepreneurship*, United Kingdom, Centage Learning.

Sustainabledevelopment.un.org. 2017. *Transforming our world: the 2030 Agenda for Sustainable Development*.: *Sustainable Development Knowledge Platform*. [online] Available at: <<https://sustainabledevelopment.un.org/Post2015/Transformingourworld>> [Accessed 1 August 2021].

Xie, H., Zheng, J., Zhang, Y. and Li, H. 2019. Effects of payment delays at two links in payment chains on the progress of construction projects: system dynamic modelling and simulation. *Sustainability*, 11(15), p.4115.

Tahir, P. R., Mohamad, M. R. and Hasan, D. B. 2011. A Short Review of Factors Leading to Success of Small Medium Enterprises. *Interdisciplinary Journal of Contemporary Research in Business*, 2, pp519-530.

Tammi, T. J. J. O. F. E. P. 2013. "Are a culture of trust and morality associated with paying and repaying behaviour? Lessons from developed countries 2004-2011."

The Budget Process: A guide for South African Legislature (n.d) available from <http://www.hst.org.za> (Accessed on 30 November 2022).

Treasury.gov.za. 2021. [online] Available at: [http://www.treasury.gov.za/comm\\_media/press/2021/Annual%20Report%20on%20non-compliance%20with%20payment%20of%20supplier's%20invoices%20-%202020-2021%20Approved.pdf](http://www.treasury.gov.za/comm_media/press/2021/Annual%20Report%20on%20non-compliance%20with%20payment%20of%20supplier's%20invoices%20-%202020-2021%20Approved.pdf) [Accessed 1 July 2021].

## APPENDIX A SURVEY QUESTIONNAIRE

### QUESTIONNAIRE FOR RESPONSIBILITY MANAGERS AND FINANCE OFFICIALS IN KZN DEPARTMENTS.

Operation Pay on Time (OPOT) is an initiative by KZN Treasury to assist Government Department to comply with paragraph 8 of the Treasury Regulation legislated in the PFMA and comply with the Instruction Note 34 that obliges departments to pay all invoices within 30 days from receipt of valid invoice.

#### SECTION A: BACKGROUND INFORMATION OF RESPONDENTS

Please select your choice below

##### 1) ELECTRONIC CONSENT

- You have read the above information,
- You voluntarily agree to participate to this study, and
- You are 18 years old or above 18 years old.

|       |  |          |  |
|-------|--|----------|--|
| Agree |  | Disagree |  |
|-------|--|----------|--|

##### 2) Gender (Please cross or tick next to the relevant box)

|      |  |        |  |       |  |
|------|--|--------|--|-------|--|
| Male |  | Female |  | Other |  |
|------|--|--------|--|-------|--|

##### 3) Ethnicity group

|         |  |                                 |  |        |  |
|---------|--|---------------------------------|--|--------|--|
| Black   |  | White                           |  | Indian |  |
| Colored |  | Other ( <i>please specify</i> ) |  |        |  |

##### 4) Please indicate the highest level of qualification.

|                |  |                  |  |                                 |  |
|----------------|--|------------------|--|---------------------------------|--|
| Matric         |  | Degree / B.Tech. |  | PGDIP / Honors                  |  |
| Masters Degree |  | Doctoral Degree  |  | Other ( <i>please specify</i> ) |  |



## 5) Please indicate the department you are employed at?

|                                  |  |
|----------------------------------|--|
| Department of Treasury           |  |
| Department of Transport          |  |
| Department of Education          |  |
| Department of Social Development |  |

## 6) What is your occupation?

|                        |  |
|------------------------|--|
| Director               |  |
| Deputy Director        |  |
| Assistant Director     |  |
| Finance Officer        |  |
| Other (Please Specify) |  |

## 7) What is the number of years' experience in the field/ you are in?

|                   |  |
|-------------------|--|
| Less than 1 year  |  |
| 1 to 2 years      |  |
| 2 to 3 years      |  |
| 4 to 5 years      |  |
| More than 5 years |  |

## SECTION B: PERCEPTION OF THE OPERATION PAY ON TIME ON LATE PAYMENT OF INVOICES

Please answer the questions below by placing an X in the boxes on the right hand column based on the allocated scale below:

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 5              | 4     | 3       | 2        | 1                 |

|    |  |   |   |   |   |   |
|----|--|---|---|---|---|---|
| 8) | Underlying factors that causes late payment                  |   |   |   |   |   |
|    | The department has the central receiving point for invoices. | 1 | 2 | 3 | 4 | 5 |

|            |   |   |   |   |   |   |
|------------|---|---|---|---|---|---|
|            | Invoices are only captured for payment when there is a payment run  | 1 | 2 | 3 | 4 | 5 |
|            | Late payments are caused by cash blocking (payments are more than available budget).  | 1 | 2 | 3 | 4 | 5 |
|            | Supporting documents are not submitted with the invoice.  | 1 | 2 | 3 | 4 | 5 |
|            | Incomplete work by Service provider.  | 1 | 2 | 3 | 4 | 5 |
|            | End users submit invoices late to finance.  | 1 | 2 | 3 | 4 | 5 |
|            | Service provider not registered on Central Supplier Database (CSD) or Banking details not verified on CSD   | 1 | 2 | 3 | 4 | 5 |
|            | Service providers has non tax compliant status.   | 1 | 2 | 3 | 4 | 5 |
|            |   |   |   |   |   |   |
| <b>9)</b>  | <b>Operation Pay on Time Initiative (OPOT)</b>  |   |   |   |   |   |
|            | I know what the Operation Pay on Time (OPOT) is.  | 1 | 2 | 3 | 4 | 5 |
|            | I have attended the workshop on OPOT.   | 1 | 2 | 3 | 4 | 5 |
|            | I am not aware of what is the OPOT initiative.  | 1 | 2 | 3 | 4 | 5 |
|            | Department of KZN Treasury has not piloted the OPOT initiative.   | 1 | 2 | 3 | 4 | 5 |
|            | Department of KZN Treasury has visited my department to check operations of the finance office.   | 1 | 2 | 3 | 4 | 5 |
|            | Based on the causes of late payment of invoices, the OPOT initiative has <b>not</b> assisted the department to comply with PFMA (30days payment terms). | 1 | 2 | 3 | 4 | 5 |
|            | The OPOT has assisted the department in reducing the volume of late payment of invoices.  | 1 | 2 | 3 | 4 | 5 |
|            |   |   |   |   |   |   |
| <b>10)</b> | <b>The effectiveness of the OPOT</b>  |   |   |   |   |   |
|            | The OPOT initiative does <b>not</b> assist the department to comply with Instruction Note 34 (IN34).  | 1 | 2 | 3 | 4 | 5 |
|            | The OPOT has <b>not</b> assisted the department in reducing the volume of late payment of invoices.   | 1 | 2 | 3 | 4 | 5 |
|            | Invoices are captured for payment immediately after approval of Responsibility/ programme manager.  | 1 | 2 | 3 | 4 | 5 |

|            |  |   |   |   |   |   |
|------------|--|---|---|---|---|---|
|            | The OPOT initiative force departments to make payments even when the service providers have <b>not</b> delivered accordingly.          | 1 | 2 | 3 | 4 | 5 |
|            | The department does <b>not</b> have the invoice tracking system.   | 1 | 2 | 3 | 4 | 5 |
|            |  |   |   |   |   |   |
| <b>11)</b> | <b>The impact of the OPOT</b>  |   |   |   |   |   |
|            | When only an invoice is submitted, the department informs the service provider of the outstanding supporting documents to the invoice. | 1 | 2 | 3 | 4 | 5 |
|            | The OPOT has reduced the issues on late payment of invoices.   | 1 | 2 | 3 | 4 | 5 |
|            | The OPOT has increased the issues on late payment of invoices.   | 1 | 2 | 3 | 4 | 5 |
|            | The OPOT has made no difference on the issues of late payment of invoices.   | 1 | 2 | 3 | 4 | 5 |
|            | Invoices are tracked until they are paid.  | 1 | 2 | 3 | 4 | 5 |
|            | When Invoices are received they are registered in the invoice tracking system.   | 1 | 2 | 3 | 4 | 5 |
|            | The department has the invoice tracking system.  | 1 | 2 | 3 | 4 | 5 |
|            |  |   |   |   |   |   |
| <b>12)</b> | <b>Reliability and Responsiveness</b>  |   |   |   |   |   |
|            | Department of KZN Treasury has contacted or liaised with my department to resolve a query of late payments.                            | 1 | 2 | 3 | 4 | 5 |
|            | Department of KZN Treasury has assisted my department to resolve the dispute that resulted to late payment of invoice.                 | 1 | 2 | 3 | 4 | 5 |
|            | Invoices remain unpaid even after Department of KZN Treasury has intervened to assist the department.                                  | 1 | 2 | 3 | 4 | 5 |
|            | Department of KZN Treasury does provide support to resolve issues of late payment.   | 1 | 2 | 3 | 4 | 5 |
|            | Officials have attended the PFMA workshop that addresses the issue of non-compliance with 30days payment terms.                        | 1 | 2 | 3 | 4 | 5 |
|            | No PFMA workshop has been conducted that addresses the issue of non-compliance with 30days payment terms.                              | 1 | 2 | 3 | 4 | 5 |

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| Based on the courses of late payment of invoices, the OPOT initiative has assisted the department to comply with PFMA (30days payment terms). | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|

13) Have you ever processed an invoice beyond a 30 days' payment interval?

14) If you answered yes to question 13 above, how many days beyond the 30 days did you process the invoice?

15) **The questions in the survey may not be comprehensive and may therefore have not afforded you an opportunity to report some things you may want to say about your department. Please make any additional comments needed in the space provided below.**

.....

.....

.....

.....

.....

.....

**I sincerely appreciate your time and cooperation. Kindly please check if you have not skipped any question inadvertently and click submit once you have checked.**

**Submit**

**Thank you**

## **APPENDIX B INTERVIEW QUESTIONS**

### **SECTION A: PARTICIPANTS' DEMOGRAPHIC INFORMATION**

1. What is your ethnicity group?
2. What is your Gender?
3. How old are you?
4. What position do you occupy?
5. The number of years you have worked for the Government?
6. The number of years you have worked in government Finance?
7. Have you only worked in Kwa-Zulu Natal Province?

### **SECTION B: LEGISLATIVE FRAMEWORK**

**Section 216 of the Constitution of South Africa (1999) and the Public Finance Management Act, 1 of 1999 require Treasuries to provide minimum support to departments and require uniform treasury norms and standards.**

8. Is the minimum support provided by Treasuries on late payment of invoices sufficient for departments? Please elaborate on your answer.
9. If you think about the uniform treasury norms and standards, does it consider the departments like Education or Health who has additional clusters and district they need to support?

**In terms of Section 100 of the Constitution, when a province does not fulfil its obligations, the national executive can intervene by (a) issuing a directive to the province with specific steps that must be taken to meet the obligation; (b) National executive can take over the functions of the province**

10. Would you say the PFMA is aligned to section 100 of the South African Constitution?  
Please elaborate on your answer.

## SECTION C: DEPARTMENTS OPERATIONS

**To resolve the issue of late payment of invoices, National Treasury came up with an Instruction Note (34) which obliged Departments to make payments to service providers within 30days of receipt of a valid invoice. Departments still struggled to comply with these terms, which led KZN Treasury to introduce the Operation Pay on Time initiative where suppliers can report non-compliant departments. (Based on this information and your knowledge and experience please answer the following questions :)**

11. Would you say it is difficult for departments to comply with the 30day payment terms?  
Considering the upstream of clusters or districts submitting invoices for payment to the department.
12. What is your department's major issue in complying with a 30days payment term?
13. Do you think the OPOT initiative forces departments to make payments to service providers even when the terms in the contractual agreement are not met?
14. Has the OPOT initiative assisted your department to comply with Treasury regulations paragraph 8 of PFMA (to pay all valid invoices within 30days of receipts).

**KZN Treasury has Internal Control Unit (ICU) that checks compliance with legislative frameworks and checks all invoices before they are processed for payment. By having ICU KZN Treasury was able to comply with PFMA and IN34. Achieving over and above 30days payment terms they pay invoices within 15 days from receipt of a valid invoice. (Based on this information and your knowledge and experience please answer the following questions :)**

15. Does your department have Internal Control Unit?
16. Do you think ICU can assist your department with compliance and be able to pay all invoices on time? Please elaborate on your answer.
17. Does your department need Internal Control Unit and why?

### The Performance of Provincial Treasuries

18. Do you think supporting departments should be measured on other departments' performance they support? Please elaborate on your answer.
19. Do you think supporting departments should be held accountable for the continuous poor performance of the departments they are supporting? Please elaborate on your answer.
20. Is the OPOT initiative effective on late payment of invoices?

|     |  |    |  |
|-----|--|----|--|
| Yes |  | No |  |
|-----|--|----|--|

21. Based on your answer to 20 above please elaborate on how it has / (not) been effective in your department?
22. What is the impact of the OPOT in your department? Have you received a call from Treasury regarding late payment and were able to assist your department to eventually make a payment?

**I sincerely appreciate your time and cooperation throughout this interview.**

23. The semi-structured questions above may not comprehensively allow you to report or indicate some things you may like to say or share about the departments. Please, kindly feel free to add any comments, or share anything you may have to observe or you may like to pass on to the government or departments. You can also ask any questions you may like concerning this research study.

**Thank you**

## APPENDIX C INVITATION TO PARTICIPATE IN A RESEARCH STUDY

From: NOMZAMO MLAMULA  
Sent: Thursday, 18 November 2021 13:53  
To: [xxxxx@kzntransport.gov.za](mailto:xxxxx@kzntransport.gov.za); [xxxxx@kzndsd.gov.za](mailto:xxxxx@kzndsd.gov.za); [xxxxxx@kzndoe.gov.za](mailto:xxxxxx@kzndoe.gov.za);  
Cc: [jxxxxx@kzntransport.gov.za](mailto:jxxxxx@kzntransport.gov.za); [xxxxxx@kzndoe.gov.za](mailto:xxxxxx@kzndoe.gov.za);  
Subject: Permission to liaise with staff  
Importance: High

Good day Ms. Xxxx

I trust that you are well

My name is Nomzamo Mlamula an employee at KZN Treasury. I am also a masters student at UKZN.

I am conducting a research study on "The effectiveness of the operation pay on time initiative on KwaZulu-Natal Provincial Departments". The study is mainly targeting respondents and participants from the finance office (Office of the CFO).

The HOD has granted me the approval (see attached) to conduct a study at your office. I respectfully request your approval to engage with your staff to circulate survey questionnaires that will be shared via a survey link to the official's email address.

I further extend my request for a meeting with you and any of the senior managers that are within your office to participate in an interview session for this research study.

Ethical clearance by the University of KwaZulu-Natal has been granted (See attached)

Your assistance in this matter is highly appreciated.

Thank you

Kind Regards,  
Nomzamo Mlamula  
Assistant Director: Expenditure Control  
KZN Provincial Treasury  
Tel no.: 033 897 0444  
Cell No: 083 3536 432

*If it's important to you, then you will find a way. If not you will find an excuse.*

---



## NOMZAMO MLAMULA

---

**Subject:** RE: Invitation to participate in a research study. "the effectiveness of operation pay on time initiative on KZN Provincial Departments"

-----Original Appointment-----

**From:** NOMZAMO MLAMULA

**Sent:** Wednesday, 16 February 2022 07:44

**To:** Xxxxxx Xxxxxxx

**Subject:** Invitation to participate in a research study. "the effectiveness of operation pay on time initiative on KZN Provincial Departments"

**When:** Friday, 18 February 2022 10:00-11:30 (UTC+02:00) Harare, Pretoria.

**Where:** Microsoft Teams Meeting

Good Morning Xxxxx

I trust that you are well

You are kindly invited to an interview session for a research study in the Effectiveness of Operation Pay on Time Initiative by KZN Treasury. The meeting will be held as follows:

**Date:** 18 February 2022

**Location :** Teammate

**Time:** 10am.

Please read the attached semi-structured questionnaire which will be asked during the session. Before we start the meeting I will need you to please complete and sign the consent form attached.

I value you time and highly appreciate the opportunity you are giving me. The meeting will not take longer than 30minutes.

Thank you

---

## Microsoft Teams meeting

**Join on your computer or mobile app**

[Click here to join the meeting](#)

[Learn More](#) | [Meeting options](#)

**From:** Xxxx Xxxx <[Xxxx.xxxx@kzndsd.gov.za](mailto:Xxxx.xxxx@kzndsd.gov.za)>

**Sent:** Friday, 27 August 2021 13:11

**To:** NOMZAMO MLAMULA <[NOMZAMO.MLAMULA@kzntreasury.gov.za](mailto:NOMZAMO.MLAMULA@kzntreasury.gov.za)>

**Subject:** Re: Application to conduct research

Good day Ms Mlamula

Kindly note that the meeting/ interview for your request to conduct a research in the department of Social Development has been scheduled as follows.

Date : 01 September 2021

Venue : Boardroom 114, Department of Social Development

174 Mayor's Walk Building, Pietermaritzburg

Time : 10h00

Please confirm your availability as soon as possible, we looking forward to see you.

Regards

Xxxxx XXXXXXX

Department of Social Development

Tell: xxxxxxxxxx

Cell: XXXXXXX

## APPENDIX D ETHICAL CLEARANCE



12 November 2021

Nomzamo Ladyfair Mlamula (220015237)  
Grad School Of Bus & Leadership  
Westville Campus

Dear NL Mlamula,

Protocol reference number: HSSREC/00003399/2021

Project title: The effectiveness of the operation pay on time initiative on KwaZulu-Natal Provincial Departments.

Degree: Masters

### Approval Notification – Expedited Application

This letter serves to notify you that your application received on 14 September 2021 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 12 November 2022.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

### Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

INSPIRING GREATNESS

## APPENDIX E GATEKEEPER LETTER



**KWAZULU-NATAL PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

OFFICE OF THE HEAD OF DEPARTMENT

Private Bag X9137, PIETERMARITZBURG, 3200  
Anton Lombado Building, 247 Burger Street, Pietermaritzburg, 3201  
Tel: 033 392 1051

Email: buyi.ntuli@kzndoe.gov.za

Enquiries: Buyi Ntuli

Ref.:2/4/8/7150

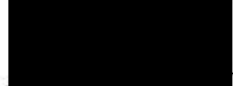
Mrs Nomzamo Ladyfair Mlamula  
47 Begonia Drive  
Welbadatch West  
DURBAN  
4092

Dear Mrs Mlamula

### PERMISSION TO CONDUCT RESEARCH IN THE KZN DoE INSTITUTIONS

Your application to conduct research entitled: "THE EFFECTIVENESS OF THE OPERATION PAY ON TIME INITIATIVE ON KZN PROVINCIAL DEPARTMENTS:", in the KwaZulu-Natal Department of Education Institutions has been approved. The conditions of the approval are as follows:

1. The researcher will make all the arrangements concerning the research and interviews.
2. The researcher must ensure that Educator and learning programmes are not interrupted.
3. Interviews are not conducted during the time of writing examinations in schools.
4. Learners, Educators, Schools and Institutions are not identifiable in any way from the results of the research.
5. A copy of this letter is submitted to District Managers, Principals and Heads of Institutions where the Intended research and interviews are to be conducted.
6. The period of investigation is limited to the period from 02 September 2021 to 31 August 2023.
7. Your research and interviews will be limited to the schools you have proposed and approved by the Head of Department. Please note that Principals, Educators, Departmental Officials and Learners are under no obligation to participate or assist you in your investigation.
8. Should you wish to extend the period of your survey at the school(s), please contact Miss Phindile Duma at the contact numbers above.
9. Upon completion of the research, a brief summary of the findings, recommendations or a full report/dissertation/thesis must be submitted to the research office of the Department. Please address it to The Office of the HOD, Private Bag X9137, Pietermaritzburg, 3200.
10. Please note that your research and interviews will be limited to schools and institutions in KwaZulu-Natal Department of Education.

  
Dr. EY Nzama  
Head of Department: Education  
Date: 02 September 2021

GROWING KWAZULU-NATAL TOGETHER

KZN Department of Transport  
 172 Burger Street  
 Pietermaritzburg  
 3201

Attention: Mr JS Mbele  
 Head of Department

19 August 2021

#### **REQUEST FOR PERMISSION TO CONDUCT RESEARCH**

My name is Nomzamo Ladyfair Mlamula, Student no. 220015237 studying towards a Master's degree in Business Administration (MBA) at University of KwaZulu-Natal (UKZN). As a research student at UKZN, I am required by Humanities & Social Sciences Research Ethics Administration to obtain a gatekeeper's permission from the organization(s) where my research study will be conducted.

I therefore, kindly request permission to conduct research at your organization for a study entitled "The effectiveness of Operation Pay on Time initiative on KZN Provincial Departments".

The primary aim of this study is to assess the effectiveness of the KZN Department of Treasury's initiative, Operation Pay on Time (OPOT) on late payment of invoices by KZN Provincial Government Departments (KZNPD). The study seeks to establish whether the OPOT initiative by the KZN Treasury has any impact on compliance with paragraph 8 of the Public Financial Management Act 1 of 1999 and National Treasury's Instruction Note 34.

The study requires primary data to be collected in your organization and that data forms part of the empirical research. Interviews and structured questionnaires will be administered to a representative sample of participants. The Chief Financial Officer, Directors, Responsibility Managers and Finance Officials have been identified as suitable participants to this research study.

All research protocols, rules, regulations and responsibilities will be observed during the preparation of the study and when conducting the research study on and off the field. Prior consent form will be obtained from each respondent and assurance of confidentiality will be given to all respondents. Research data will be stored for a minimum period of five years in a secured location in terms of the university protocols and confidentiality will be maintained at all times with respect to subsequent dissemination of findings.

This letter therefore, seeks to obtain permission to perform a research at the KZN Department of Transport.

Should there be any enquiries with regards to this communication or require any assistance please do not hesitate to contact Mrs NL Mlamula on +27 83 3536 432 or [nomzamo.mlamula@kzntreasury.gov.za](mailto:nomzamo.mlamula@kzntreasury.gov.za)

[Redacted]

20/08/2021

Yours sincerely

Date

Mrs N.L. Mlamula

I MR JS MBHELE (Name), HOD (title) of Department of Transport having been fully informed of the nature of the research to be conducted and give my permission for the study to be conducted. I reserve the right to withdraw this permission at any time.

Signed by: Justice Sibusiso Mbhele  
Signed at: 2021-08-03 08:31:08 +02:00  
Reason: approve this document

Signature [Redacted]

Date 03/09/21

Department Stamp:

**DEPARTMENT OF TRANSPORT**  
P/BAG X8043  
PIETERMARITZBURG  
3200





**KWAZULU-NATAL PROVINCE**  
**SOCIAL DEVELOPMENT**  
 REPUBLIC OF SOUTH AFRICA

**DIRECTORATE:**  
**HUMAN RESOURCE DEVELOPMENT & UTILIZATION**

|                              |                                  |                            |
|------------------------------|----------------------------------|----------------------------|
| FAXMAIL :                    | 086 762 2427                     | Room 112, 174 Mayor's Walk |
| Telephone/ Uingo/ Telefoon : | 033 341 7935                     | Private Bag X9144          |
| Enquiries/ Imibuso/ Navrae : | Ms N Makhoba                     | Pietermaritzburg           |
| E-mail :                     | nozipho.makhoba@kznspodev.gov.za | 3200                       |
| Reference :                  | S69/2                            |                            |

**Ms NL Mlamula**  
 Master's in Business Administration Student  
 University of KwaZulu-Natal  
**SCOTTSVILLE,**  
**PIETERMARITZBURG**  
 3209

Contact No: 083 353 6432  
 Email: [nomzamo.mlamula@kzntreasury.gov.za](mailto:nomzamo.mlamula@kzntreasury.gov.za)

Dear Ms Mlamula

**PERMISSION TO CONDUCT RESEARCH UNDER A TOPIC "THE EFFECTIVENESS OF THE OPERATION PAY ON TIME INITIATIVE ON KZN PROVINCIAL DEPARTMENTS"**

1. This matter has reference.
2. Kindly be informed that the permission has been granted by the Head of Department for you to conduct research in the department, for you to fulfill the requirement for degree of Masters in Business Administration (MBA) at the University of KwaZulu-Natal.
3. The permission authorizes you to: -
  - (a) To conduct a study through semi-structured interviews and questionnaires with employees in the department who are working in Financial Management under Head Office, at their consent deemed relevant to your research project, and maintain high level of confidentiality; and
  - (b) Share your findings with the Department.

Wishing you success during your research project.

Yours Faithfully

**MRS NI VILAKAZI**  
**HEAD OF DEPARTMENT**

DATE: 27/09/2024

GROWING KWAZULU-NATAL TOGETHER



**KWAZULU-NATAL PROVINCE**  
TREASURY  
REPUBLIC OF SOUTH AFRICA

**DIRECTORATE:**

P.O. Box 3613, PIETERMARITZBURG, 3200  
Treasury House, 145 Chief Albert Lutshuli Street, Pietermaritzburg, 3201  
Tel: 033 897 4461 Fax: 033 897 4381

Chief Financial Office

Attention: Mrs Nelisiwe Shezi

10 August 2021

Head of Department

**REQUEST FOR PERMISSION TO CONDUCT RESEARCH**

My name is Nomzamo Ladyfair Mlamula, Student no. 220015237 studying towards a Master's degree in Business Administration (MBA) at University of KwaZulu-Natal (UKZN). As a student at UKZN, I am required by Humanities & Social Sciences Research Ethics Administration to obtain a gatekeeper's permission from the organization(s) where my research study will be conducted.

Therefore, I kindly request permission to conduct research at your organization for a study entitled "The effectiveness of Operation Pay on Time initiative on KZN Provincial Departments".

The primary aim of this research study is to assess the effectiveness of the KZN Department of Treasury's initiative, Operation Pay on Time (OPOT) on late payment of invoices by KZN Provincial Departments (KZNPD). The study seeks to establish whether the OPOT initiative by the KZN Treasury has any impact on compliance with paragraph 8 of the Public Financial Management Act 1 of 1999 and National Treasury's Instruction Note 34.

The study requires primary data to be collected in your organization and that data forms part of the empirical research. Interviews and structured questionnaires will be administered to a representative sample of participants. The Chief Financial Officer, Directors, Responsibility Managers and Finance officials have been identified as suitable participants to this research study.

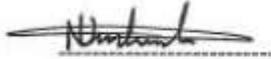
All research protocols, rules, regulations and responsibilities will be observed during the preparation of the study and when conducting the research study on the field. Prior consent form will be obtained from each respondent and assurance of confidentiality will be given to all respondents. Research data will be stored for a minimum period of five years in a secured location.



in terms of the university protocols and confidentiality will be maintained at all times with respect to subsequent dissemination of findings.

This letter therefore, seeks to obtain permission to perform a research at the KZN Department of Treasury.

Should there be any enquiries with regards to this communication or require any assistance please do not hesitate to contact Mrs NL Mlamula on +27 83 3536 432 or [nomzamo.mlamula@kzntreasury.gov.za](mailto:nomzamo.mlamula@kzntreasury.gov.za)




10/08/2021

Yours sincerely

Date

NL Mlamula

I NR SHEZI (Name), A HOD (title) of KZN Treasury having been fully informed of the nature of the research to be conducted and give my permission for the study to be conducted. I reserve the right to withdraw this permission at any time.

Signature 


Date 11 August 2021

Head of Department - KZN Treasury

Department Stamp:



## APPENDIX F LANGUAGE EDITING

**EDITING BY ANDY**  
[andymeredith1972@yahoo.com](mailto:andymeredith1972@yahoo.com)  
076 555 0798

30/06/2022

To Whom it may concern,

- This letter serves to confirm that the below thesis has been edited for English grammar and academic language style.
- The tool used for editing is Microsoft Word Track Changes, which gives the author responsibility for the final version of this thesis.
- The content, format and references remain the responsibility of the student and the supervisor.

Please do not hesitate to contact me regarding any queries related to this matter.

Title:       The Effectiveness of the Operation Pay On Time Initiative on  
KwaZulu-Natal Provincial Departments

Name:       Ms Nomzamo Ladyfair Mlamula

Student No: 220015237

Supervisor: Dr Orthodox Tefera

Institution: University of KwaZulu-Natal

## APPENDIX G TURNITIN REPORT

Dissertation - 220015237

### ORIGINALITY REPORT

|                  |                  |              |                |
|------------------|------------------|--------------|----------------|
| <b>7</b> %       | <b>6</b> %       | <b>1</b> %   | <b>3</b> %     |
| SIMILARITY INDEX | INTERNET SOURCES | PUBLICATIONS | STUDENT PAPERS |

### PRIMARY SOURCES

|          |   |                |
|----------|---|----------------|
| <b>1</b> | Submitted to University of KwaZulu-Natal<br>Student Paper | <b>1</b> %     |
| <b>2</b> | researchspace.ukzn.ac.za<br>Internet Source               | <b>1</b> %     |
| <b>3</b> | hdl.handle.net<br>Internet Source                         | <b>1</b> %     |
| <b>4</b> | www.treasury.gov.za<br>Internet Source                    | <b>&lt;1</b> % |
| <b>5</b> | ukzn-dspace.ukzn.ac.za<br>Internet Source                 | <b>&lt;1</b> % |
| <b>6</b> | scholar.sun.ac.za<br>Internet Source                      | <b>&lt;1</b> % |
| <b>7</b> | Submitted to Mancosa<br>Student Paper                     | <b>&lt;1</b> % |
| <b>8</b> | vital.seals.ac.za:8080<br>Internet Source                 | <b>&lt;1</b> % |
| <b>9</b> | Submitted to University of Southampton<br>Student Paper   | <b>&lt;1</b> % |

|    |   |      |
|----|---|------|
| 10 | <a href="http://oag.treasury.gov.za">oag.treasury.gov.za</a><br>Internet Source                               | <1 % |
| 11 | <a href="http://dev.bea.gov">dev.bea.gov</a><br>Internet Source   | <1 % |
| 12 | <a href="http://confluence.uwf.edu">confluence.uwf.edu</a><br>Internet Source                                 | <1 % |
| 13 | <a href="http://repository.unam.edu.na">repository.unam.edu.na</a><br>Internet Source                         | <1 % |
| 14 | <a href="http://scholarworks.waldenu.edu">scholarworks.waldenu.edu</a><br>Internet Source                     | <1 % |
| 15 | <a href="http://static.pmg.org.za">static.pmg.org.za</a><br>Internet Source                                   | <1 % |
| 16 | <a href="http://etd.uum.edu.my">etd.uum.edu.my</a><br>Internet Source   | <1 % |
| 17 | <a href="http://ir.msu.ac.zw:8080">ir.msu.ac.zw:8080</a><br>Internet Source                                   | <1 % |
| 18 | Submitted to Coventry University<br>Student Paper   | <1 % |
| 19 | <a href="http://repository.nwu.ac.za">repository.nwu.ac.za</a><br>Internet Source                             | <1 % |
| 20 | <a href="http://usir.salford.ac.uk">usir.salford.ac.uk</a><br>Internet Source                                 | <1 % |
| 21 | <a href="http://expeditiorepositorio.utadeo.edu.co">expeditiorepositorio.utadeo.edu.co</a><br>Internet Source | <1 % |

|    |  |      |
|----|--|------|
| 22 | <a href="https://repository.smuc.edu.et">repository.smuc.edu.et</a><br>Internet Source   | <1 % |
| 23 | Submitted to South Bank University<br>Student Paper                                      | <1 % |
| 24 | <a href="https://etheses.whiterose.ac.uk">etheses.whiterose.ac.uk</a><br>Internet Source | <1 % |
| 25 | <a href="https://ir.unilag.edu.ng:8080">ir.unilag.edu.ng:8080</a><br>Internet Source     | <1 % |
| 26 | Submitted to University of Northumbria at Newcastle<br>Student Paper                     | <1 % |
| 27 | <a href="https://core.ac.uk">core.ac.uk</a><br>Internet Source                           | <1 % |
| 28 | <a href="https://pmg.org.za">pmg.org.za</a><br>Internet Source                           | <1 % |
| 29 | <a href="https://www.politicsweb.co.za">www.politicsweb.co.za</a><br>Internet Source     | <1 % |
| 30 | Submitted to North West University<br>Student Paper                                      | <1 % |
| 31 | Submitted to Richfield Graduate Institute of Technology<br>Student Paper                 | <1 % |
| 32 | <a href="https://dspace.unza.zm">dspace.unza.zm</a><br>Internet Source                   | <1 % |



|    |  |      |
|----|--|------|
| 33 | <a href="https://pdfs.semanticscholar.org">pdfs.semanticscholar.org</a><br>Internet Source | <1 % |
| 34 | Submitted to Colorado Technical University<br>Student Paper                                | <1 % |
| 35 | Submitted to Tshwane University of Technology<br>Student Paper                             | <1 % |
| 36 | Submitted to University of Central Lancashire<br>Student Paper                             | <1 % |
| 37 | <a href="https://etd.uwc.ac.za">etd.uwc.ac.za</a><br>Internet Source                       | <1 % |
| 38 | Submitted to Taylor's Education Group<br>Student Paper                                     | <1 % |
| 39 | <a href="https://dj.univ-danubius.ro">dj.univ-danubius.ro</a><br>Internet Source           | <1 % |
| 40 | <a href="https://kalaharijournals.com">kalaharijournals.com</a><br>Internet Source         | <1 % |
| 41 | Submitted to Vaal University of Technology<br>Student Paper                                | <1 % |
| 42 | <a href="https://ir.jooust.ac.ke">ir.jooust.ac.ke</a><br>Internet Source                   | <1 % |
| 43 | <a href="https://repository.unika.ac.id">repository.unika.ac.id</a><br>Internet Source     | <1 % |
| 44 | <a href="https://www.citethisforme.com">www.citethisforme.com</a>                          |      |

|    |  |      |
|----|--|------|
|    | Internet Source  | <1 % |
| 45 | <a href="http://www.ijrrjournal.com">www.ijrrjournal.com</a><br>Internet Source  | <1 % |
| 46 | <a href="http://archive.org">archive.org</a><br>Internet Source  | <1 % |
| 47 | <a href="http://brage.bibsys.no">brage.bibsys.no</a><br>Internet Source  | <1 % |
| 48 | Submitted to University of Essex<br>Student Paper  | <1 % |
| 49 | <a href="http://minerva-access.unimelb.edu.au">minerva-access.unimelb.edu.au</a><br>Internet Source  | <1 % |
| 50 | <a href="http://pub.h-brs.de">pub.h-brs.de</a><br>Internet Source  | <1 % |
| 51 | <a href="http://www.ijser.org">www.ijser.org</a><br>Internet Source  | <1 % |
| 52 | Submitted to University of Stellenbosch,<br>South Africa<br>Student Paper  | <1 % |
| 53 | <a href="http://erepository.uonbi.ac.ke:8080">erepository.uonbi.ac.ke:8080</a><br>Internet Source  | <1 % |
| 54 | R. Clerehan. "Saudi Arabian nurses' experiences of studying Masters degrees in Australia : Saudi Arabian nurses' experiences", International Nursing Review, 12/2011 | <1 % |

| Publication |  |      |
|-------------|--|------|
| 55          | <a href="http://scholar.mzumbe.ac.tz">scholar.mzumbe.ac.tz</a><br>Internet Source  | <1 % |
| 56          | <a href="http://wiredspace.wits.ac.za">wiredspace.wits.ac.za</a><br>Internet Source  | <1 % |
| 57          | <a href="http://www.gov.za">www.gov.za</a><br>Internet Source  | <1 % |
| 58          | <a href="http://www.impactafya.com">www.impactafya.com</a><br>Internet Source  | <1 % |
| 59          | L. Siebritz, S. Coetzee. "Evaluating stakeholder influences on the land use application process in South Africa – Results from an analysis of the legal framework", Land Use Policy, 2022<br>Publication | <1 % |
| 60          | <a href="http://docplayer.net">docplayer.net</a><br>Internet Source  | <1 % |
| 61          | <a href="http://docs.aiddata.org">docs.aiddata.org</a><br>Internet Source  | <1 % |
| 62          | <a href="http://dspace.knust.edu.gh">dspace.knust.edu.gh</a><br>Internet Source  | <1 % |
| 63          | <a href="http://ugspace.ug.edu.gh:8080">ugspace.ug.edu.gh:8080</a><br>Internet Source  | <1 % |
| 64          | <a href="http://www.corruptionwatch.org.za">www.corruptionwatch.org.za</a><br>Internet Source  | <1 % |
|             | <a href="http://www.globethics.net">www.globethics.net</a>   |      |



|    |   |      |
|----|---|------|
| 65 | Internet Source                                   | <1 % |
| 66 | Submitted to University of Venda<br>Student Paper | <1 % |
| 67 | eprints.leedsbeckett.ac.uk<br>Internet Source     | <1 % |
| 68 | esource.dbs.ie<br>Internet Source                 | <1 % |
| 69 | ikesra.kra.go.ke<br>Internet Source               | <1 % |
| 70 | ir-library.ku.ac.ke<br>Internet Source            | <1 % |
| 71 | live.southafrica.net<br>Internet Source           | <1 % |
| 72 | moam.info<br>Internet Source                      | <1 % |
| 73 | nationalgovernment.co.za<br>Internet Source       | <1 % |
| 74 | prism.ucalgary.ca<br>Internet Source              | <1 % |
| 75 | slideplayer.com<br>Internet Source                | <1 % |
| 76 | ugspace.ug.edu.gh<br>Internet Source              | <1 % |

---

|                 |  |      |
|-----------------|--|------|
| 77              | <a href="http://ulspace.ul.ac.za">ulspace.ul.ac.za</a> | <1 % |
| Internet Source |  |      |

---

|                 |  |      |
|-----------------|--|------|
| 78              | <a href="http://univendspace.univen.ac.za">univendspace.univen.ac.za</a> | <1 % |
| Internet Source |  |      |

---

|                 |  |      |
|-----------------|--|------|
| 79              | <a href="http://upetd.up.ac.za">upetd.up.ac.za</a> | <1 % |
| Internet Source |  |      |

---

|                 |  |      |
|-----------------|--|------|
| 80              | <a href="http://www.sfcddcp.org">www.sfcddcp.org</a> | <1 % |
| Internet Source |  |      |

---