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FINANCIAL GOVERNANCE TRANSFORMATION STRATEGIES FOR SUSTAINABLE DEVELOPMENT IN SOUTH AFRICAN MUNICIPALITIES**Avela Nobambela ¹, Babalo Yekani ^{2*}***Department of Public Management and Governance, Walter Sisulu University, South Africa**E-mails:^{2*} byekani@wsu.ac.za (Corresponding author)**Received 15 May 2026; accepted 10 September 2026; published 30 September 2026*

Abstract. Challenges such as poor internal control, lack of transparency, poor service delivery and high crime rate due to poor financial governance practices suggest the need for digital and innovative strategies for sustainable development. Municipalities' financial distress has intensified to the point that local government is experiencing unsustainable development. The annual general report highlighted that 28% of municipalities misreported their revenue due to incorrect billing or a lack of proper audit evidence. Considering these challenges, the study seeks to identify and explore possible solutions to address financial governance practices. The main focus of this study is on local municipalities, and qualitative research methods were used. Face-to-face interviews were conducted with 15 participants who serve on the Municipal Public Accounts Committee and Audit Finance Committees at local municipalities. The data collected indicate the need for proper monitoring of municipalities' financial governance practices, as participants showed that municipalities face many problems due to financial mismanagement. The municipalities are failing to eliminate the challenges they face due to poor financial practices, as most participants could not provide a clear view of strategies for addressing these challenges. Therefore, the study has the potential to explore the transformation of financial governance through digital and innovative strategies that could help eliminate financial mismanagement and poor service delivery, and ensure that financial governance practices promote sustainable development.

Keywords: digital; governance; financial, innovation; internal controls; sustainable development

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1. Introduction

Financial governance transformation encompasses a range of legislative reforms, institutional frameworks, and management strategies aimed at improving financial accountability, transparency, and performance within the public sector. In South Africa, these initiatives aim to ensure that public funds are managed efficiently and ethically to support sustainable development, improve service delivery outcomes, and strengthen public-sector governance (Gumbi, 2025). However, local municipalities often lack sound financial governance as many fail to provide reliable financial reports, maintain adequate internal control, or effectively mitigate potential risks. These shortcomings exacerbate existing challenges in financial governance practices. To address these issues, strengthening organisational capacity and leadership, and implementing policy reforms are required to effectively embed digital transformation within sustainable financial governance systems (Suljic, 2025). Hendriks (2018) revealed that most South African municipalities face challenges in ensuring sound financial practices, highlighting the need to mitigate poor financial practices to maintain sustainable development. This revelation demonstrates that integrating digital transformation into sustainable financial governance systems is crucial to

reducing corruption, ensuring equitable resource distribution, and promoting transparency, accountability, and sustainable development in municipalities. Interventions such as the Electronic Government policy have become central to efforts to increase transparency and accountability in public services through digital transformation (Wijaya et al., 2024). However, the utilisation of digital transformation remains limited, and South African local municipalities continue to face challenges related to poor financial governance practices, despite the introduction of electronic tools.

The purpose of the study is to explore innovative strategies and digital transformation, such as digitalisation of financial governance, performance-based budgeting, digital financial systems, revenue enhancement, and financial sustainability. The study found that poor digital transformation and a lack of innovative ideas in financial governance have left local municipalities in distress and have hampered their financial progress, as funds are misused (Brackley, 2025). The local municipality's Annual Report 2023/2024 illustrates that financial governance and human capital are the municipality's biggest challenges (King Sabatha Dalindlebo Municipality, 2025). For many years, the municipality has been striving to eliminate the financial challenge that has hindered its growth and development. Even with new developments in digital transformation, local municipalities still struggle to ensure implementation is fully utilised due to a lack of capacity, limited resources, lack of training, resistance to change, and poor integrated development plans, proving that financial practices in local municipalities remain a challenge that impacts good financial governance. Therefore, to investigate the transformation of financial governance through innovative strategies and digital transformation for the sustainable development of local municipalities, the study used a local municipality as the study area. Subsequently, this study aims to explore innovative strategies and digital transformation to enhance financial governance within South African municipalities, thereby improving financial accountability, transparency, and service delivery. The study seeks to answer the following research question: How do digital transformation and innovative financial strategies contribute to enhancing financial governance in South African municipalities?

2. Conceptual and theoretical framework

Mitigating challenges that could lead to financial governance failure is important for municipalities' growth (Chiwawa & Uwizeyimana, 2025). Municipalities' history of financial mismanagement has led to poor development, raising doubts on the nation's capacity and commitment to effectively tackle corruption (Mishi, Mbaleki & Mushonga, 2022). Digital systems can help maintain stability and ensure supervision, forcing institutions to comply; however, the government is mostly focused on transparency and accountability, not on what can be implemented to eliminate poor financial governance. Sinervo (2020) states that financial governance practices are essential for the long-term sustainability of local municipalities. Municipalities are unable to ensure sound financial practices, as citizens continue to suffer from poor service delivery, infrastructure damage, and unemployment (Stephens, 2025). According to Akinsola (2025), adopting effective financial practices can help eliminate some of the challenges of poor financial governance, as it is essential for ensuring transparency, accountability, internal control, and compliance within an organisation. Regrettably, the government is failing to strengthen digital systems and implement a new approach for financial practice to maintain sustainability.

Therefore, the study relies on internal control theory, which can assist in ensuring the use of digital systems, promoting good financial performance, and ensuring ethical standards, thereby reducing the negative impact on financial governance growth. Effective internal controls are instrumental in preventing and detecting fraud, minimising the risk of financial mismanagement and unauthorised transactions (Musyoki, 2023). This clearly indicates that internal control can help promote transparency, accountability, and efficiency, and mitigate challenges caused by corruption. Internal controls are designed to provide managers with greater accountability for their plans and to reasonably ensure that the plans they guide achieve the set goals. However, poor controls have led to a lack of accountability and significant challenges within the public sector, including financial mismanagement and the failure to provide essential services to citizens effectively and efficiently (Mofokeng &

Nkgapele, 2025). Adopting internal control theory can ensure that digital systems are implemented and risks are identified, thereby enhancing stability and improving financial governance in local municipalities.

Mitigating challenges faced by municipalities through digital and innovative strategies

Poor financial governance poses a great challenge to local municipal citizens and may lead to the community's vulnerability to climate disasters. According to Darwish, Paridon & Wali (2023), poor financial governance has contributed to inadequate financial development and a high crime rate due to a lack of adherence to laws and transparency. Again, fiscal crisis has constrained the quality of basic service delivery to local communities (McKenzie & Marx, 2025). This proves that poor financial governance has hindered municipal development, and there have been few plans to improve the situation. Digital transformation can help municipalities present a viable, data-backed approach to mitigating these challenges and ensuring long-term stability. By embracing technology-driven governance, municipalities can enhance service delivery, improve financial transparency and achieve sustainable financial health (Tariq, 2025).

McKenzie (2025) asserts that municipalities are financially distressed because there has been insufficient investment in building robust digital technology, and basic service delivery is crumbling. Local communities are often plagued by water and electricity interruptions, dilapidated roads, and faltering emergency services. This implies that local municipalities need to adopt new technologies and strategies that will foster transparency, improve service delivery, and enhance accountability. The Auditor-General clearly shows that ineffective governance lies at the heart of municipal dysfunction, as poor governance leads to defective financial reporting and, in turn, a lack of accountability. So, local government will need to employ leaders with strong leadership skills, implement effective strategies, provide training, and foster collaboration with various stakeholders to maintain sustainable development.

With only 41 municipalities achieving clean audits and over 100 operating with unfunded budgets, the Auditor-General of South Africa's report revealed a persistent trend of accountability and financial management challenges faced by municipalities, resulting in service delivery failures and institutional collapse (Auditor-General of South Africa 2023-2024). This conclusion highlights the need for proper implementation of financial practices, which can be achieved through effective internal control and the adoption of modern IT systems. South African newspaper reports are proof that local municipalities face challenges due to poor financial practices, as they confirm in each report that extensive corruption is the order of the day at the local government level in South Africa. So, it's important for the government to adopt digital transformation tools and strategies used by Ghana, Kenya, Rwanda, and Uganda, as they have been using a financial governance matrix that involves four financial arenas: budget governance, public procurement, internal controls, and external audit. These countries use a broader approach to financial governance, while the South African government focuses on effective, efficient, and proper financial reporting and compliance with policies. This could lead to several consequences, such as corruption, loss of investor confidence, and financial instability.

The biggest challenge to eliminating corruption is the lack of government input in enforcing regulations and laws. Although various programs were initiated to strengthen operational capacity and enhance financial management capabilities, public-sector municipalities still fail to adopt digital transformation as a tool to fight corruption and deliver the services required to improve development, reduce poverty and inequality, and improve the lives of all South Africans. This indicates incompetence, highlighting the need for the government to address matters that affect citizens. According to Obicci (2025), despite ongoing reforms, governance weaknesses continue to undermine service delivery and public trust. Lack of transparency, accountability, and fairness in the conduct of public duties is the main factor that led to inappropriate financial governance. Through analysis of budgetary allocations, the development of IT systems, audit outcomes, and the implementation of financial controls, this research identifies significant governance challenges that impede the municipality's progress toward sustainable development goals.

Innovative strategies to address financial governance challenges

The South African government has been attempting to implement innovative ideas. Still, it lacks in digital transformation, which may be part of the strategies that need to be adopted to fight financial mismanagement. It is evident that corruption has led to high levels of poverty, unemployment, and inequality, and has weakened the development and sound financial governance of local municipalities. Building a new digital culture, upskilling and reskilling the workforce, deploying a mix of intelligent automation and hybrid augmented workflows and deploying frontier technologies responsibly are now on the agenda for forward-thinking boards to maintain sustainability (Vasiliu-Feltes, 2024).

Poor financial governance has contributed to inadequate financial development and a high crime rate, caused by noncompliance with laws and a lack of transparency (Wali, van Paridon & Darwish 2023). So, it is important to consider the Municipal Fiscal Power and Functions Act (12 of 2007), Subsection 229, for innovative financial governance to ensure that municipal management is exercised in a manner that will not materially and unreasonably prejudice, nationally, the mobility of goods, services and capital; this Act, in theory, provides for an appropriate division of fiscal powers. Secondly, municipalities must use innovations such as artificial intelligence, blockchain, and real-time data analytics to transform financial reporting, fraud prevention, and decision-making processes (Tran & Le, 2024; Tariq, 2025). The authors further highlighted that digital tools enable governments to develop data-driven policies, optimise resource allocation, and deliver inclusive and accessible services to citizens.

A significant role in ensuring good financial governance is to reduce elevated levels of unethical behaviour, such as corruption, fraud, and bribery. Tinuoye (2023) argues that, no matter how tough anti-corruption measures are in the public and private sectors, establishing digital systems to monitor and hold governments accountable for the delivery of public services and eliminating corrupt practices remain challenges. This suggests that poor financial governance has become a critical challenge in almost all municipalities, and the adoption of digital transformation remains limited in local municipalities due to a lack of capacity, resistance to change, limited resources, poor data management, and cybersecurity concerns. Municipalities need to implement financial systems, develop and enforce financial policies, strengthen internal controls, and promote financial transparency and accountability, as these will help monitor progress and mitigate potential risks to the municipality. According to Finkler, Calabrese & Smith (2025), establishing innovative strategies and a digital governance system that will shape how financial matters are managed within the organisation can address poor financial management. So, internal control systems positively influence financial management (Aziz & Cek, 2025).

Section 165 of the Municipal Financial Management Act (Act 56 of 2003) states that it is important for municipalities to have an internal audit, as this will help them prepare for financial management risks and provide clear guidelines for plans. The Act further illustrates that the main objectives of the internal audit unit are to validate internal audit, internal control, risk and risk management, accounting procedures and practices and performance management. Developing financial strategies and digital transformation to mitigate corruption can help local municipalities boost their confidence in fighting corruption and enhance good financial governance. This study aims to ensure that the fight against corruption in local municipalities is successful and that development is enhanced. However, the ongoing failure of officials to understand financial governance practices is the main cause of challenges in financial practices.

3. Methodology

The King Sabatha Dalindyebo Municipality (KSD) was used as a case study to investigate the transformation of financial governance through innovative strategies and digital transformation to sustain development. The methodological approach adopted in this study was informed by its aim: to explore the role of digital

transformation and innovative financial strategies in enhancing financial governance within South African municipalities, thereby improving financial accountability, transparency, and service delivery. Furthermore, the study was guided by the following central research question: How do digital transformation and innovative financial strategies contribute to enhancing financial governance in South African municipalities? The study adopted a qualitative research approach to ensure the trustworthiness of the collected data. Adopting a qualitative approach was important for this study as it prioritises depth over breadth and aims to explore the "why" and "how" behind human behaviours and social phenomena (Lim, 2025). To address the research objectives, the study used purposive sampling, as it allows researchers to select participants based on their knowledge, relevance, or expertise regarding the challenges of financial governance (Ahmad & Wilkins, 2025). The study employed semi-structured interviews because they facilitated the collection of rich, thick descriptions, enabling an in-depth exploration of the research topic from participants' perspectives. This approach allowed the researcher to probe emerging issues, seek clarification, and follow up on participants' verbal responses to gain a deeper understanding of the phenomenon under investigation. The data collection method included in-depth interviews with 15 officials from MPAC and the Audit Finance Committee in the Finance Department to provide insight into the use of the digital system and innovative ideas to address challenges the municipality faces due to unethical financial practices. The study used thematic analysis to interpret the findings, as it is a method for analysing qualitative data gathered from the interview schedules to identify themes and patterns of meaning across the dataset concerning the research question.

Ethical Guidelines

Before commencing the study, the researchers were granted ethical clearance from the research committee. Before data collection, the study adhered to clear research guidelines; the purpose of the study was explained to participants, and they were given the right to participate (Maingehama, 2024). The study adhered to the Protection of Personal Information Act 41, 2013 (POPIA, No. 41 of 2013) to maintain confidentiality and establish trust with participants during data collection.

4. Findings

A theme addressing challenges faced by municipalities due to poor financial governance surfaced as a major problem in ensuring good financial governance. The study clearly viewed that poor financial mismanagement has negatively impacted the financial governance practices of the KSD municipality, as this was confirmed during the interview by a Risk Management Committee member who responded to that: *"There are many challenges, non-payment of services such as electricity negatively impacts our municipality and frustrates the municipality as well. Vandalising infrastructure during strikes is also a challenge because, after the strike, we always have to replace what was damaged, and the municipality has limited resources. We have been fighting it as a municipality, and we have created a learner guide that will teach citizens about the impact of this negligence"*. (p1)

The participant's failure to mention digital tools such as automated payment reminders, real-time monitoring, and predictive analytics to address challenges that could negatively impact financial governance is concerning. Again, the participant does not clearly outline the actions taken to address vandalism challenges, indicating a lack of understanding of financial governance and compromising financial sustainability. This provides clear evidence that the KSD Municipality needs to be transparent and adopt digital tools, as they might improve communication between communities and businesses on how the funds are used. Research by Moolman & Van Der Waldt (2022) argues that a good financial governance framework must promote the transparent, fair, and efficient allocation of resources and be consistent with the rule of law, thereby supporting effective supervision and enforcement of good financial governance. Budget transparency and accountability are good elements of good public financial governance (Bakhtiar, 2021). It is important to promote the use of digital transformation tools and innovative strategies to foster partnerships with citizens and businesses, thereby positively influencing trust. A participant

from the Audit and Performance Audit Committee responded to the same question: *"I will not mention the challenges, but the municipality has so many challenges, and auditors usually mention some of them"*. (p4)

The participants affirm a lack of knowledge, indicating poor use of digital transformation tools and limited adoption of innovative strategies to maintain stability. They could not necessarily disclose the challenges the municipality is dealing with, which suggests that the participants may not know exactly what challenges there are. Analysis made by Visser et al. (2022) suggests that it is essential that all role players in the strategic plan of financial control play their part; they need to be committed and sufficiently competent to ensure sustainable development in financial governance. This shows that even though the participants are well informed, they rely on auditors' reports. This was verified by a participant from the Audit and Performance Audit Committee in the finance department at KSD municipality: *"Yes, the municipality has been facing so many challenges, and corruption is one of the challenges. Even with auditors and the risk management team, we are still fighting to ensure such problems are tackled."* (p5)

The participants' confirmation of the challenges has shown that the municipality faces many challenges. The participant's statement clearly indicated that corruption in the municipality is still an issue they are dealing with. Proving that the municipality is incompetent, implementing new ideas such as data-driven decision-making, risk management, and transparency and accountability could help fight corruption. Corruption impacts the effectiveness of the country's resources (Mateus, Allen-Ile & Iwu, 2014). By facilitating the flow of information among government institutions, between government and citizens, and among citizens, new technologies can promote transparency, accountability, and civic participation (Bhanye & Shayamunda, 2025). Even with non-response from a participant, it shows that many issues regarding financial governance among municipal participants are hidden or that they are not well-informed. This view is that the municipality has several incompetent staff members and lacks transparency, as participants in the finance department should be better informed about financial decisions. The Organisation for Economic Co-operation and Development promotes transparency, which enables local governments to strengthen governance and build trust among individuals (Gorus, 2024). This suggests that the participants and MPAC committee members at KSD municipality lack critical thinking, digital, and problem-solving skills that affect public funds. Response from the MPAC member to the same question expressed: *"In most instances, the challenges that we have been facing as a municipality include inadequate funding, non-payment of services from citizens, and vandalism caused by citizens during strikes. The municipality also faces challenges in terms of limited capacity and poor financial management practices"*. (p9)

The results are concerning, as the participants report no improvement in financial challenges. The municipality seems to be relying on manual processes, which indicates its failure to adapt to change, as technology can help reduce human error, track cash flow, and detect fraud. Again, this proves that the KSD municipality faces challenges such as inadequate funding, poor utilisation of digital tools, and improper implementation of innovative financial strategies, resulting in poor service delivery. The municipality is failing to ensure that it distributes limited resources fairly and equally among citizens, as the national government is focusing primarily on Metro municipalities. With the increasing complexity of financial markets and the growing demand for transparency and efficiency in public finance management, traditional methods of risk identification and mitigation are proving to be inadequate (Bouchetara, Zerouti & Zouambi, 2024). So, implementing strong corporate and technology governance, such as board oversight, clear policies, accountability, Information technology strategies, Artificial intelligence, and proper training, is important for preventing financial misconduct and enhancing operational efficiency, access to capital, risk reduction, and the protection of stakeholders' interests. Thus, municipalities need to put more pressure on the national government to support local municipalities and to review funding models to accommodate current conditions.

Strategies for addressing challenges

A subtheme emerged regarding strategies developed to address challenges municipalities face in ensuring good financial governance. The participant from MPAC at KSD municipality responded: *"I would not say we have strategies, but budgeting has been assisting us in checking all the financial practices. Secondly, we must employ new interns who are qualified in finance."* (p2)

This resonates with the research aim as budgeting is essential, especially when it is needed to track all expenditure and income, as it promotes transparency. However, with local municipalities such as the KSD municipality facing a lack of funds, incompetent staff, and limited resources, the budget may be ineffective in addressing the challenges of poor financial governance. The municipality must include digital and innovative financial governance strategies, as these may improve efficiency and transparency, reduce overspending of the available budget, and ensure officials' compliance with financial governance. Again, budgeting does not necessarily ensure data security or improve financial governance; therefore, participants' statements highlight the need to adopt digital and innovative ideas. Countries such as Ghana, Kenya, Rwanda and Uganda have been using the financial governance matrix, which involves four financial arenas of budget governance: public procurement, internal controls, and external audit. SA local municipalities need to adopt the digital tools and strategies used by some African countries in maintaining their finances.

When the same question was posed to a participant from the Audit and Performance Audit Committee in KSD at the finance department regarding strategies for addressing challenges, shockingly, he had no response. This suggests that the municipal participant lacks the capacity to identify problems related to poor financial governance. As the participant from the Audit and Performance Audit Committee in KSD municipality, in the finance department, explained: *"The municipality has been receiving National treasury intervention through funding, and we train new interns for 3 years to equip them with needed skills, which the treasury and state organisations facilitate."* (p5)

These measures taken by the National Treasury to provide training for new interns are good; however, if the leaders who are decision-makers lack the necessary skills to manage finances well, the likelihood of failure to provide strategies may be high. In the same vein, the employment of newly qualified staff does not clearly demonstrate that corruption will be eliminated, as older staff seem to be excluded from the training process, even though the majority of participants proved incompetent. So, the municipality needs to adopt measures such as digital transformation, data-driven decision-making, innovative revenue streams, effectiveness, transparency, and accountability. By creating systems that combine innovation with robust regulatory oversight, the global financial system can leverage digital assets to unlock new opportunities for financial growth and inclusion. KSD municipal managers need to boost financial inclusion through digital channels and promote citizens' freedom to participate in financial decisions, rather than relying on new interns.

The same question was posed to a participant from the Risk Management Committee. A participant explained: *"I would say the implementation of internal controls to ensure we prevent financial misconduct has served as an intervention strategy for financial governance of the municipality."* (p6)

This affirms that the municipality is moving in the right direction, as measures to manage risk are a good start, especially when public funds are involved, but compliance with them has been a challenge. Tougher anti-corruption measures in the public and private sectors would include establishing systems to monitor and hold local governments accountable for the delivery of public services and eliminating corrupt practices (Tinuoye, 2023). This does not necessarily prove that the controls are effective in mitigating the municipality's financial struggles. When there is a lack of internal control, organisations tend to experience fraud and debt (Saluja et al., 2024). It is also significant for municipalities to consider changes in their management, collaborate with

technologically developed countries such as China, monitor municipal progress, and invest in digital infrastructure, as inadequate financial controls could lead to errors, fraud, and increased risk.

5. Conclusion

The study sought to explore how digital transformation and innovative financial strategies contribute to enhancing financial governance within South African municipalities, with specific reference to KSD Municipality. The findings revealed that although the municipality has implemented traditional financial governance mechanisms such as budgeting, internal controls, external audits, and National Treasury interventions, these measures have not adequately addressed persistent challenges such as corruption, inadequate funding, non-payment of municipal services, infrastructure vandalism, limited staff capacity, and poor financial management practices. The study found that digital transformation initiatives and innovative financial strategies remain underutilised despite their potential to improve transparency, accountability, efficiency, and financial sustainability. Participants demonstrated limited awareness of digital governance tools, including data analytics, automated financial monitoring systems, artificial intelligence, electronic procurement systems, and digital citizen engagement platforms. Consequently, the study concludes that the successful enhancement of financial governance requires integrating digital technologies, data-driven decision-making, innovative revenue-generation strategies, effective risk management systems, and stronger stakeholder participation. The findings further indicate that improved financial governance can only be achieved when technological innovation is accompanied by competent leadership, skilled personnel, effective oversight structures, and a culture of accountability and transparency.

Despite these contributions, several limitations should be acknowledged. The study was confined to the KSD municipality, which limits the generalisability of the findings to other municipalities operating under different socio-economic and administrative conditions. The findings were based largely on participants' perceptions and experiences, which may be subject to personal bias or incomplete knowledge of municipal financial management practices. Given the rapidly evolving nature of digital technologies and financial governance practices, future developments may introduce new opportunities and challenges that were not captured within the scope of this study. Therefore, future research should consider comparative studies across multiple municipalities and adopt mixed-methods approaches to provide a broader understanding of digital transformation and innovative financial strategies for enhancing financial governance.

The novelty of this study lies in its contribution to the emerging discourse on the transformation of financial governance within South African local government. Unlike many previous studies that focused primarily on traditional public financial management systems, this study examined financial governance through the lens of innovative strategies and digital transformation. The study provides empirical evidence from a local municipal context, highlighting how limited digital adoption and capacity constraints undermine the effectiveness of financial governance. Furthermore, the study identifies a significant knowledge gap among municipal governance structures, including MPAC, Audit and Performance Audit Committees, and Risk Management Committees, regarding the strategic use of digital technologies to address financial governance challenges. Therefore, by proposing innovative strategies and integrating digital transformation, transparency, accountability, and citizen participation into a comprehensive financial governance framework, the study offers a new perspective on strengthening municipal financial governance in resource-constrained environments.

6. Recommendations

The findings revealed that municipal officials largely rely on traditional budgeting processes and have limited awareness of digital transformation initiatives that could strengthen financial governance. Therefore, the KSD municipality should develop a comprehensive digital financial governance strategy that integrates digital budgeting systems, financial management information systems, electronic procurement platforms, data analytics,

and real-time financial monitoring tools. Such a strategy would improve transparency, accountability, efficiency, and compliance while reducing the risks associated with manual financial processes. The study found that some participants were unable to articulate strategies for addressing financial governance challenges, suggesting capacity gaps among key officials and oversight structures. KSD municipality should therefore implement continuous professional development programmes for councillors, MPAC members, Audit and Performance Audit Committee members, finance officials, and senior managers. Training should focus on digital financial governance, risk management, data-driven decision-making, anti-corruption measures, and emerging financial technologies. Capacity building initiatives should target both newly recruited interns and existing employees to ensure organisational-wide competence. The municipality should institutionalise the use of data analytics and digital dashboards to support financial planning, expenditure monitoring, revenue forecasting, and risk identification. Data-driven decision-making would enable management to identify inefficiencies, detect financial irregularities early, and make informed strategic decisions. Furthermore, predictive analytics could assist the municipality in anticipating financial risks, managing debt collection, and improving resource allocation. Although internal controls were identified as an existing strategy, concerns remain regarding their effectiveness. KSD Municipality should strengthen internal controls by adopting automated compliance monitoring systems, electronic audit trails, artificial intelligence-assisted fraud detection tools, and digital risk management platforms. These technologies would improve monitoring capabilities, reduce opportunities for financial misconduct, and enhance accountability throughout the municipality.

The findings suggest a need for greater transparency and stakeholder involvement in financial governance processes. KSD municipality should establish digital platforms that enable citizens to access municipal budget information, track expenditure, monitor service delivery projects, and participate in financial decision-making processes. Increased transparency can improve public trust, encourage accountability, and enhance citizen oversight of municipal finances. KSD Municipality should benchmark its financial governance systems against best practices adopted by high-performing municipalities in South Africa and internationally. Particular attention should be given to countries that have successfully integrated digital technologies into financial governance, such as Rwanda, Kenya, and Ghana. Lessons learned from these jurisdictions can assist the municipality in modernising its financial governance framework and improving operational efficiency. While the National Treasury's support through funding and training programmes was acknowledged, the study indicates that these interventions have not fully translated into improved financial governance outcomes. Therefore, stronger collaboration among the National Treasury, provincial government, and municipal leadership is required to ensure that training initiatives align with municipal needs and that digital transformation objectives are effectively implemented and monitored.

Given concerns about corruption and financial misconduct, the KSD municipality should implement technology-enabled anti-corruption measures, including electronic procurement systems, digital whistleblowing platforms, fraud-detection software, and automated transaction-monitoring systems. These measures can reduce opportunities for corruption while improving transparency and accountability in financial operations. The successful implementation of digital transformation initiatives requires adequate technological infrastructure. KSD municipality should invest in modern information technology systems, cloud-based financial management platforms, cybersecurity mechanisms, and reliable digital infrastructure to support financial governance processes. Such investments would enhance data security, operational efficiency, and service continuity. The municipality should develop a Financial Governance Innovation Framework that combines digital transformation, innovative financial strategies, risk management, accountability mechanisms, and performance monitoring. This framework should provide clear guidelines for integrating technology into financial governance practices while ensuring alignment with legislative requirements and good governance principles.

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