

The Municipal Audit Consistency Barometer

**Fourth Edition
(2011/12-2015/16)**



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The Municipal Audit Consistency Barometer

Fourth Edition (2011/12-2015/16)

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This project was made possible with the assistance of the Ford Foundation, the Charles Stewart Mott Foundation and the Open Society Foundation.



About the Municipal Audit Consistency Barometer series

What is the Municipal Audit Consistency Barometer?

The Municipal Audit Consistency Barometer (MAC-B) uses data published by the Auditor-General to measure **consistency in municipal compliance** with national audit standards **over a five-year period**. One of six possible consistency ratings is awarded to every municipality based on the audit outcome which it **consistently obtained** in a given five-year period.

Municipalities can receive one of six ratings based on the Auditor-General's findings: **unqualified without findings; unqualified with findings; qualified; adverse; disclaimer; and failed to submit** (the last three are the worst ratings and are denoted by the abbreviation 'ADF'). The definitions of the ratings can be found [here](#).

The MAC-B rating system is designed to produce a single consistency rating for the five-year period that accounts for the variation between the categories while minimizing the prevalence of ties in audit ratings. For example, if in the past five years a municipality received two unqualified audits without findings and three unqualified audits with findings, then MAC-B will place that municipality in the 'unqualified with findings' category.

Several key terms are used in the MAC-B, the report of the Auditor-General (AG), and in the wider public debate on the audit:

- **Consistent compliance:** There is consistent compliance when a municipality consistently obtains an 'unqualified without findings' opinion over the five-year period, which is the best possible opinion.
- **Clean audit:** This term is often used interchangeably by policy-makers to mean unqualified without findings and unqualified with findings. As such, the term is confusing and generally we do not use it, except when analysing progress against the policy targets for clean audits that the government set in 2009.
- **Unqualified:** This is merely a descriptive category for the two best opinions (unqualified without findings and unqualified with findings). It is used when necessary to draw attention to the combined trend.
- **ADF:** This is a descriptive category for the three worst opinions (**A**dverse, **D**isclaimer, **F**ailed to submit), which is used when necessary to draw attention to the combined trend.

This fourth issue (MAC-B4) covers the period 2011/12-2015/16, which corresponds to the 2011-2016 term of local government and allows for an assessment of an entire electoral term. During this period there were a total of 278 municipalities, eight of which were metropolitan municipalities, 44 were district municipalities, and 226 were local municipalities.

The consistency ratings are shown for

- **all municipalities;**
- **the three categories of municipality (metropolitan, district and local);**
- **the nine provinces;**
- **the seven classes of municipality, classifications used by some government departments; and**

- **the 27 major cities.**

The patterns established by these ratings represent patterns of consistent compliance and non-compliance with national audit rules, and they provide a reasonable indication of the extent to which municipalities have established the **systematic capability** to make efficient and equitable use of public resources, function as accountable administrations, and comply with the rule of law in their internal operations.

Citizens, civil society organisations, the media, the private sector and government can use the MAC-B ratings as benchmarks to engage in public debate, design policy and interventions, and hold local government accountable.

The findings of the most recent AG's report (on the 2016/17 audit, published on 23 May, 2018) are not included in this MAC-B.

It is noteworthy that the trend in the latest report has now regressed to the five-year mean in MAC-B, which confirms the central thesis of MAC-B that the consistent pattern of behavior is a robust predictor of compliance.

The latest AG report highlights the following:

- **“Accountability continues to fail in local government”.** This is the theme of the report, and it points to glaring governance, leadership and oversight lapses that have contributed immensely to the undesirable audit results.
- ‘The AG audited 257 municipalities and 21 municipal entities. The number of municipalities decreased from 278, given that some of them were amalgamated in 2016 (37 municipalities were closed down and 16 new ones were established). The report is available at www.agsa.co.za.
- ‘Overall audit outcome regression: Of the audited municipalities, the audit outcomes of 45 regressed, while those of 16 improved. Only 33 municipalities (13%) managed to produce quality financial statements and performance reports, as well as to comply with all key legislation, thereby receiving a clean audit.’

MAC-B4 ratings by class of municipality

The Constitution and legislation distinguish between three categories of municipalities, which together provide the basic building blocks of local government: metropolitan (Category A), local (Category B), and district (Category C). Various government departments, including the Department of Cooperative Government and Traditional Affairs (COGTA), which is the national department responsible for the local government portfolio, employ a more fine-grained subdivision of these categories into a further seven different classes (see first table below) distinguished from one another on the basis of settlement patterns and service delivery responsibilities.

COGTA's municipal classification system in overview

Municipal class	Description
A	Metropolitan municipalities
B1	Secondary cities, which are those local municipalities with the largest budgets
B2	Local municipalities with a large town as core
B3	Local municipalities with small towns and a substantial urban population but no large town as a core
B4	Local municipalities that are mainly rural, utilise communal tenure and have a few small towns
C1	District municipalities which are not water services authorities
C2	District municipalities which are water services authorities

Class A municipalities (metros)

Municipality	MAC-B4
Cape Town	Consistently compliant
Ekurhuleni	Unqualified with findings
eThekweni	Unqualified with findings
Johannesburg	Unqualified with findings
Tshwane	Unqualified with findings
Buffalo City	Qualified
Mangaung	Qualified
Nelson Mandela	Qualified

Class B1 municipalities

Municipality	MAC-B4
uMhlathuze	Consistently compliant
Steve Tshwete	Consistently compliant
Drakenstein	Consistently compliant
George	Consistently compliant
Emfuleni	Unqualified with findings
Mogale City	Unqualified with findings
Govan Mbeki	Unqualified with findings
Mbombela	Unqualified with findings
Tlokwe	Unqualified with findings
Stellenbosch	Unqualified with findings
Msunduzi	Qualified
Newcastle	Qualified
Sol Plaatje	Qualified
Madibeng	Qualified
Rustenburg	Qualified
Matlosana	Qualified
Matjhabeng	Disclaimer
Polokwane	Disclaimer
Emalahleni	Disclaimer

Class B2 municipalities

Municipality	MAC-B4
Midvaal	Consistently compliant
Breede Valley	Consistently compliant
Overstrand	Consistently compliant
Mossel Bay	Consistently compliant
Knysna	Consistently compliant
Dihlabeng	Unqualified with findings

Municipality	MAC-B4
Metsimaholo	Unqualified with findings
Merafong City	Unqualified with findings
Umdoni	Unqualified with findings
Hibiscus Coast	Unqualified with findings
Umngeni	Unqualified with findings
Kwadukuza	Unqualified with findings
Greater Kokstad	Unqualified with findings
Mogalakwena	Unqualified with findings
Saldanha Bay	Unqualified with findings
Oudtshoorn	Unqualified with findings
King Sabata Dalindyebo	Qualified
Emakhazeni	Qualified
Makana	Disclaimer
Moqhaka	Disclaimer
Msukaligwa	Disclaimer
Mafikeng	Disclaimer

Class B3 municipalities

Municipality	MAC-B4
Swartland	Consistently compliant
Witzenberg	Consistently compliant
Langeberg	Consistently compliant
Theewaterskloof	Consistently compliant
Cape Agulhas	Consistently compliant
Hessequa	Consistently compliant
Bitou	Consistently compliant
Camdeboo	Unqualified with findings
Kouga	Unqualified with findings
Amahlati	Unqualified with findings
Matatiele	Unqualified with findings
Tokologo	Unqualified with findings
Tswelopele	Unqualified with findings
Setsoto	Unqualified with findings
Nketoana	Unqualified with findings
Lesedi	Unqualified with findings
Umuziwabantu	Unqualified with findings
Mkhambathini	Unqualified with findings
Endumeni	Unqualified with findings
Umvoti	Unqualified with findings
eMadlangeni	Unqualified with findings
eDumbe	Unqualified with findings
Abaqulusi	Unqualified with findings
Mtubatuba	Unqualified with findings
Mthonjaneni	Unqualified with findings
Musina	Unqualified with findings
Lephalale	Unqualified with findings
Bela-Bela	Unqualified with findings
Lekwa	Unqualified with findings
Dipaliseng	Unqualified with findings
Khai-Ma	Unqualified with findings
Umsobomvu	Unqualified with findings
Emthanjeni	Unqualified with findings
Kareeberg	Unqualified with findings
Naledi	Unqualified with findings
Matzikama	Unqualified with findings
Cederberg	Unqualified with findings
Berg River	Unqualified with findings
Swellendam	Unqualified with findings
Kannaland	Unqualified with findings
Lainsburg	Unqualified with findings

Municipality	MAC-B4
Prince Albert	Unqualified with findings
Beaufort West	Unqualified with findings
Blue Crane Route	Qualified
Ndlambe	Qualified
Kou-Kamma	Qualified
Sakhisizwe	Qualified
Letsemeng	Qualified
Kopanong	Qualified
Mohokare	Qualified
Masilonyana	Qualified
Mpofana	Qualified
Pixley Ka Seme	Qualified
Victor Khanye	Qualified
Richtersveld	Qualified
Nama Khoi	Qualified
Hantam	Qualified
Ubuntu	Qualified
Siyancuma	Qualified
Kai! Garib	Qualified
Gamagara	Qualified
Ramotshere Moiloa	Qualified
Sundays River Valley	Disclaimer
Great Kei	Disclaimer
Inxuba Yethemba	Disclaimer
Emalahleni	Disclaimer
Nala	Disclaimer
Maluti-A-Phofung	Disclaimer
Phumelela	Disclaimer
Mantsopa	Disclaimer
Mafube	Disclaimer
Ba-Phalaborwa	Disclaimer
Thabazimbi	Disclaimer
Mkhondo	Disclaimer
Thaba Chweu	Disclaimer
Kamiesberg	Disclaimer
Karoo Hoogland	Disclaimer
Thembelihle	Disclaimer
Siyathemba	Disclaimer
!Kheis	Disclaimer
Tsantsabane	Disclaimer
Kgatelopele	Disclaimer
Magareng	Disclaimer
Phokwane	Disclaimer
Ga-Segonyana	Disclaimer
Kgetleng River	Disclaimer
Tswaing	Disclaimer
Ditsobotla	Disclaimer
Mamusa	Disclaimer
Lekwa-Teemane	Disclaimer
Maquassi Hills	Disclaimer
Ngwathe	Not submitted
Renosterberg	Not submitted
Dikgatlong	Not submitted

Class B4 municipalities

Municipality	MAC-B4
Senqu	Consistently compliant
Umzumbe	Consistently compliant
Okhahlamba	Consistently compliant
Mandeni	Consistently compliant

Municipality	MAC-B4
Ubuhlebezwe	Consistently compliant
Intsika Yethu	Unqualified with findings
Engcobo	Unqualified with findings
Elundini	Unqualified with findings
Ingquza Hill	Unqualified with findings
Nyandeni	Unqualified with findings
Umzimvubu	Unqualified with findings
uMshwathi	Unqualified with findings
Impendle	Unqualified with findings
Richmond	Unqualified with findings
Nquthu	Unqualified with findings
Msinga	Unqualified with findings
Dannhauser	Unqualified with findings
Nongoma	Unqualified with findings
Ulundi	Unqualified with findings
Umhlabuyalingana	Unqualified with findings
Mfolozi	Unqualified with findings
Umlalazi	Unqualified with findings
Nkandla	Unqualified with findings
Ndwedwe	Unqualified with findings
Maphumulo	Unqualified with findings
uMzimkhulu	Unqualified with findings
Thulamela	Unqualified with findings
Makhudutamaga	Unqualified with findings
Mbhashe	Qualified
Mnquma	Qualified
Port St. Johns	Qualified
Ntabankulu	Qualified
uPhongolo	Qualified
Jozini	Qualified
Greater Giyani	Qualified
Greater Letaba	Qualified
Greater Tzaneen	Qualified
Maruleng	Qualified
Makhado	Qualified
Blouberg	Qualified
Molemole	Qualified
Lepelle-Nkumpi	Qualified
Elias Motsoaledi	Qualified
Albert Luthuli	Qualified
Thembisile Hani	Qualified
Dr J S Moroka	Qualified
Nkomazi	Qualified
Moretele	Qualified
Moses Kotane	Qualified
Ratlou	Qualified
Mhlontlo	Adverse
Mbizana	Adverse
Ngqushwa	Disclaimer
Ephraim Mogale	Disclaimer
Bushbuckridge	Disclaimer
Joe Morolong	Disclaimer
Greater Taung	Disclaimer

Class C1 municipalities

Municipality	MAC-B4
West Coast	Consistently compliant
Cape Winelands	Consistently compliant
Ehlanzeni	Consistently compliant
Eden	Consistently compliant

Municipality	MAC-B4
Sedibeng	Consistently compliant
ZF Mgcwacu	Consistently compliant
Frances Baard	Consistently compliant
Cacadu	Unqualified with findings
Lejweleputswa	Unqualified with findings
Thabo Mofutsanyana	Unqualified with findings
Fezile Dabi	Unqualified with findings
Overberg	Unqualified with findings
Gert Sibande	Unqualified with findings
Nkangala	Unqualified with findings
Waterberg	Unqualified with findings
Bojanala Platinum	Unqualified with findings
Dr. Kenneth Kaunda	Unqualified with findings
John Taolo Gaetsewe	Unqualified with findings
West Rand	Unqualified with findings
Central Karoo	Unqualified with findings
Namakwa	Unqualified with findings
Pixley Ka Seme	Unqualified with findings
Xhariep	Qualified

Class C2 municipalities

Municipality	MAC-B4
Umgungundlovu	Consistently compliant
Uthungulu	Consistently compliant
Ilembe	Consistently compliant
Amatole	Unqualified with findings
Joe Gqabi	Unqualified with findings
Umzinyathi	Unqualified with findings
Zululand	Unqualified with findings
Capricorn	Unqualified with findings
H Gwala	Unqualified with findings
Greater Sekhukhune	Unqualified with findings
Chris Hani	Qualified
Ugu	Qualified
Amajuba	Qualified
Dr. Ruth S Mompati	Qualified
Alfred Nzo	Qualified
OR Tambo	Disclaimer
Uthukela	Disclaimer
Umkhanyakude	Disclaimer
Mopani	Disclaimer
Vhembe	Disclaimer
Ngaka Modiri Molema	Disclaimer