



Municipal Accounts

Municipal Audit Consistency Barometer MAC-B2 (2014 update)

2008/09 – 2012/13

Audit consistency as a measure of resilience in local government

DM Powell and M O'Donovan

Municipal Audit Consistency Barometer

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By DM Powell and M O'Donovan

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Audit consistency as a measure of resilience in local government

Update the MAC-B with data for the 2012/13 audit

The Multi-Level Governance Initiative's (MLGI) Municipal Audit Consistency Barometer (MAC-B) was launched shortly before the national and provincial elections in May 2014 and the publication in July of the Auditor-General's report for 2012/13.¹ This report (referred to as MAC-B2 2014 update) is the first update of the barometer, and examines the new AG report against the background of the new Government's approach to improving municipal audit outcomes.

The release of MAC-B2 coincides with two key milestones in the development of local government. First, it draws to a close the five year period that coincided with the first Zuma government (2009-2014). Second, it begins a new administrative cycle under the stewardship of Pravin Gordhan as minister of Cooperative Governance and Traditional Affairs (COGTA). Gordhan has adopted a pragmatic "back to basics approach" to local government. The sweeping turnaround strategy of the Shiceka era has been replaced by a more down-to-earth focus on compliance with the law and accountability, stepping-up performance, visible leadership and improving the management and administration of municipalities. Under Gordhan's watch we can also expect to see a much stronger focus on the governance of cities and the role of cities in the spatial economy than ever before.

The Government's priorities for local government are contained in the Medium Term Strategic Framework (MTSF), the plan to implement the first five years of the National Development Plan 2030. The MTSF adopts a much more realistic approach to improving audit outcomes than was the case under the first Zuma Government. Improved audit outcomes are seen as one of the key longer term impact measures, and no longer as a separate programme.² Government's emphasis is on achieving value for money as well as promoting compliance.

1 See D Powell, M O'Donovan, Z Ayele and T Chigwata (2014) *Municipal Audit Consistency Barometer*, available at www.mlgi.org.za. For an analysis of government's intervention in 2009 to improve municipal audits, see D Powell, M O'Donovan, Z Ayele and T Chigwata (2014) *Operation Clean Audit 2014: Why it failed and what can be learned*, www.mlgi.org.za. The research project on audit outcomes could not have been done without the hard work of two interns to the project, Ashley Davidson and Sara Vile, and the ongoing communications support of Jacob Nthoiwa. The authors would also like to thank the many organisations and individuals who have given us constructive suggestions on this work. The authors also had the opportunity on several occasions to present this research to the Ministry of Cooperative Governance and Traditional Affairs and the South African Local Government Association (SALGA) respectively. The Auditor-General's Office has been very helpful and supportive of the project.

2 Presidency (2014) *Outcome 9: Responsive, accountable, effective and efficient developmental local government system* (Pretoria: DME), 20.

Gordhan's "back to basics" approach was endorsed as an intergovernmental programme of action for local government at the Presidential Local Government Summit in September 2014. The strategy is built around the following policy thrusts:

1. Responsive government that puts people first and enables active citizen participation in development.
2. Delivering basic services, with a strong emphasis on electricity, solid waste management, water, and sanitation.
3. Sound financial management
4. Building competent people and institutions.
5. Investing in maintenance of existing infrastructure.
6. Take harsh measures against incompetence and corruption.
7. Closing the social distance between people and politicians.
8. Developing comprehensive infrastructure plans for municipalities

At the Presidential Summit Gordhan also launched a conceptual model that recognizes the differences between municipalities as regards their performance and capability. Although the model has still to be developed further, municipalities have been sorted into one of three "performance tracks", shown below. Government interventions and policy will be tailored to the circumstances of each track:

Track 1 (High performers)

About 1/3 of municipalities that are doing very well

Objective: Top performers must stay there, mentor middle performers, and take on more responsibilities

Track 2 (Middle performers)

About 1/3 of municipalities that can become top performers

Objective: Keep them there and support them to become top performers

Track 3 (Low performers)

About 1/3 of municipalities where there are problems

Objective: Interventionist support

MAC-B2 thus provides both a measure of the performance of the 2009 administration and a benchmark against which the impact of Gordhan's tenure can be assessed.

Beyond adding the new data, MACB-2 also introduces three new dimensions to the analysis in the barometer:

1. MAC-B2 compares the new audit consistency ratings for municipalities with the ratings under the original MAC-B, establishing a baseline for analysing consistency trends across five-year terms of government and measuring the extent of systemic resilience in local government.
2. MAC-B2 organises the consistency ratings according to a much more fine-grained system of classifying municipalities to show the variation that exists among the 278 municipalities as regards consistent compliance:
 - The **three basic categories (metro, district and local)**.
 - The **seven sub-categories** often used by COGTA and National Treasury: Municipalities are now classified according to one of seven categories based on differences in their size, settlement type, population and functions (**A; B1, B2, B3, B4; C1 and C2**). This is a useful analytical tool for understanding the substantial differences that exist between municipalities. It is explained in the document.
 - The "back to basics" **three performance tracks: High, middle and low**.
3. MAC-B2 analyses the probability that new targets in the MTSF for improving municipal audit outcomes, in particular that at least 75 percent of municipalities should achieve an unqualified audit by 2019, will be met.

The key finding of MAC-B2

1. There has been a gradual but consistent improvement in audit outcomes from 2008/09-2012/13.
2. Government's Medium Term Strategic Framework (MTSF) sets new audit targets, one of which is that 75 percent of municipalities should achieve an unqualified audit by 2019. The MTSF targets are much more realistic than the 100 percent clean audit target that was set in the original Operation Clean Audit 2014, reflecting significant

policy refinement. On current trends, a shortfall is likely in 2019, and additional interventions and periodic adjustment to actual trends will still be required if the new targets are to be met.

3. COGTA has shifted its strategy slightly on how to achieve improved audit outcomes. The new audit targets in the MTSF as viewed as one indicator of local government's ability to meet long-term targets for capable local government set out in the National Development Plan, rather than as a particular programme. This welcome shift in policy orientation reflects the value of using audit outcomes as a measure of the capability and resilience of local government.
4. The bulk of poor audits are coming from smaller local municipalities with largely urban populations dispersed across many small towns (classified as B3s).
5. Government has suggested that it may lessen the regulatory burden on smaller municipalities, but any changes to the regulatory regime should not detract from the need for smaller municipalities to build the required competencies and thereby become more resilient.

Audit consistency as a proxy of resilience – a different way of using audit data

If the three spheres of government meet their constitutional obligations via the efficient and equitable use of resources then the state will be better able to endure the shocks brought about by economic, social and political change. The more misappropriation, waste and misallocation of resources can be resisted the more resilient the system as a whole and each tier will be.

The rules governing how a municipal council manages its financial resources are set by legislation (and the associated regulations) and are further guided by national norms and standards.³ These rules are designed to ensure the efficient, equitable and accountable use of resources by local government. Consistent compliance with the rules is thus an important indication of a municipality's systemic capability and resilience.

Each year a vibrant public debate follows the publication of the AG's report on municipal audit outcomes. Public debate tends to focus on the aggregate results in the year under review or a comparison with the results in the prior year. As a measure of the rule of law, full compliance with audit obligations by all municipalities is an end in itself. However, if we aim to assess the extent to which the institution of local government is gaining

3 The key piece of legislation is the Municipal Finance Management Act 56 of 2003.

resilience or showing fragility it is necessary to see beyond the fluctuations that typify annual audit opinions to long term trends. Building capable and resilient institutions is a long term on-going project, and the salient trends are thus long term trends, not annual fluctuations. It is not the end of the world if a municipality receives a poor audit opinion in a given year, provided that it returns to a trend of consistent improvement. The telling pattern is consistently poor (or good) opinions over five years, which is a robust proxy for the state of municipal financial management.

MAC-B shifts the focus of analysis from the annual results to consistency in audit outcome over a five-year term. Audit outcomes over five years are a large dataset covering most dimensions of local governance and performance that can be used as proxy for measuring the degree of systemic resilience in local government. The assumption at the heart of MAC-B is that the best indicator of current financial resilience of a municipality is its performance in past audits. It is the pattern of past results, rather than annual fluctuations, that are the most reasonable indicator of what can be expected in the municipality in future. For example, a municipality that has in recent years consistently received an adverse audit opinion, disclaimer or failed to submit (ADF) is more likely to continue receiving that rating than it is to receive an unqualified audit. There is a low chance of it achieving the target of a clean audit and a far higher probability that it won't. Given that audit outcomes fluctuate between years predicting audit outcomes cannot be done with absolute certainty. For instance, none of the municipalities that have received "unqualified audits without findings" consistently obtained that outcome every year in the five year period under review.

The assumption that (all things being equal) past patterns will probably recur in future provides a useful basis for policy formulation, as well as further research. However to choose pathways for reform that contribute to municipal resilience a measure that incorporates audit consistency is required.

But the resilience of local government cannot be determined only by looking at the capability and performance of the local sphere of government alone. Under our Constitution local government is one of three spheres of government that are bound together in a system of cooperative government. National and provincial governments have their own constitutional responsibilities to ensure resilient local government. Consistency in municipal audit data can also be used to measure how national government and provinces are contributing to building resilient local government through the discharge of their regulatory, oversight and intervention powers. Our report on Operation Clean Audit 2014 showed how by not using municipal audit data properly in policy-making national government actually undermined its own intervention to improve municipal audit outcomes. Policy failure undermines the effort to build resilient local government because it sends a signal that there is system-wide failure affecting local government as a whole.

In MAC-B we also showed how consistency in audit data could also be used as an early warning system to flag serious and persistent financial problems. Poor audit outcomes is an indicator of distress in terms of legislation. And as provincial and national governments have a constitutional obligation to intervene under s139 of the Constitution by taking steps to address the financial problems, audit data can thus be used to measure the effectiveness of national and provincial interventions under s139 of the Constitution. Timely and effective corrective intervention by provinces (and national government in some circumstances) is an important institution for achieving resilient local government.

The Municipal Audit Consistency Barometer (MAC-B) therefore suggests a very different way of thinking about audit outcomes at two levels: First as a measure of systemic resilience in local government, and secondly as an indicator of the extent to which national/provincial government are fulfilling their obligations towards local government. In other words, MAC-B is a tool for assessing the capability of local government as a function of the system of cooperative governance as a whole.

How the MAC-B consistency ratings are determined

MAC-B categorises each municipality according to the audit outcome it most consistently achieved in the previous five years. Each municipality is placed under one of five modes corresponding to the rating system used by the Auditor-General: Unqualified (with and without findings), Qualified, Adverse, Disclaimer, and Failed to submit. The rating system is designed to show sufficient variation between the categories while minimising the prevalence of ties in audit ratings.

For example, if in the last five years a municipality received two “unqualified audits without findings” and three “unqualified audits with findings” then MAC-B will place that municipality under the “unqualified with findings” mode.

MAC-B measures patterns of consistent compliance in a municipality over the last five years and that pattern is deployed as a proxy of municipal resilience.

Audit consistency ratings for municipalities (2008/09-2012/13)

In July 2014 the Auditor General published his assessment of each municipality's financial statements for the 2012/13 financial year. The MAC-B series is intended to show consistency in audit outcomes over a five year period and fluctuations that are not sustained as a trend do not affect the MAC-B. MAC-B only reflects the most consistent audit outcome that a municipality obtains over a five-year period of measurement. The emphasis on consistency over the five year period notwithstanding there was a noticeable

improvement between the initial MAC-B rating and MAC-B2.⁴ The improvement is attributable to (a) the inclusion of the relatively good audit outcomes of 2012/13 and (b) the discounting of the base year of MAC-B (2007/08).

⁴ The initial MAC-B rating was based on the financial years ending in the period 2008 to 2012. The updated MAC-B2 is based on the financial years ending in the period 2009 to 2013. There is substantial overlap between the periods covered by MAC-B and MAC-B 2 (i.e. the financial years ending in 2009, 2010, 2011, and 2012 are included in both ratings).

Illustration 1: Comparison between MAC-B and updated MAC-B2 ratings.

The illustration below compares the original MAC-B rating (2007/08-2011/12) and the updated MAC-B2 ratings (2008/09-2012/13).

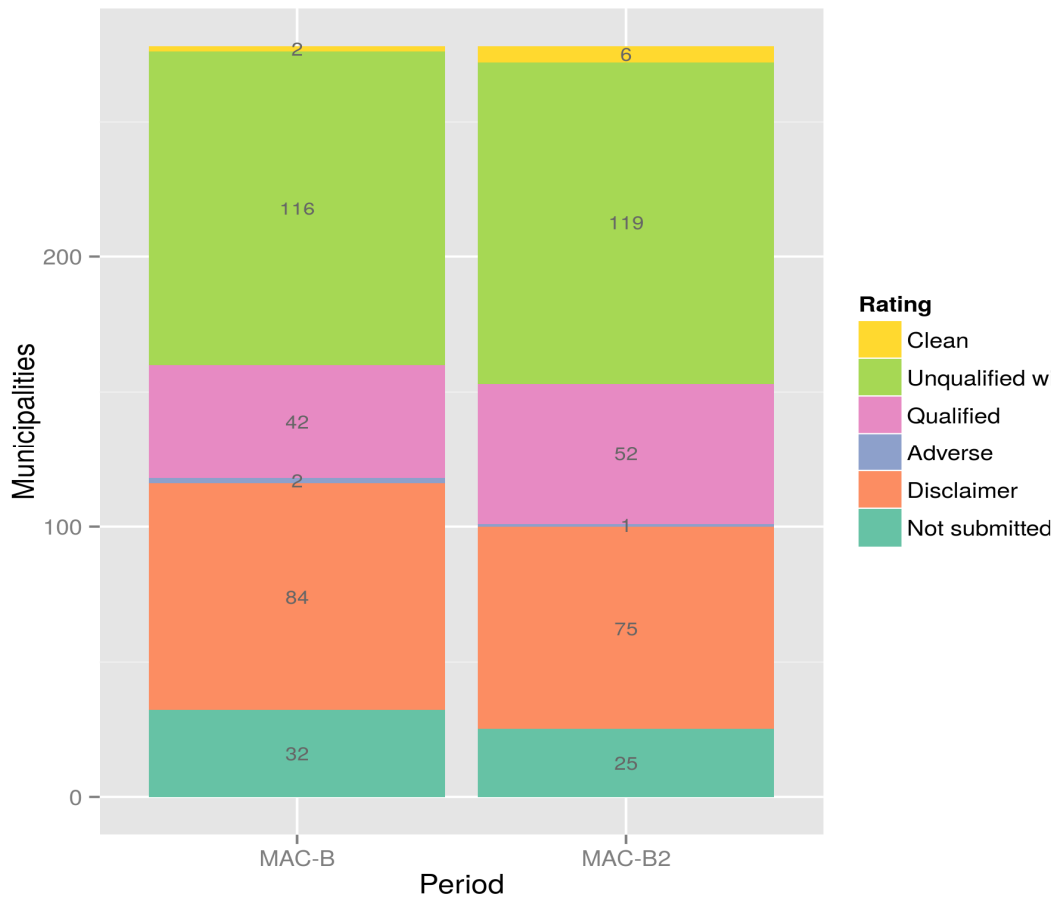


Illustration 1: Comparison between MAC-B and updated MAC-B2 ratings.

The comparison shows that the number of municipalities (local, district and metropolitan) that consistently fail to submit reports, receive adverse audits or disclaimers decreased, and correspondingly the proportion receiving qualified and unqualified audits increased.

Despite the improvements only about half (45 percent) of all municipalities consistently receive unqualified reports (with or without findings). This group of 125 municipalities display consistent compliance with financial norms and standards and can be considered resilient in this regard. In the original MAC-B only 118 municipalities fell into this category.

Fifty two municipalities, or 18 percent , now consistently receive qualified reports. In these municipalities the AG has qualified his findings with statements reflecting reservations or concerns about financial conduct. To the extent that these factors render their' finances vulnerable to abuse these municipalities can be considered fragile.

However, 101 municipalities (36 percent) still consistently receive an adverse opinion, a disclaimer or fail to submit the required information (ADF). Though this figure is high it is nevertheless an improvement on the earlier MAC-B, where 43 percent of municipalities received an ADF. The improvement is also reflected in the fact that a single remaining municipality (Modimolle) consistently receives an adverse audit. “Adverse audits” arise from financial statements that “*contain misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements*”⁵. Adverse audits thus, with the exception of failing to submit the statements, reflect the greatest breach of financial norms and standards.

Although only Modimolle consistently gets an adverse audit several other municipalities remain vulnerable to falling into this category. For example, in 2012/13 eight municipalities received adverse audits and without consistent improvements the number of adverse MAC-B ratings may well increase.

Table 1: Audit outcomes the three types of municipalities most consistently received from 2008/09 to 2012/13

Table 1 below shows the consistency ratings (by municipality type) for the period 2008/09 to 2012/13. The percentage of municipalities appearing in each row is also shown.

Type of municipality	Mode					Total
	Unqualified with findings	Unqualified no findings	Qualified	Adverse	Disclaimer	
Metropolitan municipalities	1 (12%)	4 (50%)	2 (25%)	0 (0%)	1 (12%)	0 (0%)
District municipalities	2 (4.5%)	27 (61.3%)	5 (11.3%)	0 (0%)	7 (15.9%)	3 (6.8%)
Local municipalities	3 (1.3%)	88 (38.9%)	47 (20.7%)	1 (0.4%)	68 (30.0%)	20 (8.8%)
Total	6	119	54	1	76	23

Source: MAC-B2 (2014)

The MAC-B2 consistency ratings are shown for metropolitan, district and local municipalities. Over the period in question metropolitan and district municipalities

5 Auditor-General (2014) *Consolidated general report of the national and provincial audit outcomes: PFMA 2012/13* (Pretoria: AG), 280.

consistently received better audit results than local municipalities. Almost two thirds, or 62 percent, of both metropolitan and district municipalities were likely to receive an unqualified audit. By contrast 60 percent of local municipalities fail to submit the required documentation or receive a qualified, adverse or disclaimed audit.

Only one metropolitan municipality (Mangaung) consistently receives disclaimers. Almost a quarter of all district municipalities, or 23 percent, fall into the ADF category. Less than half (40 percent) of local municipalities are likely to receive an unqualified report. Some 45 local municipalities, or 20 percent of the total, are likely to receive a qualified audit. This reflects an improvement of the previous MAC-B rating where 14 of the 45 received worse ratings under the initial MAC-B. The majority of municipalities are either not submitting the required information on time, receive a qualified audit, an adverse opinion or a disclaimer.

Comparing municipal audit ratings by province

Table 2 compares consistency ratings for municipalities by province. The table points to massive variation in municipal audit performance between provinces. The extent of provincial variation can be seen by contrasting Gauteng and the North West province. In Gauteng no municipality consistently receives disclaimers or fails to submit their information to the AG. Contrast Gauteng with its neighbor North West province, where almost 80 percent of municipalities fall into those categories. Of the nine provinces the Western Cape now has the highest proportion of municipalities that consistently receive unqualified audit reports (with or without findings). The Western Cape is closely followed by the previous leader under MAC-B, kwaZulu-Natal. In the Western Cape 90 percent of municipalities receive unqualified reports compared to 89 percent of kwaZulu-Natal municipalities.

By contrast, in Limpopo and the North West provinces fewer than 20 percent of municipalities consistently receive unqualified audits. In the Eastern Cape, the Free State and the Northern Cape slightly more than 20 percent of municipalities receive unqualified audits. In Mpumalanga this proportion is almost twice as large with 38 percent of municipalities receiving unqualified audits. This is slightly less than the national average of 45 percent. Despite this, Mpumalanga, almost matches the Western Cape's performance with ten percent of municipalities receiving "clean" audits (i.e. unqualified with no findings).

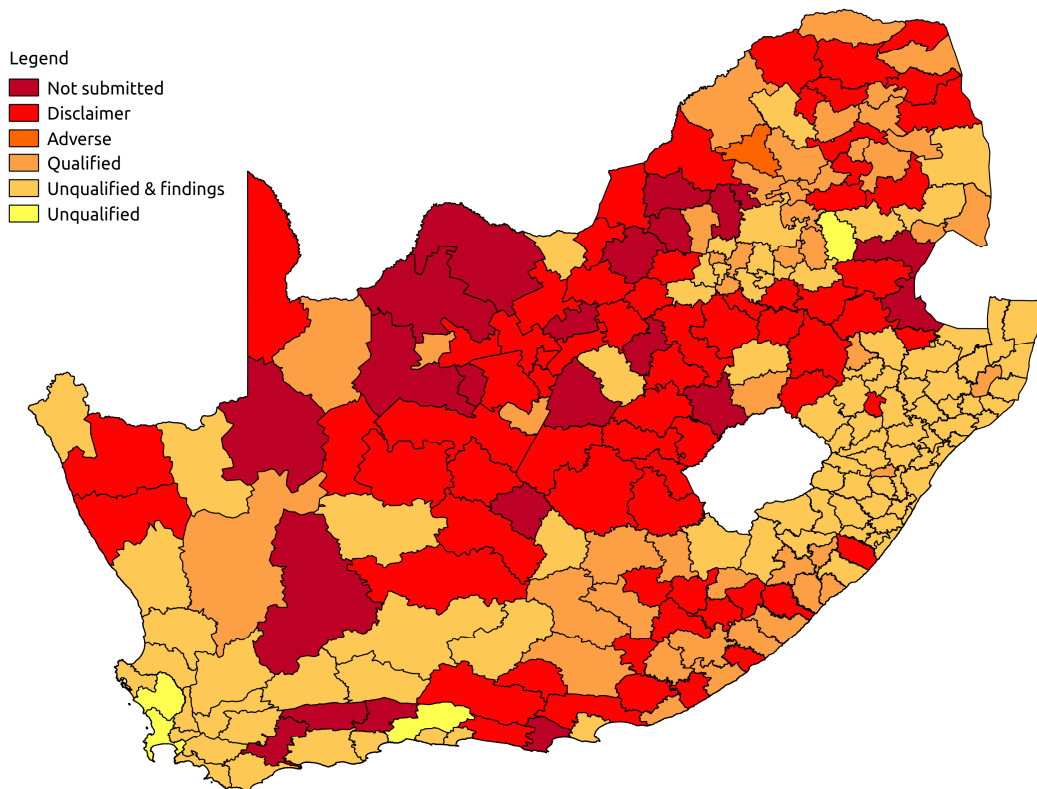
Table 2: Audit outcomes of municipalities by province 2008/09 to 2012/13

Province	Mode						Total
	Unqualified with findings	Unqualified with no findings	Qualified	Adverse	Disclaimer	Not submitted	
EC	0	10	16	0	17	1	44
FS	0	5	2	0	16	1	25
Gauteng	0	9	3	0	0	0	12
KZN	0	54	3	0	4	0	61
Lim	0	2	13	1	13	1	30
MP	2	6	9	0	5	2	22
NC	0	7	6	0	13	6	32
NW	0	3	2	0	8	9	22
WC	4	23	0	0	0	3	30
Total	6	119	54	1	76	23	279

Source: MLGI MAC-B2 (2014)

Map 1 below shows the geographic distribution of the MAC-B2 ratings for local and metropolitan municipalities. District municipalities are excluded from the map. What is noticeable is the concentration of local municipalities with poor consistency ratings in the hinterland and, to a lesser extent, the Eastern Cape. By contrast local municipalities in kwaZulu-Natal and the Western Cape have noticeably higher ratings. Similarly, metropolitan municipalities also obtain higher ratings than local municipalities. Although the Western Cape arguably has the best audit outcomes the province has a relatively poor record of submitting the required information to the AG. In the Western Cape 10 percent of municipalities consistently failed to submit their documentation timeously. This is slightly above the national average of 9 percent .

Map 1: Geographical representation of local municipalities with different consistency rates



Map 1: MAC-B2 rating of local and metropolitan municipalities

Comparing municipal audit ratings by municipality class

The Constitution draws a distinction between three types of municipalities: metropolitan, district and local. These are the basic building blocks of local government. The Department of Co-operative Governance and Traditional Affairs (COGTA) further dis-aggregates these categories into sub-categories on the basis of their population settlement patterns. The settlement patterns impact on the municipalities' resource levels, administrative capacity as well as the administrative burden they carry. One of the primary indicators of the administrative burden of municipal government is whether or not the provision of water services falls to them or to another tier. As a result the primary distinction between the two types of district municipalities is whether or not they are water service authorities.

The classes used by COGTA are⁶:

- A: Metropolitan municipalities
- B1 Secondary cities, these are the local municipalities with the largest budgets
- B2 Local municipalities with a large town as core
- B3 Local municipalities with small towns, a significant urban population but with no large town as a core
- B4 Local municipalities which are mainly rural with communal tenure and a few small towns
- C1 District municipalities which are not water services authorities
- C2 District municipalities which are water services authorities

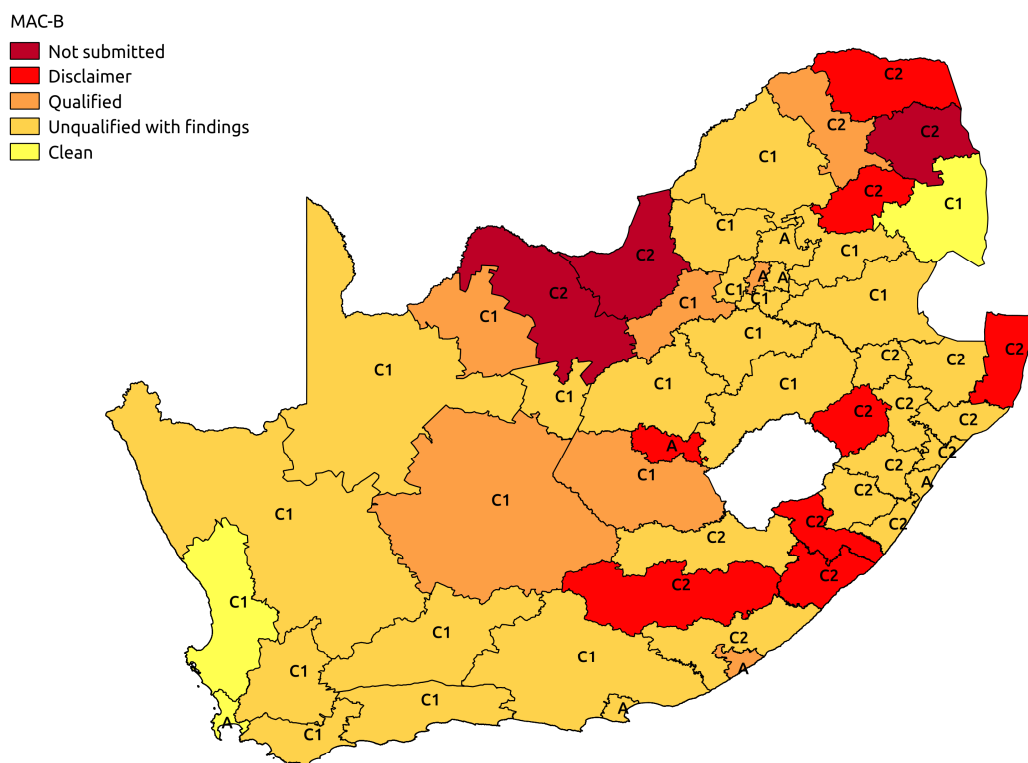
Map 2 shows the MAC-B2 rating for district and metropolitan municipalities. The audit performance of the municipalities varies markedly by municipal class. Although metropolitan municipalities have, by far, the greatest administrative capacity their audit performance is overshadowed by that of C1 district municipalities. The vast majority (82 percent) of the 23 C1 municipalities (i.e. district municipalities that are not water service authorities) consistently receive unqualified audits and none receive ADF opinions. The corresponding figures for metropolitan municipalities are 63 and 13 percent respectively. The C1 district municipalities perform significantly better than their C2 counterparts (which are water service authorities). Less than half (48 percent) of the C2 municipalities

6 Department of Cooperative Governance and Traditional Affairs (2009) *Local Government turnaround strategy*. (Pretoria: COGTA), 9. The classification system is one of several used in government for purposes of analysis and was developed for the former Department of Provincial and Local Government and National Treasury by PDG.

consistently receive unqualified audit opinions, and their audit performance is thus significantly poorer than that of metropolitan municipalities and C1's.

The map shows, inter alia, that the high quality of audit outcomes for local municipalities in kwaZulu-Natal does not extend to district municipalities. Two municipalities in that province consistently receive disclaimers, placing that province's performance levels below that of the Free State and Mpumalanga.

Map 2: The MAC-B2 rating for district and metropolitan municipalities.

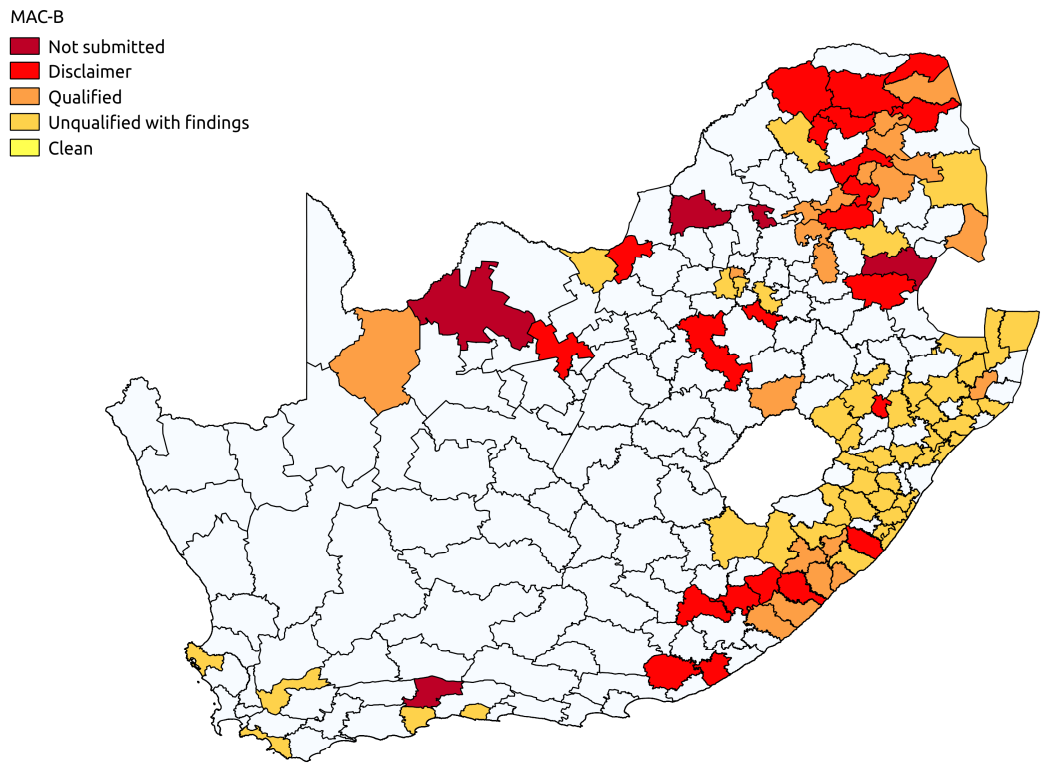


Map 2: MAC-B 2 ratings for district and metropolitan municipalities

Among local municipalities the best audit performance is by those with a large urban core i.e. B2 municipalities. 60 percent of municipalities in this group consistently receive unqualified audits. By contrast, as Map 4 below shows, only 30 percent of B3 municipalities (i.e. those municipalities with a significant urban population but no large town) receive unqualified audit opinions. More than half (54 percent) of B3's receive ADF opinions. The proportion of B3 municipalities that receive ADF opinions is twice that of even B4 municipalities who lack significant urban infrastructure. Even though B4 municipalities

may find it difficult to attract qualified municipal staff they nevertheless perform better than their B3 counterparts.

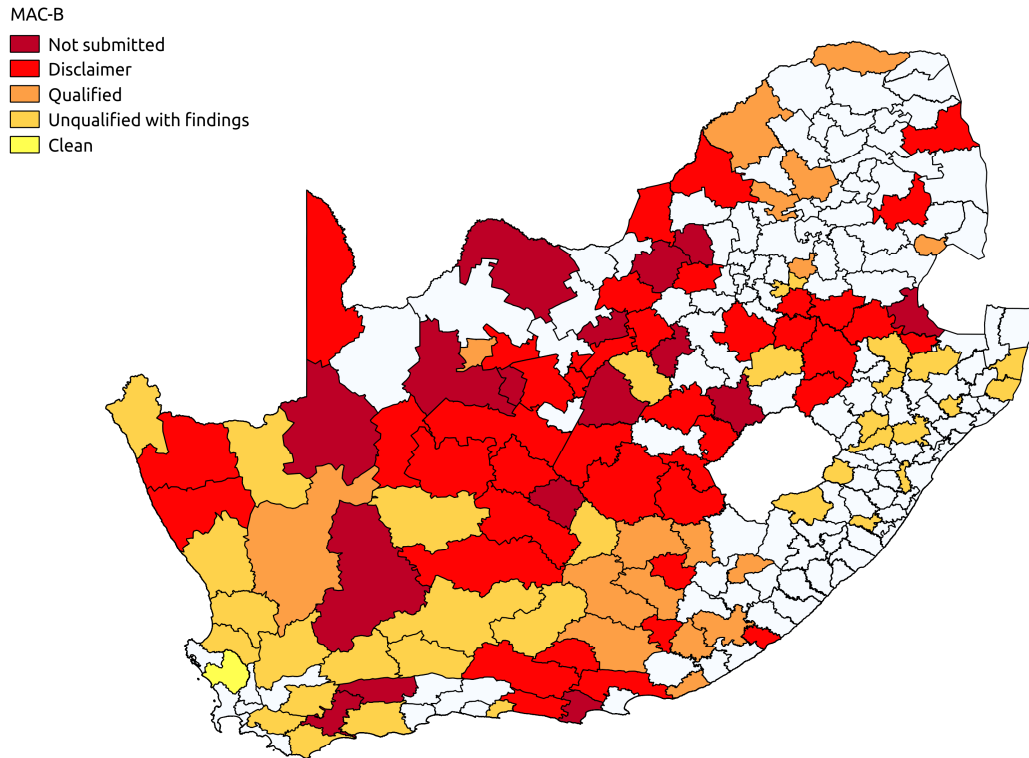
Map 3: The MAC-B2 rating for B2 and B4 local municipalities.



Map 3: B2 and B4 municipalities and MAC-B2 rating

B3 municipalities, i.e. those local municipalities with a significant urban population but with no large town as a core, make up the single largest category of local municipalities. The map below illustrates the geographical location of B3 municipalities along with their MAC-B2 ratings. B3 municipalities tend to be located in areas where population densities are low and the population is concentrated in numerous small towns. These features are more typical in the arid west of the country. In general the audit performance of these municipalities tends to be poor with a large proportion receiving disclaimers or failing to submit the required documentation.

Map 4: The MAC-B2 rating for B3 local municipalities.



Map 4: B3 local municipalities and MAC-B2

The table below summarises the audit outcomes by class of municipality. It shows that the largest number of disclaimers is in B3 municipalities, as is the largest number of municipalities failing to submit documentation. This is partly due to the size of the B3 group. Almost half (48 percent) of all local municipalities fall into the B3 group. However even accounting for their large numbers B3 municipalities perform poorly as more than half receive disclaimers or fail to submit their documentation. In no other category do a majority of municipalities fail to meet this standard. For example, less than one-third (27 percent) of the “rural” B4 municipalities get disclaimers or fail to submit their documentation on time. This level of performance is similar to that of B2 municipalities where 29 percent get disclaimers or fail to submit documentation.

Almost two-thirds (65 percent) of the local municipalities which obtain disclaimers are in the B3 category. Similarly almost three-quarters (73 percent) of municipalities which fail to timeously submit documentation for audit are in the B3 group.

Table 3: Audit outcomes by class of municipality for 2008/09 to 2012/13

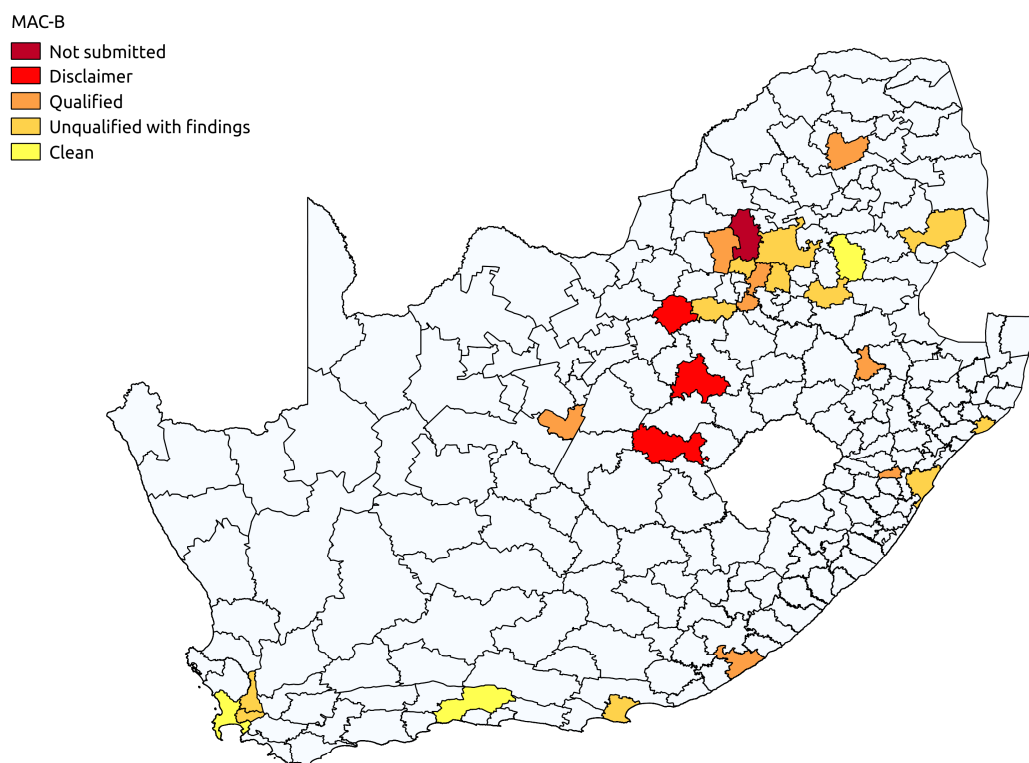
	Not submitted	Disclaimer	Adverse	Qualified	Unqualified with findings	Unqualified without findings	Total
A	0	1	0	2	4	1	8
B1	1	2	0	8	7	2	20
B2	1	7	0	3	16	0	27
B3	14	44	1	17	33	1	110
B4	4	15	0	19	32	0	70
C1	0	0	0	4	17	2	23
C2	3	7	0	1	10	0	21

Source: MAC-B2 (2014)

Given that B3 municipalities have poorer MAC-B2 ratings than the rural B4 municipalities it is questionable whether poor audit performance can be attributed to the inability of the municipalities to attract sufficiently skilled administrative staff. While it appears that urban infrastructure may contribute to better audit performance (by widening access to the pool of available skills) larger urban population also add to the administrative burden and the financial complexity of these municipalities. The balance between administrative burden and skills availability is clearly one of the factors influencing audit outcomes and an area where further research is required.

Their access to skills and large resource bases contribute to metropolitan municipalities performing well in audits. Most metropolitan municipalities receive unqualified audits and only one of the eight consistently receives a disclaimer. The audit performance of metropolitan municipalities is also notably better than that of B1 municipalities which, like their metropolitan counterparts, are centered on large cities and have large budgets. The fact that new metropolitan municipalities would be formed from secondary cities (i.e. B1 local municipalities) also invites the inference that increasing the number of metropolitan municipalities may lead to better audit outcomes. If the creation of more metropolitan municipalities does indeed result in improved audit outcomes the process may lead to better service delivery and more resilient urban areas, but only time will tell.

Map 5: The MAC-B2 rating for metropolitan and B1 municipalities.



Map 5: Metropolitan and B1 municipalities and MAC-B2 rating

Back to basics: Differentiating MAC-B2 ratings into high, middle and low tracks

In this section we sort MAC-B2 ratings according to the three performance tracks that were introduced at the Presidential Summit: The MAC-B2 ratings are classified on High, Middle and Low tracks, with each level corresponding to decreasing levels of audit compliance. The High group corresponds to those municipalities which get consistently unqualified audits (with or without findings). These are municipalities that are doing well and display systemic capability and resilience. The Low track is populated by those municipalities which get adverse audits, receive disclaimers or fail to submit their documentation. They are not functioning as responsible governments. Between these two tracks is the Middle tracks made up of those municipalities which consistently get qualified audits. These are the Oks, which could with some effort and support graduate to become top performers. The illustration below shows how the High, Middle and Low groups are constituted.

The High track is numerically dominant and accounts for 45 percent of all municipalities. The second largest category, the Low track, accounts for over a third of the ratings (35.8 percent). The remaining 19.3 percent fall into the Middle track.

Illustration 2: MAC-B2 rating by broad audit band

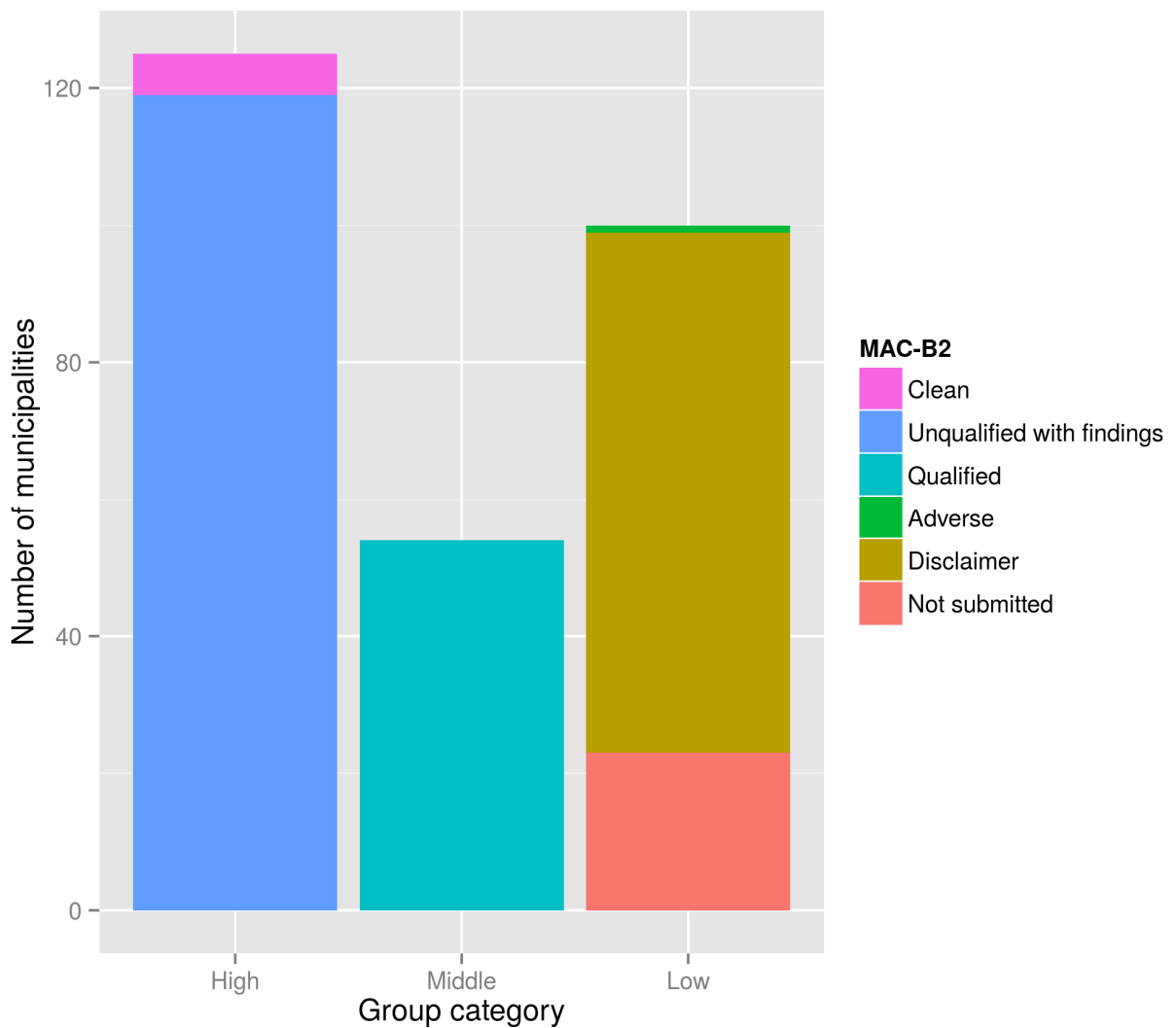


Illustration 3: MAC-B2 rating by broad audit band

The prominence of the High track is largely due to the performance of district and metropolitan municipalities. The breakdown of group membership by municipality type is presented in the next table. It shows that while almost two-thirds (65.3 percent) of district and metropolitan municipalities fall into the High track less than half (40.1 percent) of the local municipalities do so, with 39 percent of local municipalities falling into the Low group. A significantly smaller proportion (21.2 percent) of district and metropolitan municipalities (22.4 percent) fall into the Low track.

Table 4: Mac-B2 broad audit group by municipality type

	District	Local	Metro	Qualified	Total
High	29	91	5	2	125
Middle	5	47	2	8	54
Low	10	89	1	3	100
Total	44	227	8	17	279

The illustration below graphically represents the correspondence between municipality type and each group of audit performance. The Low track is dominated by B3 municipalities (59 percent of its total). The Low track also has a relative low proportion of A, B1 and B2 municipalities (comprising a combined total of 12 percent). By contrast the High track has a relatively low proportion of B3 municipalities (27.2 percent percent) as well as a relatively large number of district municipalities (categories C1 and C2). District municipalities make up 23 percent of the High tracks but only ten percent or less of the Middle and Low tracks.

Illustration 4: MAC-B2 rating by detailed municipal category

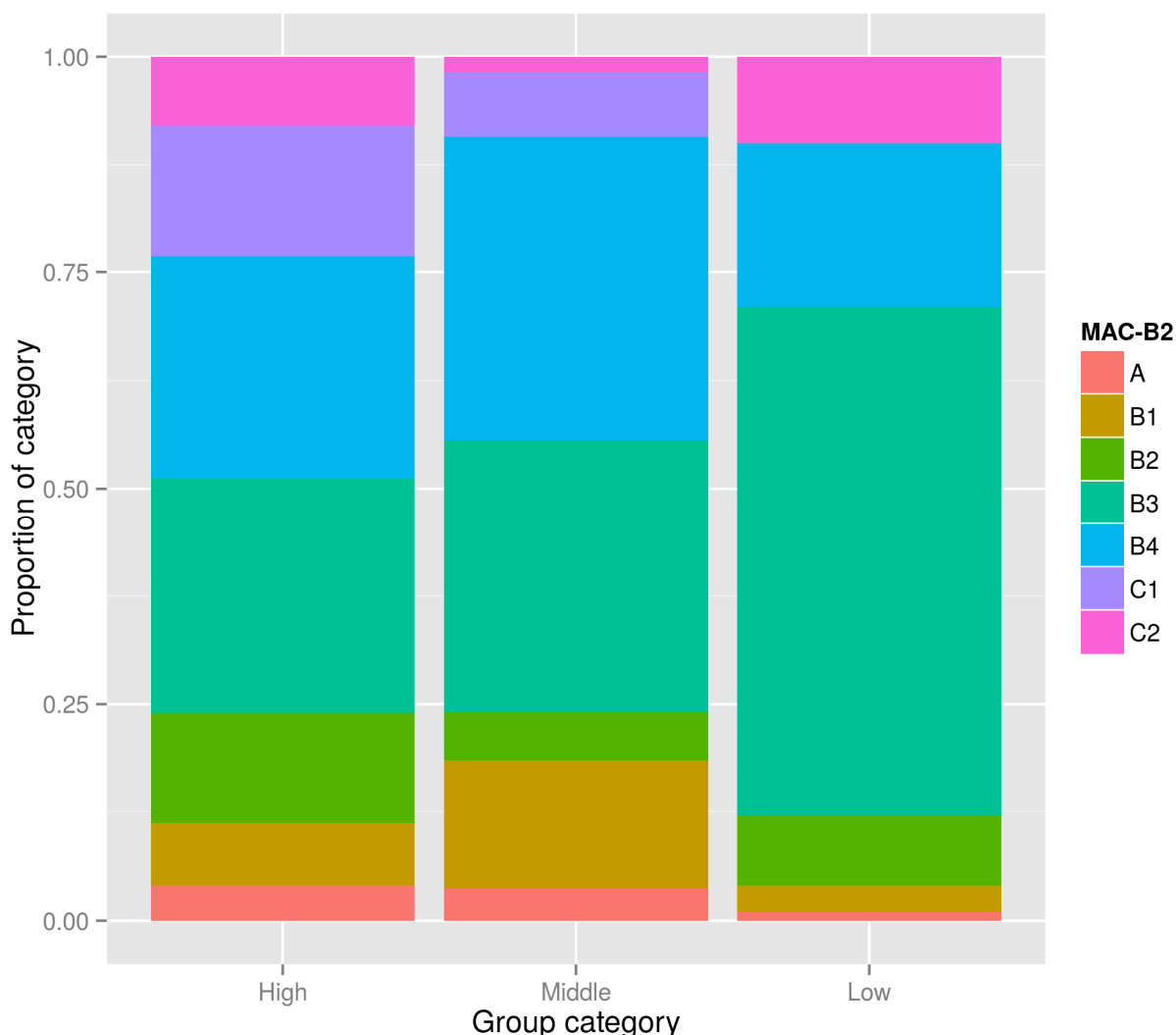


Illustration 5: MAC-B2 rating by detailed municipal category

The relationship between each of the seven municipality types and the three tracks is further summarised in the table below. The table shows, *inter alia*, the extent to which B4 municipalities perform better than B3 municipalities. While 32 of the 70 B4 municipalities (45.7 percent) fall into the High group only 34 of the 110 B3 municipalities (30.9 percent) do so. In this regard B4 municipalities fare just as well as B1 municipalities do – 45 percent of both categories are in the High group. However B1 municipalities are less likely to fall into the Low category than any category other than A and C1. The table also highlights the

poor performance of C2 district municipalities. Ten of the 21 C2 municipalities (47.6 percent) fall into the Low group a performance level. This performance is only better than that of B3 municipalities.

Table 5: Mac-B2 broad audit group by municipality type

	High	Middle	Low	Total
A	5	2	1	8
B1	9	8	3	20
B2	16	3	8	27
B3	34	17	59	110
B4	32	19	19	70
C1	19	4	0	23
C2	10	1	10	21
Total	125	54	100	279

When the past performance of municipalities in each track is examined it is apparent that there has not been incremental improvement in the performance of each. For example, there has been a noticeable improvement since the 2006/6 financial year for Mid track municipalities their performance peaked over the 2010 – 2011 period. After then a smaller proportion of municipalities received unqualified audits.

The illustration below shows the recent and projected performance of each track in obtaining unqualified audits. Past performance is indicated by the solid lines and projections are shown by the dashed lines.

Illustration 6: Historial and projected progress to unqualified audits by performance track.

Past performance and projections by track

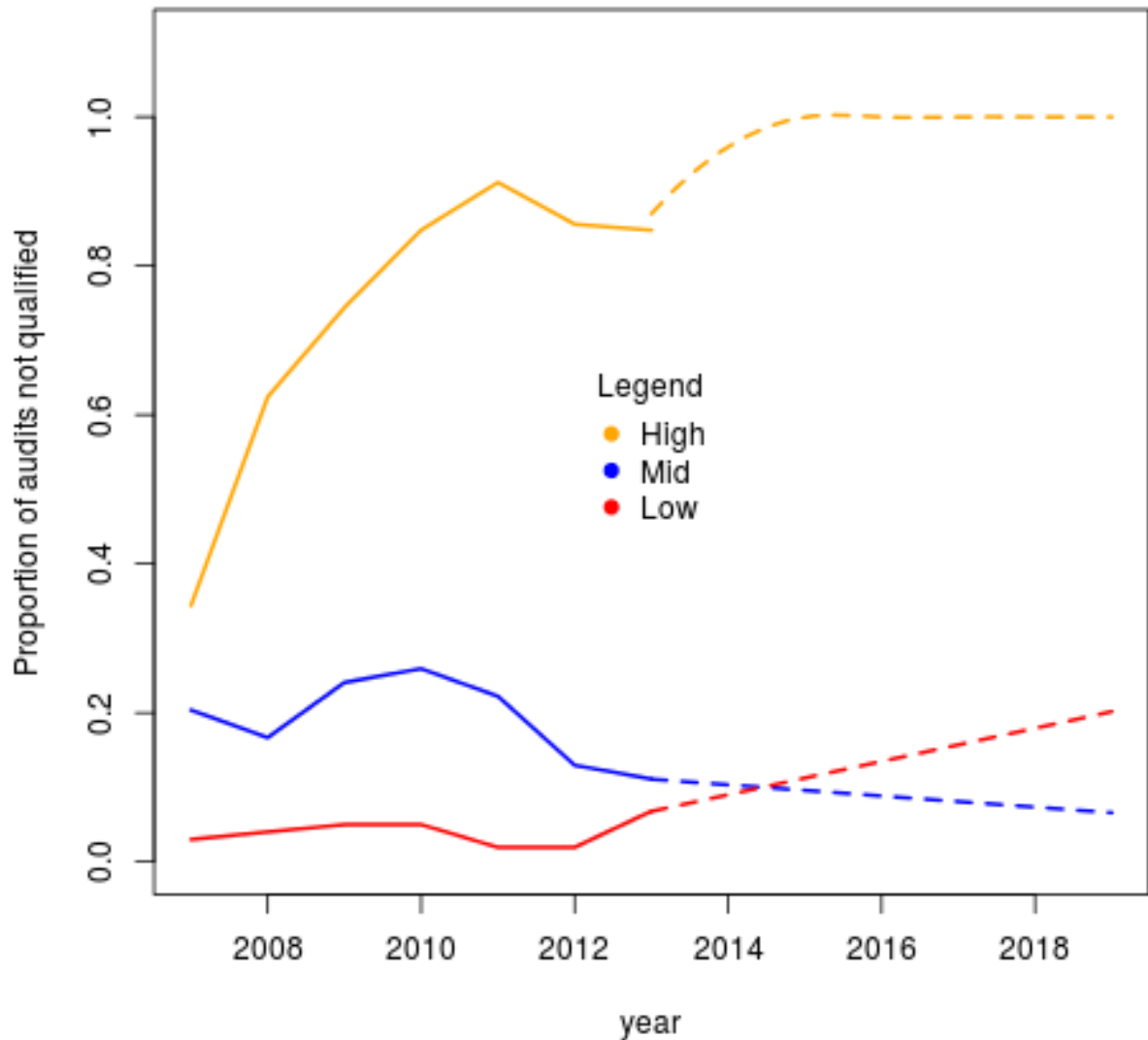


Illustration 7: Historical and projected progress to unqualified audits by performance track.

The disaggregation of municipalities into High, Middle and Low tracks indicates that continued rapid progress to unqualified audits will be increasingly unlikely. This is largely because progress towards unqualified audits has been concentrated in the High track and progress to unqualified audits in the Mid and Low tracks is poor.

In the 2012/13 financial year most (85 percent) High track municipalities obtained clean audits and the desired Outcome Nine objective of 75 percent unqualified audits in 2019 (see below) had already been surpassed. As only one-in-six high track municipalities now

occasionally get qualification of their audits there is limited scope for continued improvement. In fact the current trajectory for the Mid track is negative and a decreasing proportion of these municipalities get unqualified audits each year. Without a turnaround, an increasing proportion of Mid track municipalities will not get unqualified audits.

Although the low track is slowly moving towards unqualified audits very few of these municipalities currently receive unqualified audits and the rate of improvement is gradual. Fortunately, the rate of improvement in the Low track picked up after 2010. If this accelerated rate of improvement is projected forwards the prospects look better. This said, projecting this accelerated rate shows that 75 percent of the low track municipalities will obtain unqualified audits - but only in 2045.

Progress to unqualified audits has largely been on the back of the High track municipalities. Once that track hits 100 percent unqualified audits (as is projected to be the case in a year or two) the current tempo of change will not be sustained. From then, given the declining performance of Mid track municipalities, all progress to unqualified audits rests entirely on the performance of Low track municipalities.

Will the 2019 targets in the MTSF be met?

The updates to the MAC-B rating reflect gradual improvements in audit outcomes, simultaneously incorporating the most recent AG ratings and excluding the oldest, and presumably the worst, ratings. The improvement in the MAC-B2 ratings relative to MAC-B is thus only partly due to better audit outcomes for 2012/13 as a role is also played by the audit outcomes of 2008/9 falling out of the years considered. Despite this the rate of improvement remains modest and it will be some time before clean audits are achieved by all municipalities. Operation Clean Audit (OCA) originally anticipated that all municipalities would obtain clean audits by 2014. That objective was not realised and it has since been surpassed by the more realistic objective set by Outcome 9 of the Medium Term Strategic Framework, which sets out Government's plan over the next five years to implement the National Development Plan. According to that plan the audit objectives of municipalities are that by 2019⁷:

1. less than a quarter of municipalities will obtain qualified audits
2. no municipality will obtain adverse opinions or disclaimers
3. 75 percent of municipalities will obtain unqualified audits.

7 Outcome 9 of the "National Development Plan 2030 vision and trajectory" <http://www.thepresidency-dpme.gov.za/news/Pages/Outcome-9-Local-Government-MTSF-Chapter.aspx>

This third objective corresponds to 25 percent or fewer municipalities receiving adverse, disclaimed or qualified opinions or failing to submit the required documentation on time.

These objectives reflect varying degrees of ambition and attainability. Currently about one quarter of municipalities do obtain qualified audits. The first objective has thus already been met. One fifth of municipalities currently receive adverse opinions or disclaimers and the second target is to reduce this proportion to zero. According to the NDP about half of all municipalities currently get qualified audits, and the third objective is to increase this proportion to 75 percent . However if recent trends are projected to 2019 it seems that the third objective will not be met.

In 2012/13 only 43 percent of municipalities received unqualified audits. This figure is lower than the base figure cited in the MTSF (50 percent). Moreover the proportion of unqualified audits is currently at its lowest rate since 2009/10. The current trajectory in unqualified audits is thus negative and the new objective is thus elusive. If a longer term perspective is taken and projections are made on the basis of audit outcome between 2006/7 and 2012/13 a more optimistic picture emerges. This is because the rate of improvement in audits outcomes has been better over the medium term. Projections of performance after 2006/7 show that 70 percent of municipalities will get unqualified audits before the 2019/20 financial year, short of the third NDP target of 75 percent receiving unqualified audits (or 25 percent or less getting qualified or worse outcomes).

Illustration 5: Comparing MTSF audit targets, current trends, and 100 clean audits

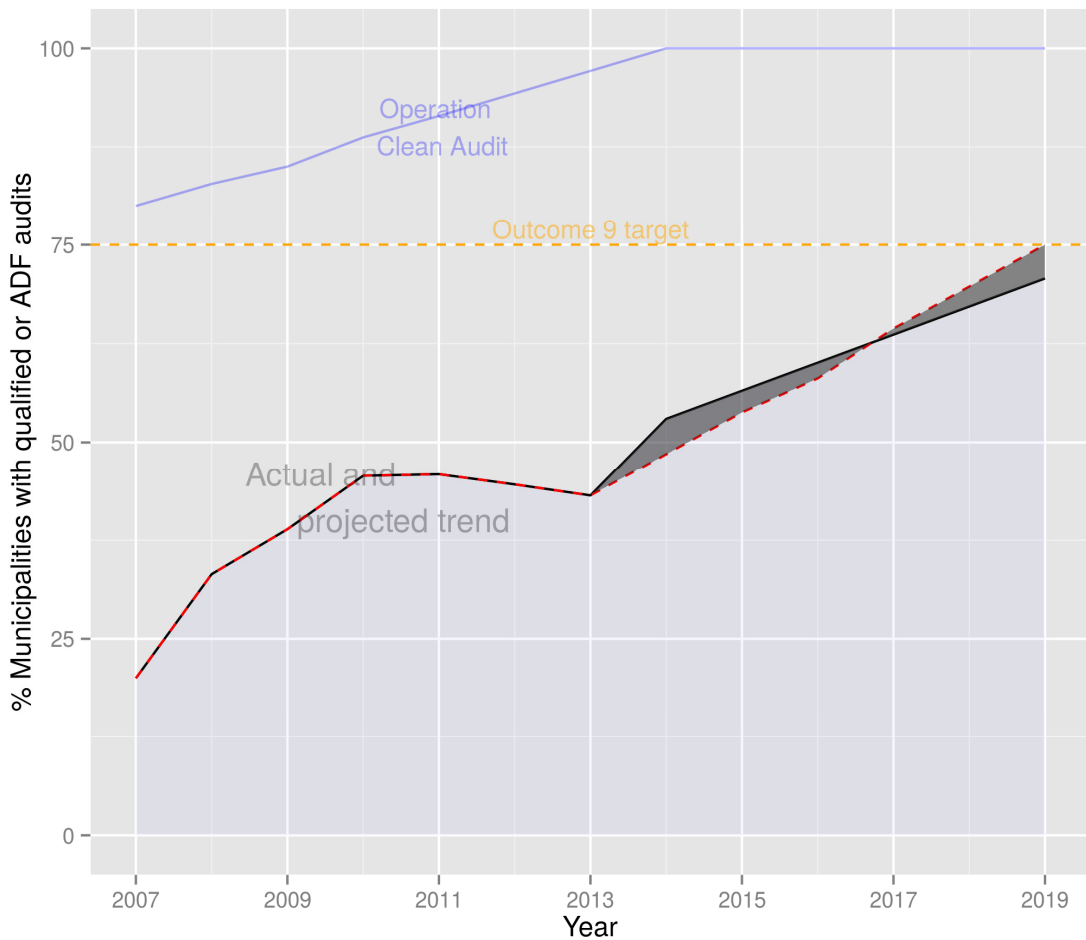


Illustration 5: Audit trends, OCA, and outcome 9 objectives.

The illustration contrasts the projections of the post 2006/7 period against what is required if the third target is to be met. The projected improvements are shown by the solid line (and the blue area) while the required rate is illustrated by the dashed red line. The projections are based on a simple extrapolation of the medium term trend i.e. since 2006/7.

The illustration shows three trends in audit outcomes. The top blue line shows the original Operation Clean Audit objective – 100 percent compliance by 2014. This line is well beyond the observed rate, was not attained in 2014, and will not be attained in 2019. The observed rate is represented by the black line starting near the lower left corner. This is the actual trend in unqualified audits for the period 2007 to 2013. At that point in time two diverging trends are shown. The first (the continuation of the black line) shows a simple extrapolation of post 2006 trends. The extrapolation concludes with 70 percent unqualified

audits in 2019. The second diverging trend (the dashed line) shows the rate required if the Outcome 9 target of 75 percent of municipalities getting unqualified audits by 2019 is to be achieved. That line terminates with 75 percent of unqualified audits in 2019. The differences between the two lines are shaded.

Initially the extrapolation of the current trend exceeds the rate required for the Outcome 9 objective to be met. However, in 2017 the required rate outstrips the extrapolation, resulting in a 5 percent shortfall in the Outcome 9 objective. In short - at the current rate of improvement the Outcome 9 target will not be met. However it seems that the failure to meet the target is less the product of the rate of improvement than it is of a mis-estimation of the current situation. The MTSF targets were based on an estimate that half of all municipalities would get unqualified audits in the base year of 2012/13. A more realistic initial assessment would have resulted in a target of about 68 percent . This is attainable at the current rate of improvement and is below the projected outcome of 70 percent .

Although the MTSF objectives are far more realistic than those of OCA 2014 it seems that further interventions will be required for the targets to be met. COGTA has hinted that these interventions could include lessening the administrative burden that audits impose on smaller municipalities. Minister Gordhan recently called for a review of Generally Accepted Accounting Practice (GRAP) required of all municipalities. GRAP, as the financial reporting system that municipalities have to comply with, is thought *“too onerous and complicated for smaller local councils that don’t have to go to the bond market or banks to raise money”*. Moreover in some municipalities the cost of complying with audit requirements is increasingly being presented as an impediment to service delivery.⁸

Consistently improving audit outcomes is key to enhancing local government resilience. One part of achieving this objective is to ensure that municipalities do not routinely miss the targets set by national government. To achieve the targets enhanced support to municipalities may be as important as ensuring that the appropriate governance regime is established where, for example, poor governance and mismanagement are seen to have consequences. However it is also essential to ensure that targets are reviewed on the basis of actual performance and, if necessary, are adjusted to reflect changing circumstances. Monitoring governance quality and assessing the viability of the targets is the core focus of MLGI's research agenda.

8 T Lund (2014) “Local government: Rules can get in the ways of desired results” *Financial Mail* (7 August 2014), available at <http://www.financialmail.co.za/features/2014/08/07/local-government-rules-can-get-in-the-way-of-desired-results> (viewed 4 September 2014).

Schedule 1: MAC-B ratings for all municipalities according to class

Municipalities: Class A and B1

Type	Municipality	Province	MAC-B2
A	City of Cape Town	Western Cape	Unqualified without findings
A	Ekurhuleni Metro	Gauteng	Unqualified with findings
A	eThekweni Metro	Kwazulu-Natal	Unqualified with findings
A	Nelson Mandela Bay Metro	Eastern Cape	Unqualified with findings
A	City of Tshwane Metro	Gauteng	Unqualified with findings
A	Buffalo City	Eastern Cape	Qualified
A	City of Johannesburg Metro	Gauteng	Qualified
A	Mangaung	Free State	Disclaimer
B1	Steve Tshwete	Mpumalanga	Unqualified without findings
B1	George	Western Cape	Unqualified without findings
B1	Mogale City	Gauteng	Unqualified with findings
B1	uMhlathuze	Kwazulu-Natal	Unqualified with findings
B1	Govan Mbeki	Mpumalanga	Unqualified with findings
B1	Mbombela	Mpumalanga	Unqualified with findings
B1	Tlokwe	North West	Unqualified with findings
B1	Drakenstein	Western Cape	Unqualified with findings
B1	Stellenbosch	Western Cape	Unqualified with findings
B1	Emfuleni	Gauteng	Qualified
B1	Msunduzi	Kwazulu-Natal	Qualified
B1	Newcastle	Kwazulu-Natal	Qualified
B1	Polokwane	Limpopo	Qualified
B1	Emalahleni	Mpumalanga	Qualified
B1	Sol Plaatjie	Northern Cape	Qualified
B1	Rustenburg	North West	Qualified
B1	Matjhabeng	Free State	Disclaimer
B1	City of Matlosana	North West	Disclaimer
B1	Madibeng	North West	Not submitted

Municipalities: Class B2

Type	Municipality	Province	MAC-B2
B2	Midvaal	Gauteng	Unqualified with findings
B2	Westonaria	Gauteng	Unqualified with findings
B2	Merafong City	Gauteng	Unqualified with findings
B2	Umdoni	Kwazulu-Natal	Unqualified with findings
B2	Hibiscus Coast	Kwazulu-Natal	Unqualified with findings
B2	uMngeni	Kwazulu-Natal	Unqualified with findings
B2	Emnambithi/Ladysmith	Kwazulu-Natal	Unqualified with findings
B2	KwaDukuza	Kwazulu-Natal	Unqualified with findings
B2	Greater Kokstad	Kwazulu-Natal	Unqualified with findings
B2	Mogalakwena	Limpopo	Unqualified with findings
B2	Emakhazeni	Mpumalanga	Unqualified with findings
B2	Saldanha Bay	Western Cape	Unqualified with findings
B2	Breede Valley	Western Cape	Unqualified with findings
B2	Overstrand	Western Cape	Unqualified with findings
B2	Mossel Bay	Western Cape	Unqualified with findings
B2	Knysna	Western Cape	Unqualified with findings
B2	Dihlabeng	Free State	Qualified
B2	Randfontein	Gauteng	Qualified
B2	Khara Hais	Northern Cape	Qualified
B2	Makana	Eastern Cape	Disclaimer
B2	Lukanji	Eastern Cape	Disclaimer
B2	King Sabata Dalindyebo	Eastern Cape	Disclaimer
B2	Moqhaka	Free State	Disclaimer
B2	Metsimaholo	Free State	Disclaimer
B2	Msukaligwa	Mpumalanga	Disclaimer
B2	Mafikeng	North West	Disclaimer
B2	Oudtshoorn	Western Cape	Not submitted

Municipalities: Class B3

Type	Municipality	Province	MAC-B2
B3	Swartland	Western Cape	Unqualified without findings
B3	Camdeboo	Eastern Cape	Unqualified with findings
B3	Matatiele	Eastern Cape	Unqualified with findings
B3	Tswelopele	Free State	Unqualified with findings
B3	Nketoana	Free State	Unqualified with findings
B3	Lesedi	Gauteng	Unqualified with findings
B3	uMuziwabantu	Kwazulu-Natal	Unqualified with findings
B3	Mpofana	Kwazulu-Natal	Unqualified with findings
B3	Mkhambathini	Kwazulu-Natal	Unqualified with findings
B3	Umtshezi	Kwazulu-Natal	Unqualified with findings
B3	Endumeni	Kwazulu-Natal	Unqualified with findings
B3	Umvoti	Kwazulu-Natal	Unqualified with findings
B3	eMadlangeni	Kwazulu-Natal	Unqualified with findings
B3	Abaqulusi	Kwazulu-Natal	Unqualified with findings
B3	The Big 5 False Bay	Kwazulu-Natal	Unqualified with findings
B3	Mtubatuba	Kwazulu-Natal	Unqualified with findings
B3	Mthonjaneni	Kwazulu-Natal	Unqualified with findings
B3	KwaSani	Kwazulu-Natal	Unqualified with findings
B3	Richtersveld	Northern Cape	Unqualified with findings
B3	Khâi-Ma	Northern Cape	Unqualified with findings
B3	Umsobomvu	Northern Cape	Unqualified with findings
B3	Kareeberg	Northern Cape	Unqualified with findings
B3	Matzikama	Western Cape	Unqualified with findings
B3	Cederberg	Western Cape	Unqualified with findings
B3	Bergrivier	Western Cape	Unqualified with findings
B3	Witzenberg	Western Cape	Unqualified with findings
B3	Langeberg	Western Cape	Unqualified with findings
B3	Theewaterskloof	Western Cape	Unqualified with findings
B3	Cape Agulhas	Western Cape	Unqualified with findings
B3	Hessequa	Western Cape	Unqualified with findings
B3	Bitou	Western Cape	Unqualified with findings
B3	Laingsburg	Western Cape	Unqualified with findings
B3	Prince Albert	Western Cape	Unqualified with findings
B3	Beaufort West	Western Cape	Unqualified with findings
B3	Blue Crane Route	Eastern Cape	Qualified
B3	Ndlambe	Eastern Cape	Qualified
B3	Amahlathi	Eastern Cape	Qualified
B3	Nkonkobe	Eastern Cape	Qualified
B3	Inxuba Yethemba	Eastern Cape	Qualified
B3	Tsolwana	Eastern Cape	Qualified
B3	Sakhisizwe	Eastern Cape	Qualified
B3	Maletswai	Eastern Cape	Qualified
B3	Gariep	Eastern Cape	Qualified
B3	Musina	Limpopo	Qualified
B3	Lephalale	Limpopo	Qualified
B3	Mookgopong	Limpopo	Qualified
B3	Bela-Bela	Limpopo	Qualified
B3	Delmas	Mpumalanga	Qualified
B3	Umjindi	Mpumalanga	Qualified
B3	Hantam	Northern Cape	Qualified
B3	Gamagara	Northern Cape	Qualified
B3	Ikwezi	Eastern Cape	Disclaimer
B3	Sunday's River Valley	Eastern Cape	Disclaimer
B3	Baviaans	Eastern Cape	Disclaimer

Municipalities: Class B3 (continued)

Type	Municipality	Province	MAC-B2
B3	Kou-Kamma	Eastern Cape	Disclaimer
B3	Great Kei	Eastern Cape	Disclaimer
B3	Nxuba	Eastern Cape	Disclaimer
B3	Inkwanca	Eastern Cape	Disclaimer
B3	Letsemeng	Free State	Disclaimer
B3	Kopanong	Free State	Disclaimer
B3	Mohokare	Free State	Disclaimer
B3	Naledi	Free State	Disclaimer
B3	Naledi	Free State	Disclaimer
B3	Masilonyana	Free State	Disclaimer
B3	Maluti a Phofung	Free State	Disclaimer
B3	Phumelela	Free State	Disclaimer
B3	Mantsopa	Free State	Disclaimer
B3	Ngwathe	Free State	Disclaimer
B3	Mafube	Free State	Disclaimer
B3	eDumbe	Kwazulu-Natal	Disclaimer
B3	Ba-Phalaborwa	Limpopo	Disclaimer
B3	Thabazimbi	Limpopo	Disclaimer
B3	Pixley Ka Seme	Mpumalanga	Disclaimer
B3	Lekwa	Mpumalanga	Disclaimer
B3	Dipaleseng	Mpumalanga	Disclaimer
B3	Thaba Chweu	Mpumalanga	Disclaimer
B3	Nama Khoi	Northern Cape	Disclaimer
B3	Kamiesberg	Northern Cape	Disclaimer
B3	Ubuntu	Northern Cape	Disclaimer
B3	Emthanjeni	Northern Cape	Disclaimer
B3	Thembelihle	Northern Cape	Disclaimer
B3	Siyathemba	Northern Cape	Disclaimer
B3	Siyancuma	Northern Cape	Disclaimer
B3	Mier	Northern Cape	Disclaimer
B3	!Kheis	Northern Cape	Disclaimer
B3	Dikgatlong	Northern Cape	Disclaimer
B3	Magareng	Northern Cape	Disclaimer
B3	Phokwane	Northern Cape	Disclaimer
B3	Ga-Segonyana	Northern Cape	Disclaimer
B3	Tswaing	North West	Disclaimer
B3	Ramotshere Moiloa	North West	Disclaimer
B3	Lekwa-Teemane	North West	Disclaimer
B3	Ventersdorp	North West	Disclaimer
B3	Maquassi Hills	North West	Disclaimer
B3	Modimolle	Limpopo	Adverse
B3	Kouga	Eastern Cape	Not submitted
B3	Tokologo	Free State	Not submitted
B3	Nala	Free State	Not submitted
B3	Setsoto	Free State	Not submitted
B3	Mkhondo	Mpumalanga	Not submitted
B3	Karoo Hoogland	Northern Cape	Not submitted
B3	Renosterberg	Northern Cape	Not submitted
B3	Kai !Garib	Northern Cape	Not submitted
B3	Tsantsabane	Northern Cape	Not submitted
B3	Kgatelopele	Northern Cape	Not submitted
B3	Kgetlengrivier	North West	Not submitted
B3	Ditsobotla	North West	Not submitted
B3	Mamusa	North West	Not submitted
B3	Kagisano-Molopo	North West	Not submitted
B3	Swellendam	Western Cape	Not submitted
B3	Kannaland	Western Cape	Not submitted

Municipalities: Class B4

Type	Municipality	Province	MAC-B2
B4	Elundini	Eastern Cape	Unqualified with findings
B4	Senqu	Eastern Cape	Unqualified with findings
B4	Ngquza Hill	Eastern Cape	Unqualified with findings
B4	Umzimvubu	Eastern Cape	Unqualified with findings
B4	Vulamehlo	Kwazulu-Natal	Unqualified with findings
B4	Umzumbe	Kwazulu-Natal	Unqualified with findings
B4	Ezingoleni	Kwazulu-Natal	Unqualified with findings
B4	uMshwathi	Kwazulu-Natal	Unqualified with findings
B4	Impendle	Kwazulu-Natal	Unqualified with findings
B4	Richmond	Kwazulu-Natal	Unqualified with findings
B4	Okhahlamba	Kwazulu-Natal	Unqualified with findings
B4	Imbabazane	Kwazulu-Natal	Unqualified with findings
B4	Nqutu	Kwazulu-Natal	Unqualified with findings
B4	Msinga	Kwazulu-Natal	Unqualified with findings
B4	Dannhauser	Kwazulu-Natal	Unqualified with findings
B4	uPhongolo	Kwazulu-Natal	Unqualified with findings
B4	Nongoma	Kwazulu-Natal	Unqualified with findings
B4	Ulundi	Kwazulu-Natal	Unqualified with findings
B4	Umhlabuyalingana	Kwazulu-Natal	Unqualified with findings
B4	Jozini	Kwazulu-Natal	Unqualified with findings
B4	Mbonambi	Kwazulu-Natal	Unqualified with findings
B4	Ntambanana	Kwazulu-Natal	Unqualified with findings
B4	uMlalazi	Kwazulu-Natal	Unqualified with findings
B4	Nkandla	Kwazulu-Natal	Unqualified with findings
B4	Mandeni	Kwazulu-Natal	Unqualified with findings
B4	Ndwedwe	Kwazulu-Natal	Unqualified with findings
B4	Maphumulo	Kwazulu-Natal	Unqualified with findings
B4	Ingwe	Kwazulu-Natal	Unqualified with findings
B4	Ubuhlebezwe	Kwazulu-Natal	Unqualified with findings
B4	Umzimkhulu	Kwazulu-Natal	Unqualified with findings
B4	Bushbuckridge	Mpumalanga	Unqualified with findings
B4	Ratlou	North West	Unqualified with findings

Municipalities: Class B4 (continued)

Type	Municipality	Province	MAC-B2
B4	Mbhashe	Eastern Cape	Qualified
B4	Mnquma	Eastern Cape	Qualified
B4	Port St Johns	Eastern Cape	Qualified
B4	Nyandeni	Eastern Cape	Qualified
B4	Mhlontlo	Eastern Cape	Qualified
B4	Ntabankulu	Eastern Cape	Qualified
B4	Hlabisa	Kwazulu-Natal	Qualified
B4	Greater Letaba	Limpopo	Qualified
B4	Greater Tzaneen	Limpopo	Qualified
B4	Maruleng	Limpopo	Qualified
B4	Thulamela	Limpopo	Qualified
B4	Ephraim Mogale	Limpopo	Qualified
B4	Fetakgomo	Limpopo	Qualified
B4	Greater Tubatse	Limpopo	Qualified
B4	Emalahleni	Mpumalanga	Qualified
B4	Thembisile Hani	Mpumalanga	Qualified
B4	Dr JS Moroka	Mpumalanga	Qualified
B4	Nkomazi	Mpumalanga	Qualified
B4	Ngqushwa	Eastern Cape	Disclaimer
B4	Intsika Yethu	Eastern Cape	Disclaimer
B4	Engcobo	Eastern Cape	Disclaimer
B4	Mbizana	Eastern Cape	Disclaimer
B4	Indaka	Kwazulu-Natal	Disclaimer
B4	Greater Giyani	Limpopo	Disclaimer
B4	Mutale	Limpopo	Disclaimer
B4	Makhado	Limpopo	Disclaimer
B4	Blouberg	Limpopo	Disclaimer
B4	Aganang	Limpopo	Disclaimer
B4	Molemole	Limpopo	Disclaimer
B4	Lepele-Nkumpi	Limpopo	Disclaimer
B4	Elias Motsoaledi	Limpopo	Disclaimer
B4	Makhuduthamaga	Limpopo	Disclaimer
B4	Greater Taung	North West	Disclaimer
B4	Albert Luthuli	Mpumalanga	Not submitted
B4	Joe Morolong	Northern Cape	Not submitted
B4	Moretele	North West	Not submitted
B4	Moses Kotane	North West	Not submitted

District Municipalities

Type	Municipality	Province	MAC-B2
C1	West Coast	Western Cape	Unqualified without findings
C1	Ehlanzeni	Mpumalanga	Unqualified without findings
C1	Cacadu	Eastern Cape	Unqualified with findings
C1	Lejweleputswa	Free State	Unqualified with findings
C1	Thabo Mofutsanyane	Free State	Unqualified with findings
C1	Cape Winelands	Western Cape	Unqualified with findings
C1	Fezile	Free State	Unqualified with findings
C1	Overberg	Western Cape	Unqualified with findings
C1	Gert Sibande	Mpumalanga	Unqualified with findings
C1	Nkangala	Mpumalanga	Unqualified with findings
C1	Waterberg	Limpopo	Unqualified with findings
C1	Bojanala	North West	Unqualified with findings
C1	Eden	Western Cape	Unqualified with findings
C1	Sedibeng	Gauteng	Unqualified with findings
C1	West Rand	Gauteng	Unqualified with findings
C1	Central Karoo	Western Cape	Unqualified with findings
C1	Namakwa	Northern Cape	Unqualified with findings
C1	Siyanda	Northern Cape	Unqualified with findings
C1	Frances Baard	Northern Cape	Unqualified with findings
C1	Xhariep	Free State	Qualified
C1	Dr Kenneth Kaunda	North West	Qualified
C1	John Taolo Gaetsewe	Northern Cape	Qualified
C1	Pixley ka Seme	Northern Cape	Qualified
C2	Amathole District Municipality	Eastern Cape	Unqualified with findings
C2	Ukhahlamba	Eastern Cape	Unqualified with findings
C2	Ugu	Kwazulu-Natal	Unqualified with findings
C2	uMgungundlovu	Kwazulu-Natal	Unqualified with findings
C2	uMzinyathi	Kwazulu-Natal	Unqualified with findings
C2	Amajuba	Kwazulu-Natal	Unqualified with findings
C2	Zululand	Kwazulu-Natal	Unqualified with findings
C2	uThungulu	Kwazulu-Natal	Unqualified with findings
C2	iLembe	Kwazulu-Natal	Unqualified with findings
C2	Sisonke	Kwazulu-Natal	Unqualified with findings
C2	Capricorn	Limpopo	Qualified
C2	Chris Hani	Eastern Cape	Disclaimer
C2	OR Tambo	Eastern Cape	Disclaimer
C2	uThukela	Kwazulu-Natal	Disclaimer
C2	uMkhanyakude	Kwazulu-Natal	Disclaimer
C2	Vhembe	Limpopo	Disclaimer
C2	Alfred Nzo	Eastern Cape	Disclaimer
C2	Sekhukhune	Limpopo	Disclaimer
C2	Mopani	Limpopo	Not submitted
C2	Ngaka Modiri Molema	North West	Not submitted
C2	Dr Ruth Segomotsi Mompati	North West	Not submitted