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## **AN OVERVIEW OF SPECIFIED MUNICIPALITIES UNDER REPEAT INTERVENTION**

### **1. INTRODUCTION**

This paper provides an overview of specified municipalities under repeat intervention in the different provinces constituting the Republic of South Africa. It is common knowledge that the local government sector continues to be in deep crisis with many dysfunctions, which prohibits it from delivering services in a sustainable manner.

In every financial year, the Auditor-General reports a series of challenges facing the functionality of local governments. The root causes underlying challenges so cited include, but are not limited to:

- Lack of commitment at the local administrative and political leadership levels.
- Lack of decisive leadership in municipal governance and issues of accountability.
- Poor financial management due to lack of expertise and skills in local government finance.
- Rising irregular, wasteful, fruitless and unauthorised expenditure.
- Lack of or weak accountability in local government.
- Weak oversight of local government performance.
- Dysfunctional municipal oversight structures, for example, continuing irregularities in the presence of Internal Audit Units and Council Committees.
- Weak management and control environment.
- Weaknesses in supply chain management.
- Poor risk management.
- Over-reliance on consultants and rising costs of outsourcing municipal functions and mandate.
- Unstable municipal environment that prohibits service delivery implementation to service the needs of local communities.
- Corruption in local government.
- Financial misstatements.
- Poor revenue and expenditure management, revenue and debt collection, inability to spend allocated infrastructure grants.
- Use of grant funding to pay for the rising and huge municipal salary and wage bills.<sup>1</sup>

**NB Some municipalities have a low revenue base. Despite this, they pay their senior management exceedingly high salaries to the extent of lack of affordability. In some municipalities, total revenue receivable is far less than monthly expenditure incurred on salaries and wages.**

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<sup>1</sup> Makwetu, (2020).



Amid these challenges, poor support to local government and the deteriorating state of performance and compliance has culminated in some municipalities being placed under intervention by provinces in terms of section 139(1)(b) of the Constitution, a process that has not always yielded the envisaged outcomes, resulting in repeat interventions.

Section 139(1)(b) of the Constitution states that: “Whenever a municipality cannot or does not fulfil an executive obligation in terms of legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation, including assuming responsibility for the relevant obligation in that municipality to the extent necessary to:

- Maintain essential national standards or meet established minimum standards for the rendering of a service.
- Prevent that Municipal Council from taking unreasonable action that is prejudicial to the interests of another municipality or to the province as a whole.
- Maintain economic unity.”<sup>2</sup>

Section 139(2)(a) requires written notice of an intervention in terms of section 139(1)(b) to be given to the Minister of Cooperative Governance and Traditional Affairs, as well as the relevant provincial legislature and the National Council of Provinces (NCOP), within 14 days after the intervention began.

Section 139(2)(b) further states that an intervention in terms of section 139(1)(b) must end if:

- The Minister of Cooperative Governance and Traditional Affairs disapproves the intervention within 28 days after it began or if the Minister does not approve it within 28 days.
- The NCOP disapproves the intervention within 180 days after it began or if the NCOP has not approved it within 180 days.

Finally, section 139(2)(c) requires the NCOP to review an intervention regularly with a view to making any appropriate recommendations to the provincial executive.<sup>3</sup>

## **2. CONTEXTUAL BACKGROUND**

The Provincial Executive Councils of the various Provincial Administrations, in responding to the challenges facing municipalities, as well as the recommendations of the MECs responsible for local government, invoke Section 139(1)(b) of the Constitution in efforts to improve municipal performance and governance. In most cases, provinces proceed to invoke the provisions of Section 139 of the Constitution without exhausting the essential and obligatory municipal support measures enshrined in Section 154(1) of the Constitution. Section 154(1) of

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<sup>2</sup> Constitution, (1996).

<sup>3</sup> Ibid.



the Constitution stipulates that the national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.<sup>4</sup>

However, in municipalities where Section 154(1) of the Constitution has been complied with, its manner of implementation is mostly generic and does not necessarily address and resolve endemic municipal performance and compliance problems at hand. Accordingly, it does not yield the desired result in most provinces. This is mainly due to a lack or absence of pro-active and consistent national and provincial programmes of support to municipalities as a standard best practice. In such instances, municipal support provided is inappropriate, reactive and lasts only for the duration of the period of deployment of staff responsible to execute the support functions. Moreover, support provided is often generic and not targeted towards addressing specific problems at hand. Part of this challenge results from the inherent lack of capacity, skills and expertise of the deployed municipal support staff.

Intervention by a provincial executive into the affairs of a municipality in terms of section 139(1)(b) of the Constitution was intended to be a remedial measure of last resort, requiring provinces to demonstrate that they have exhausted all available measures to support municipalities to improve their performance before embarking on such intervention. However, in most cases, the provisions of Section 139 of the Constitution are invoked without a demonstrable portfolio of evidence of support rendered.

Consequently, the NCOP is inundated with growing calls and notices of Section 139(1)(b) interventions, which fail to resolve the problems at hand. For this reason, a number of municipalities in some provinces have faced repeat interventions. Whilst there are some common problems associated with the endemic local government challenges across provinces, some municipalities have unique problems specific to their internal governance structures, which exerts a particular kind of pressure on the administrative arm. Sometimes reasons for Section 139 intervention is not necessarily administrative but relate to issues of governance at the political level.

Thus, whilst administrative support to a municipality during intervention may succeed to address purely administrative challenges, internal municipal, party and intra-party politics may render intervention dysfunctional. In some instances, instability in the internal political environment in municipalities may lead to the blurring of lines between the administration and politics and may also cause divisions among senior management along party lines. In such circumstances, the state of municipal performance and compliance deteriorates to the extent that it necessitates a repeat intervention.

Party political differences sometimes culminate in intervention or repeat intervention in a municipality. For example, after the 2016 local government elections, some parties did not enjoy outright majority, resulting in coalitions or hung municipalities, which ultimately required

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<sup>4</sup> Constitution, (2020).



intervention. A case in point is the Nquthu Local Municipality in KwaZulu-Natal (KZN) where there was a coalition government. The intervention did not yield the desired outcome and infighting across party lines grounded the municipality to a halt. A repeat intervention that resulted in the ultimate dissolution of the Municipal Council was invoked. This meant that the municipality had to embark on a new election of the entire Council. The result of those fresh elections led to an outright majority where one party is currently a governing party in this municipality. Further examples are Mpofana Local Municipality in KZN and Enoch Mgijima Local Municipality in the Eastern Cape, both of whom have in the recent past deteriorated in their state of governance to the extent that repeat intervention was necessary, as in both instances the initial intervention failed to yield the pre-determined outcomes. In both municipalities, there is one majority party leading and governing.

### **3. REASONS FOR REPEAT INTERVENTIONS IN MUNICIPALITIES**

Many reasons or situations may necessitate a repeat intervention in a municipality. Whilst this paper highlights some of these problems, broadly, municipal dysfunctions necessitating a repeat intervention are not limited to the ones reflected herein. What happens during post-intervention is crucial for improved municipal performance and state of compliance.

During intervention, a province draws up a Terms of Reference (the ToRs) to identify key focal areas towards a desirable municipal turn-around for prioritisation. Notwithstanding the approved ToR, a municipality often ends up producing generic reports, which do not speak to the approved ToR. Such report, no matter how good performance may be, remains fallacious if it does not target the problems defined as the main reasons for intervention.

Furthermore, deployed staff during any intervention should be clearly skilled and endowed with capacity to deliver and address practical administrative, technical and human resource related problems whilst their disposition towards all stakeholders and local structures, including organised labour, is key towards the success of an intervention. This is essential to enable collective ownership of problems and solutions, working together co-operatively. However, an appointed Administrator may not necessarily be competent across all functional units in a municipality and will thus not be in a position to single-handedly address all problem areas as highlighted in the approved ToRs. It behoves provinces to engage Administrators of proven record of accomplishment of good performance to enable sustainable municipal turn-around up to the post intervention period.

Moreover, an appointed Administrator, including any team of assembled, qualified personnel, may not succeed to address local party political problems affecting the functioning of a municipality. Administrators should only focus on purely administrative problems and not engage in local politics manifesting in local government dysfunctions. However, they must report any identified political-related problems to the politicians for speedy resolution.

Most interventions fail because problems affecting the functionality of a municipality are purely political and not administrative in nature. Sometimes challenges are skills-related and the



municipality does not have appropriately skilled and capacitated staff in senior and operational positions, especially in key skills areas due to the nature and decisions regarding the quality of staff recruited, employed or deployed. Skills problems require skilled people to implement change during intervention, whilst a stable, municipal political environment is necessary for the achievement of the desired performance outcomes. Political will is required to address challenges of a political nature. This entails committed leadership that is decisive. During intervention, it behoves the Municipal Council to rise above their internal, municipal party political differences if the intervention is to yield the desired results.

A municipality under intervention must produce monthly or quarterly performance reports for tabling in a Council meeting. It is during this period that the Council assesses achievement of results expected, using the approved ToR as a baseline, oversight document and tracking of good or poor performance. If not achieved, a municipality may face repeat intervention.

In some instances, oversight over municipal performance is weak, to the extent that there is no exit report that justifies termination of the intervention. This happens in situations where performance is not monitored and evaluated to ensure the achievement of pre-determined turn-around objectives. This further deprives the Council of an opportunity for early detection of limitations and shortcomings. A Municipal Council should not wait until the intervention elapses. Every Council where there is an intervention should be equipped with the requisite baseline information to justify the need for an end or termination of intervention.

In situations where there is a proven record of accomplishment of improved performance during the period of intervention, post-intervention performance remains equally crucial to sustain continued performance improvement. In most cases, good work ceases to exist upon termination of intervention partly due to lack of commitment to do the work or due to lack of internally skilled staff to execute work beyond intervention.

At regular intervals during intervention, it is essential to keep the NCOP abreast of municipal performance improvement through authentic reports. When this is done, the NCOP proceeds to conduct in loco verification oversight of performance in a municipality to make an informed decision around approval or termination of an intervention. Based on the termination report, the responsible Select Committee prepares a report and statement to the NCOP with recommendations. When provinces fail to adhere to this procedural practice, the whole intervention ceases to undergo thorough performance oversight scrutiny.

In some instances, a Provincial Executive Council (PEC) may argue or conclude that an earlier intervention has failed to yield a positive impact on the administration and delivery of services in the municipality. Consequently, it may further assert that the administrative problems affecting the functionality of a municipality necessitate a repeat intervention.

It is crucial to remember that intervention in terms of Section 139(1)(b) is the mandate of the Provincial Executive Council. Therefore, it is a provincial intervention and not a departmental one. A department is only responsible to provide hands-on support to municipalities in a



province on behalf of the provincial government. Failure of a municipality to the extent necessitating intervention as defined under section 139 of the Constitution means that the whole province, led by the PEC and chaired by the Premier, is responsible for the overall turn-around in a municipality. This means the Premier of a province essentially should preside over matters of such provincial intervention in a municipality, to the extent necessary to call upon all sector state organs in a province to report how they propose to contribute towards a sustainable provincial intervention in a municipality. As such, any team assembled should become accountable to the PEC headed by the Premier, if interventions are to succeed.

For interventions to achieve its intended outcomes, an integrated provincial team working together is required instead of a single agent. A case in point is the Amahlathi Local Municipality in the Eastern Cape where, towards the end of the Fifth Parliament, municipal employee service delivery protests that included some local youth, culminated in the complete destruction of a municipal clinic servicing local area primary health care needs. The Province invoked Section 139(1)(b) of the Constitution and appointed an Administrator to implement a turn-around strategy. The period of intervention elapsed without yielding any note-worthy success in that the municipal clinic remains a charred building. As primary health care is the main mandate of the Department of Health, it flows logically that both the Department and the municipality have a shared responsibility in ensuring the functioning of the clinic for the common good of the local community. Re-building this clinic requires the active participation of the Eastern Cape Department of Health. Any attempt by the municipality to do so alone is not advisable, given the realities of Integrated Development Planning (IDP), the need to adhere to the principles of co-operative government and inter-governmental relations by the distinctive but inter-related and inter-dependent spheres of government.

In summary, it would be safe to conclude that, ultimately, repeat interventions are an outcome of lack of compliance with the requirements of co-operative government and inter-governmental relations as defined in the Constitution. It also results from a failure to embrace the centrality of the IDP approach, as defined in the Local Government Municipal Systems Act, 2000 (Act No.32 of 2000).<sup>5</sup> A co-operative government approach during municipal intervention is required not only to achieve sustainability but also integration, synergy, functional co-ordination and collaboration in the implementation of an approved, overall provincial turn-around plan in a dysfunctional municipality. Furthermore, an implementation report is necessary to record work performance and achievement of pre-determined objectives relating to identified challenges, as well as tracking performance whilst reflecting on remaining challenges. This means as the period of intervention progresses towards the end of the specified timeframe, there is reported incremental improvement of the old status quo. This enables smooth termination of intervention, knowing achievements were realised. An exit strategy or plan is also necessary to determine in advance how termination of intervention and exit should be implemented and managed. Thus, a post-intervention implementation plan is essential to ensure continuity and to prevent recurrence of the same problems, which often lead to repeat intervention in local governments.

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<sup>5</sup> Systems Act, (2000).



## 4. SERVICE DELIVERY AND FINANCIAL CHALLENGES IN SPECIFIED MUNICIPALITIES UNDER REPEAT INTERVENTION

### 4.1 Eastern Cape

The Eastern Cape Province consists of six district municipalities and 31 local municipalities<sup>6</sup>. The **Makana LM** is one of seven municipalities in the Sarah Baartman District. The Municipality covers an area of 4 376 km<sup>2</sup> and includes the towns of Alicedale, Makhanda (Grahamstown), Riebeeck East and Sidbury. The main economic sectors in the Municipality are government, trade, finance and business services, manufacturing, agriculture, transport and communication and construction. Table 1 below outlines the service delivery and financial challenges of the Makana LM.

Table 1: Eastern Cape service delivery and financial challenges

Municipality	Service Delivery Challenges	Financial Challenges
Makana Local Municipality	Water, sanitation, refuse collection, roads & streets, ageing and poorly maintained infrastructure, housing, electricity, inability to spend infrastructure grants, funding, improper use of financial resources, disagreements over goals and priorities, power politics.	Irregular expenditure remains high at R57.5 million in 2018/19. Although unauthorised expenditure has reduced from R104.9 million in 2017/18 to R84.3 million in 2018/19, this is significant. Fruitless and wasteful expenditure has been increasing for the past 3 years. It has grown from R6.6million in 2016/17 to R12.8 million in 2018/19.

### 4.2 Free State

Free State Province consists of four district municipalities and 18 local municipalities<sup>7</sup>. The NCOP will focus on the following two municipalities during Provincial Week: The **Maluti-A-Phofung Local Municipality (LM)** is one of six municipalities in the Thabo Mofutsanyana District. The municipality covers an area of 4 338 km<sup>2</sup> and includes the towns of Harrismith, Kestell and Phuthaditjhaba. The main economic sectors in the municipality are social services / government and agriculture.

The **Metsimaholo (LM)** is one of four municipalities in the Fezile Dabi District. The municipality covers an area of 1 717 km<sup>2</sup> and includes the towns of Deneysville, Kragbron, Oranjeville and Sasolburg. The main economic sectors in the municipality are manufacturing, retail and community

<sup>6</sup> www.municipalities.co.za

<sup>7</sup> www.municipalities.co.za



services. Table 2 below outlines the financial challenges of the Maluti-A-Phofung LM and Metsimaholo LM.

Table 2: Free State municipalities service delivery and financial challenges

Municipality	Service Delivery Challenges	Financial Challenges
Maluti-A-Phofung Local Municipality	Water, sanitation, roads & streets, refuse removal, ageing, poorly maintained infrastructure, housing, electricity, inability to spend infrastructure grants, improper use of financial resources, disagreements over goals and priorities, power politics.	Poor controls for supply chain management in place. Political instability negatively impacts decision making, strategic direction and oversight that is needed to enable effective service delivery in a financially sustainable manner.
Metsimaholo	Water, sanitation, refuse collection, roads & streets, electricity, ageing, poorly maintained infrastructure, housing, failure to spend infrastructure grants, improper use of financial resources, disagreements over goals and priorities, power politics.	Unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure all increased significantly in 2018/19. Unauthorised expenditure amounts to R77.6 million, while irregular expenditure and fruitless and wasteful expenditure amount to R97.5 million and R22.4 million, respectively. Lack of institutionalised internal controls.

### 4.3 Gauteng

The Gauteng province consists of two district municipalities and six local municipalities<sup>8</sup>. The NCOP will focus on the following two municipalities during Provincial Week: The **City of Tshwane Metro** is one of three metropolitan municipalities in the Province. The Municipality covers an area of 6 298 km<sup>2</sup> and includes the towns of Akasia, Atteridgeville, Bronkhorstspuit, Centurion, Cullinan, Ekangala, Ga-Rankuwa, Garsfontein, Hammanskraal, Irene, Kudube, Mabopane, Mamelodi, Pretoria, Pretoria North, Rayton, Refilwe, Roodeplaat, Soshanguve, Temba and Winterveldt. The main economic sectors in the municipality are general government, finance, insurance, real estate and business services, manufacturing, wholesale and retail trade, catering and accommodation, transport, storage and communication, community, social and personal services, construction, electricity, gas and water, mining and quarrying, agriculture, forestry and fishing. The **Emfuleni Local Municipality (LM)** is one of three municipalities in the Sedibeng District. The Municipality covers an area of 966 km<sup>2</sup> and includes the towns of Evaton, Sebokeng, Vaal Oewer, Vanderbijlpark and Vereeniging. The main economic sectors in the municipality are manufacturing, community, finance, trade, transport, construction and electricity. Table 3 below outlines the service delivery and financial challenges of the City of Tshwane Metro and Emfuleni LM.

<sup>8</sup> www.municipalities.co.za





Table 3: Gauteng municipalities service delivery and financial challenges

Municipality	Service Delivery Challenges	Financial Challenges
The City of Tshwane Metro	Housing, Sanitation, water, roads and streets, ageing and poorly maintained infrastructure, improper use of service delivery funds, disagreements over goals and priorities, power politics within the Council.	The Metro has a history of high levels of irregular expenditure incurred due to the non-monitoring of preventative controls and supply-chain management non-compliance. Irregular expenditure amounts to R2.88 billion in 2018/19 <sup>9</sup> . R213.1 million spent on consultancy fees yet audits were still outstanding at the cut-off date of the AG report. Struggles to effectively recover debt. Lack of attention to keeping existing assets safe, which resulted in two material irregularities being reported.
Emfuleni Local Municipality	Housing, sanitation, water, roads & streets, ageing and poorly maintained infrastructure, improper use of funds meant for service delivery, power politics within the Council, disagreements over goals and priorities.	R98.7 million was spent on consultancy fees yet audits were still outstanding at the cut-off date of the AG report. Irregular expenditure amounted to R1.1 billion in 2018/19 owing to failure of complying with supply-chain management regulations. Lack of procurement oversight and failed financial controls. Lack of accountability and consequence management as reflected in failure to investigate irregular expenditure in previous financial year.

Source: Auditor General (2019); Parliament (2020)

<sup>9</sup> Based on unaudited financial statements or audited financial statements completed after the cut-off date of AG report



#### 4.4 KwaZulu-Natal

The KwaZulu-Natal Province consists of 10 district municipalities and 43 local municipalities<sup>10</sup>. The NCOP will focus on the following three municipalities during Provincial Week: The **Umzinyathi District Municipality (DM)** has four local municipalities. The Municipality covers an area of 8 652 km<sup>2</sup> and includes the towns of Dundee, Glencoe, Greytown, Kranskop, Nquthu and Pomeroy. The main economic sectors in the Municipality are community, social and personal services, agriculture, hunting, forestry and fishing, wholesale and retail trade, manufacturing, financial, insurance, real estate and business services, electricity and construction, transport, storage and communication. The **Uthukela District Municipality (DM)** has three local municipalities. The Municipality covers an area of 11 134 km<sup>2</sup> and includes the towns of Bergville, Cathkin Park, Colenso, Estcourt, Ladysmith, Van Reenen, Weenen and Winterton. The main economic sectors in the municipality are manufacturing, wholesale and retail trade, catering and accommodation, finance, insurance, real estate and business services. The **Mpofana Local Municipality (LM)** is one of seven municipalities in the uMgungundlovu District. The municipality covers an area of 1 757 km<sup>2</sup> and includes the towns of Mooi River. The main economic sectors in the municipality are agriculture and tourism. Table 4 below outlines the financial challenges of the Umzinyathi DM, Uthukela DM and Mpofana LM.

Table 4: KwaZulu-Natal municipalities service delivery and financial challenges

Municipality	Service Delivery Challenges	Financial Challenges
Umzinyathi District Municipality	Bulk water, bulk sewerage, sanitation, roads, infrastructure maintenance problems, improper use of financial resources, disagreements over goals and priorities, power politics.	In 2018/19, material findings on non-compliance with laws and regulations relating to uncompetitive or unfair procurement processes, inadequate control management and awards to other state officials were reported for the UMzinyathi DM. Irregular expenditure increased from R16.2 million in 2017/18 to R30.1 million in 2018/19, which translates to an 86% increase- this is largely as a result of poor consequence management, where irregular expenditure does not get investigated. Significant increase in fruitless and wasteful expenditure-it increased from R40 000 in 2017/18 to R70 000 in 2018/19.
Uthukela District Municipality		Struggles with basic financial and performance management processes and a lack of responsiveness to implement and monitor action plans.

<sup>10</sup> [www.municipalities.co.za](http://www.municipalities.co.za)



Municipality		Service Delivery Challenges	Financial Challenges
			High levels of irregular expenditure amounting to R245.56 million, owing to poor preventative controls over supply chain management, continued use of expired contracts and contracts that did not have an end date and competitive bidding processes not being followed. Weaknesses in governance structures prevented effective accountability. Unable to provide administrative, technical and financial support to local municipalities; district finance forums are mostly non-functional.
Mpofana Municipality	Local	Water, sanitation, roads, streets, housing, electricity, refuse collection, inability to spend infrastructure grants, improper use of financial resources, poor funding for service delivery, ageing, poorly maintained infrastructure, disagreements over goals and priorities, power politics.	Findings on non-compliance with laws and regulations relating to uncompetitive or unfair procurement processes and inadequate control management were reported for the Mpofana LM for the 2018/19. Irregular expenditure increased from R16.2 million in 2017/18 to R30.1 million in 2018/19, which translates to an 86% increase. Significant increase in fruitless and wasteful expenditure-it increased from R2.1 million in 2017/18 to R10.3 million in 2018/19.

## 4.5 Limpopo

The Limpopo Province consists of five district municipalities and 22 local municipalities<sup>11</sup>. The NCOP will focus on the following three municipalities during Provincial Week: The **Modimolle-Mookgophong Local Municipality (LM)** is one of five municipalities in the Waterberg District. The Municipality covers an area of 10 367 km<sup>2</sup> and includes the towns of Modimolle, Mookgophong (Naboomspruit) and Vaalwater. The main economic sectors in the Municipality are business services, agriculture, government services and community services. The **Mogalakwena Local Municipality (LM)** is one of five municipalities in the Waterberg District. The Municipality covers an area of 6 156 km<sup>2</sup> and includes the towns of Mokopane (Potgietersrus). The main economic sectors in the Municipality are mining and agriculture. The **Thabazimbi Local Municipality (LM)** is one of

<sup>11</sup> [www.municipalities.co.za](http://www.municipalities.co.za)



five municipalities in the Waterberg District. The Municipality covers an area of 11 190 km<sup>2</sup> and includes the towns of Amandelbult Mine Town and Thabazimbi. The main economic sectors in the Municipality are mining, agriculture and tourism. Table 5 below outlines the service delivery and financial challenges of the Modimolle-Mookgophong LM, Mogalakwena LM and Thabazimbi LM.

Table 5: Limpopo municipalities service delivery and financial challenges

Municipality	Service Delivery Challenges	Financial Challenges
Modimolle-Mookgophong Local Municipality	Water, sanitation, refuse collection, roads, streets, electricity, housing, ageing, poorly maintained infrastructure, inability to spend infrastructure grants, improper use of financial resources, disagreements over goals and priorities, power politics.	In 2018/19, findings on non-compliance with laws and regulations relating to uncompetitive or unfair procurement processes and inadequate contract management were reported. Levels of unauthorised, irregular, fruitless and wasteful expenditure are high: unauthorised expenditure was R141.4 million, while irregular expenditure and fruitless and wasteful expenditure was R22.3 million and R37.5 million, respectively. High levels of unauthorised, irregular, fruitless and wasteful expenditure persist due to lack of consequence. Despite spending R1.1 million on consultants, audit outcomes did not improve.
Mogalakwena Local Municipality		Irregular expenditure amounted to R0.55 million in 2018/19 <sup>12</sup>
Thabazimbi Local Municipality		The Municipality is facing significant financial stress as is reflected in its profitability ratio, where the municipality is unable to break even on its main operations. Its liquidity and solvency position is also poor.

## 4.6 Mpumalanga

Mpumalanga Province has 20 municipalities. This includes three district and 17 local municipalities.<sup>13</sup> The NCOP will focus on the following three municipalities during Provincial Week: The **Thaba Chweu Local Municipality(LM)** is one of four municipalities located in the

<sup>12</sup> Based on unaudited financial statements or audited financial statements completed after the cut-off date of AG report

<sup>13</sup> [www.municipalities.co.za](http://www.municipalities.co.za)



north-western region of the Mpumalanga Province in the Ehlanzeni District. It came into being after the local government elections in December 2000. The Municipality covers an area of 5 719km<sup>2</sup> and includes the Towns of Graskop, Lydenburg, Mashishing, Pilgrim's Rest and Sabie. The main economic sectors in the Municipality are mining, forestry, agriculture, business services and tourism. The **Dr Pixley Ka Isaka Seme Local Municipality(LM)** is one of seven municipalities in the Gert Sibande District. The Municipality covers an area of 5 227km<sup>2</sup> and includes the Towns of Amersfoort, Perdekop, Volksrust and Wakkerstroom. The seat of the Municipality is in Volksrust. The main economic sectors of the Municipality are agriculture, trade, community services, construction, finance, manufacturing, transport, utilities and mining. The **Lekwa Local Municipality(LM)** is one of seven municipalities in the Gert Sibande District. The Municipality covers an area of 4 557km<sup>2</sup> and includes the Towns of Morgenzon and Standerton. The main economic sectors in the Municipality are agriculture, forestry and fishing; community, social and personal services; and private households. Table 6 below outlines the service delivery and financial challenges of the Thaba Chweu LM, Dr Pixley Ka Seme LM and Lekwa LM.

Table 6: Mpumalanga municipalities service delivery and financial challenges

Municipality	Service Delivery Challenges	Financial Challenges
Thaba Chweu Local Municipality	Water and sanitation, electricity, old unmaintained infrastructure, inability to spend infrastructure grants, roads & streets, housing, funding, disagreement over goals and priorities, power politics within the Council.	In 2018/19 unauthorised, irregular, fruitless and wasteful expenditure remain high, mainly as result of previously reported expenditure not being investigated. Unauthorised expenditure amounts to R55.5million, while irregular expenditure and fruitless and wasteful expenditure amount to R41.2 million and R39.5 million, respectively.
Dr Pixley Seme Local Municipality	Water and sanitation, electrification, old unmaintained infrastructure, inability to spend infrastructure grants, roads & streets, housing, funding, disagreements over goals and priorities, power politics within the Council.	Issues of deteriorating accountability and financial management, as well as weakened oversight. Irregular expenditure increased from R2.6 million in 2017/18 to R3.7 million in 2018/19.
Lekwa Local Municipality	Water and sanitation, electricity, old unmaintained infrastructure, inability to spend infrastructure grants, roads & streets, housing, funding, disagreement over goals and priorities, power politics within the Council.	In 2018/19, material findings on non-compliance with laws and regulations relating to uncompetitive or unfair procurement processes were reported and findings on awards to close family members were also reported. Irregular expenditure amounts to R69.7million; the AG notes that one of the reasons irregular expenditure has remained high is because previously reported irregular expenditure



		has not been investigated, which speaks to lack of consequence management. Fruitless and wasteful expenditure has grown from R42.6 million in 2016/17 to R120.1 million in 2018/19. The nature of this fruitless and wasteful expenditure is related to interest and penalties (mostly Eskom interest).
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#### 4.7 Northern Cape

The Northern Cape Province consists of five district municipalities and 26 local municipalities<sup>14</sup>. The NCOP will focus on the following three municipalities during Provincial Week: The **Joe Morolong Local Municipality (LM)** is one of three municipalities in the John Taolo Gaetsewe District. The municipality covers an area of 20 180 km<sup>2</sup> and includes the towns of Hotazel, Santoy and Van Zylsrus. The main economic sectors in the municipality are agriculture, mining, community services. The **Dikgatlong Local Municipality (LM)** is one of four municipalities in the Frances Baard District. The municipality covers an area of 7 316 km<sup>2</sup> and includes the towns of Barkly West, Delportshoop and Windsorton. The main economic sectors in the municipality are agriculture, mining and manufacturing. The **Phokwane Local Municipality (LM)** is one of four municipalities in the Frances Baard District. The municipality covers an area of 828 km<sup>2</sup> and includes the towns of Hartswater, Jan Kempdorp and Pampierstat. The main economic sectors in the municipality are agriculture, community development, retail, private household and informal. Table 7 below outlines the service delivery and financial challenges of the Joe Morolong LM, Dikgatlong LM and the Phokwane LM.

Table 7: Northern Cape municipalities under repeat intervention

Municipality	Service Delivery Challenges	Financial Challenges
Joe Morolong Local Municipality	Water, sanitation, refuse collection, roads, streets, electricity, housing, ageing, poorly maintained infrastructure, inability to spend infrastructure grants, improper use of financial resources, institutional capacity, power	Heavily reliant on consultants for the preparation of financial statements and asset register- it amounted to R6million. The consultants prepare unreliable financial statements because they are given information that is of poor quality, therefore no value add from the consultants.
Dikgatlong Local Municipalities	politics, disagreements over goals and priorities.	In 2018/19, unauthorised, expenditure is high- it amounts to R43.7million. There is concern around it not being investigated or no one being held liable for the loss.

<sup>14</sup> www.municipalities.co.za



		Unable to meet its payment obligation, especially in bulk purchases such as electricity and water. Concerns around culture of making payments that are in contravention with the supply chain management process. Poor revenue collection is threatening the financial stability and sustainability of the Municipality.
Phokwane Local Municipality		Poor internal financial, organisational and performance controls, which creates an environment that allows for non-compliance with supply chain management processes. Poor oversight and administration of daily processing of transactions and the recording of daily transactions onto the accounting system. Officials who do not perform their duties are not held accountable by municipal managers and senior management. There is no consequence management in place

#### 4.8 North West

The North West Province consists of four district municipalities and 18 local municipalities<sup>15</sup>. The NCOP will focus on the following seven municipalities during Provincial Week: The **Bojanala Platinum District Municipality (DM)** is sub-divided into five local municipalities. The Municipality covers an area of 18 333 km<sup>2</sup> and includes the towns of Brits, Derby, Hartbeesfontein-A, Hartbeespoort, Koster, Madikwe, Marikana, Mooinoi, Phatsima, Rustenburg, Swartruggens and Tlhabane. The main economic sectors in the municipality are mining, community services, finance, trade, transport and manufacturing. The **Ngaka Modiri Molema District Municipality (DM)** is sub-divided into five local Municipalities. The municipality covers an area of 28 114 km<sup>2</sup> and includes the towns of Biesiesvlei, Coligny, Delareyville, Disaneng, Groot Marico, Kraaipan, Lichtenburg, Madibogo, Mahikeng, Mmabatho, Ottosdal, Ottoshoop, Sannieshof, Setlagole and Zeerust . The main economic sectors in the municipality are agriculture, tourism and mining. The **Ramotshere Moiloa Local Municipality (LM)** is one of five municipalities in the Ngaka Modiri Molema District. The Municipality covers an area of 7 323 km<sup>2</sup> and includes the towns of Groot Marico, Zeerust. The **Mahikeng Local Municipality (LM)** is one of five municipalities in the Ngaka Modiri Molema District. The Municipality covers an area of 3 646 km<sup>2</sup> and includes the towns of Mahikeng, Mmabatho and Ottoshoop. The main economic sectors in the municipality are agriculture, mining, manufacturing, trade and tourism. The **Madibeng Local Municipality (LM)** is one of five municipalities in the Bojanala Platinum District. The Municipality covers an area of 3 720 km<sup>2</sup> and includes the towns of Brits, Hartbeespoort and Mooinoi. The main economic sectors in the Municipality are mining,

<sup>15</sup> [www.municipalities.co.za](http://www.municipalities.co.za)



manufacturing, agriculture and tourism. The **Maquassi Hills Local Municipality (LM)** is one of three municipalities in the Dr Kenneth Kaunda District. The municipality covers an area of 4 671 km<sup>2</sup> and includes the towns of Leeudoringstad, Makwassie, Witpoort and Wolmaransstad. The main economic sectors in the Municipality are agriculture, domestic, community services and manufacturing. The **Naledi Local Municipality (LM)** is one of five municipalities in the Dr Ruth Segomotsi Mompati District. The Municipality covers an area of 7 030 km<sup>2</sup> and includes the towns of Stella and Vryburg. The main economic sectors in the Municipality are agriculture and hunting. Table 8 below outlines the service delivery and financial challenges of the North-West municipalities under repeat intervention.

Table 8: North-West municipalities under repeat intervention

Municipality	Service Delivery Challenges	Financial Challenges
Bojanala Platinum District Municipalities	Bulk water supply, bulk sewerage, sanitation, roads infrastructure maintenance, inability to spend infrastructure grants, lack of internal institutional capacity, improper use of financial resources, disagreements over goals and priorities, power politics.	Heavily reliant on consultants to prepare its financial statements - R3.8 million spent. Cash reserves of the District declined over the years to the extent that the municipality was unable to pay salaries. Lack of disciplined financial management and spending not prudent Lack of consequence management.
Ngaka Modiri Molema District Municipality		R25.7million spent on consultants yet no improvement in audit outcomes. District has high and increasing levels of irregular expenditure; in 2018/19 it amounts to R1.56 billion. <sup>16</sup> Lack of consequence management. Limited resources are not used efficiently, effectively and economically e.g. overpayment of goods and services not received. 49% of equitable share spent on salaries. Had positions not budgeted for on the staff establishment e.g. an amount of R510.9 million paid to officials in such positions
Ramotshere Moiloa	Water, sanitation, refuse collection, roads, streets, housing, ageing, poorly maintained infrastructure, inability to spend infrastructure grants, internal institutional capacity, improper use of financial resources,	Material findings on non-compliance with laws and regulations relating to uncompetitive or unfair procurement processes, as well as inadequate contract management were reported. The major consequence of non-compliance with supply chain management legislation has been an increase in the overall irregular

<sup>16</sup> Based on unaudited financial statements or audited financial statements completed after the cut-off date of AG report





		disagreements over goals and priorities, power politics.	expenditure in the Province. Irregular expenditure increased from R12.5 million in 2017/18 to R33.6 million in 2018/19. Municipality experienced an increase of 17% in its fruitless and wasteful expenditure. It increased from R6 million in 2017/18 to R7 million in 2018/19.
Mahikeng Municipality	Local	Water, sanitation, refuse collection, roads, streets, housing, ageing, poorly maintained infrastructure, inability to spend infrastructure grants, internal institutional capacity, improper use of financial resources, disagreements over goals and priorities, power politics.	R20.1 million was spent on consultants to prepare financial statements and asset registers yet no improvement in audit outcomes. Revenue collection remains low-municipality only collected 23% of revenue billed to the community; 86% of all debts were impaired due to low probability of being collected. Consumer debt amounting to R349.7 million was written off without following the credit-control and debt-collection policy. At year-end an amount in excess of R553 million was owed to suppliers. Financial loss from the VBS investment compounded the municipality's financial challenges.
Madibeng Municipality	Local	Insufficient bulk water supply; interruptions of water supply service; lack of maintenance and non-payment for services; poor infrastructure maintenance and inability to spend its Municipal Infrastructure Grant allocations.	Findings on non-compliance with laws and regulations relating to uncompetitive or unfair procurement processes were reported. Significant increase in irregular expenditure- it increased from R61.2million in 2017/18 to R443.8 million in 2018/19. R35.4 million spent on consultants in 2018/19 (highest cost of consultants in the Province) yet received disclaimed audit opinion for four consecutive years despite the continued use of consultants.
Maquassi Hills Municipality	Local	Water, sanitation, refuse collection, roads, streets, housing, ageing, poorly maintained infrastructure, inability to spend infrastructure grants, internal institutional capacity, improper use of financial resources, disagreements over goals and priorities, power politics.	Lack of accountability issues. Poor preventative controls in place to safeguard the financial and performance systems. R6.6 million was spent on consultants. Unauthorised and irregular expenditure decreased from the previous year but remain high. Unauthorised expenditure amounts to R60.8million and irregular expenditure amounts to R73.6 million in 2018/19. Fruitless and wasteful



			expenditure increased from R0.53 million in 2017/18 to R4.6 million in 2018/19.
Naledi Municipality	Local	Water, sanitation, refuse collection, roads, streets, housing, ageing, poorly maintained infrastructure, inability to spend infrastructure grants, internal institutional capacity, improper use of financial resources, disagreements over goals and priorities, power politics.	R4.1 million was spent on consultants yet audit outcomes have been poor in the last two years.

Source: Auditor General (2019)

#### 4.9 Western Cape

The Western Cape province consists of five district municipalities and 24 local municipalities<sup>17</sup>. The NCOP will focus on the Kannaland Local Municipality(LM) during Provincial Week: The **Kannaland LM** is one of seven municipalities in the Garden Route District. The municipality covers an area of 4 765 km<sup>2</sup> and includes the towns of Calitzdorp, Ladismith, Vanwyksdorp and Zoar. The main economic sectors in the municipality are agriculture, manufacturing, community and personal services, finance and business, wholesale, retail and trade, construction, electricity and water, transport and communication. Table 9 below outlines the service delivery and financial challenges of the Kannaland LM.

Table 9: Western Cape municipalities service delivery and financial challenges

Municipality		Service Delivery Challenges	Financial Challenges
Kannaland Municipality	Local	Sanitation, refuse collection, roads, streets, inability to spend infrastructure grant funding, lack of institutional capacity.	The lack of oversight due to instability and political and administrative positions has impacted negatively on good governance- it has led to action plans not being developed, implemented or monitored to address all the prior year audit findings and previously reported internal control deficiencies. Internal audit unit is not functional. Daily and monthly controls were ineffective and did not ensure that recorded transactions were supported by credible audit evidence.

<sup>17</sup> [www.municipalities.co.za](http://www.municipalities.co.za)



		Municipality is heavily reliant on consultants for the preparation of year-end reconciliations and financial statements.
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## 5. REASONS FOR POOR SERVICE DELIVERY IN MUNICIPALITIES IN SOUTH AFRICA

Service delivery challenges facing municipalities are not limited to inability to deliver basic services. It can also be ascribed to limited financial resources or poor revenue base, lack of skilled staff in key technical skills areas or poor quality human resources. Some challenges leading to poor service delivery or lack of service delivery in municipalities include:

- Ineffective procedures, processes and practices in the appointment of staff members in key skills positions.
- Irregularities and deficiencies in procurement procedures or supply chain management, tender and adjudication practices.
- Poorly maintained infrastructure, which leads to challenges such as leakages and overflowing of sewerage systems.
- General lack of consultation.
- Lack of transparency and openness to beneficiary communities about service delivery projects.
- Lack of co-operation between municipalities, as well as between national and provincial governments and municipalities.
- Poor project appraisal and implementation, poor project monitoring and evaluation and weak oversight of local government by provincial government.
- Inadequate citizen participation resulting in lack of community ownership of service delivery projects and eventual service delivery protests.
- Poor human resource practices and inadequate related practices resulting in poor institutional capacity.
- Inherited service delivery backlogs due to Apartheid laws, for example, influx control, segregation and group areas legislation.
- Lack of adequate funding and financing of service delivery projects.

## 6. ISSUES FOR CONSIDERATION

- The need exists for a co-ordinated support and inter-governmental approach to achieve the desired results in local government municipal management and administration.
- The powers and functions of a municipality should be invoked based on clearly defined and communicated roles, responsibilities and policy guidelines to avoid encroachment and conflict of roles.
- The administrative arm of a municipality must concentrate and focus on its administrative responsibilities and implement lawful Council decisions.



- The political arm of a municipality should limit itself to policy and political aspects in the running of municipal affairs.
  - The needs of the local communities should override those of individual councillors to avoid direct, pecuniary interests impinging upon the functionality of a municipality to the extent necessitating intervention.
  - Intervention as defined in terms of the provisions of Section 139 of the Constitution should be used as a measure of last resort when all other modes of assistance have failed.
  - The National and Provincial Departments responsible for local government, the National and Provincial Treasuries, district municipalities, as well as the South African Local Government Association (SALGA) have a legal obligation to support, guide, build capacity and provide appropriate or targeted training intervention to improve the general standard of compliance and operational integrity of municipalities. Emphasis must be on strengthening municipal support in compliance with section 154(1) and section 155(6) of the Constitution.
  - Planning for Section 139 intervention is crucial for the achievement of pre-determined objectives. It eases implementation of interventions whilst enabling avoidance of repeat interventions.
  - The purpose of every intervention should be communicated to all stakeholders within a municipal area to enable local stakeholder buy-in, as well as to ease implementation of an approved Turn-Around Plan, using the approved Terms of Reference (ToR) as priority focus areas.
  - A Post-Intervention Work Plan must be prepared as a performance measurement tool to avoid deterioration and deviation from approved and revised performance standards.
  - Continuous oversight of municipalities under Section 139(1)(b) constitutional intervention is necessary to enable early detection of deterioration of set performance standards, as well as to ensure implementation of recommendations of oversight committees.
  - A decision to terminate an intervention should be preceded by local buy-in from stakeholders and affected local beneficiary communities to retain ownership of the problems and solutions arrived at in the resolution of municipal challenges affecting the functionality of a municipality.
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## ANNEXURE A

### AUDIT OUTCOMES OF MUNICIPALITIES

Table A: Five-year audit outcomes of identified municipalities

Municipality	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Makana Local Municipality</b>	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings
<b>Maluti-A-Phofung Local Municipality</b>	Disclaimed with findings	Qualified with findings	Disclaimed with findings	Audit not finalised at legislated date	Audit not finalised at legislated date
<b>Metsimaholo</b>	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified with findings	Qualified with findings
<b>The City of Tshwane Metro</b>	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Audit not finalised at legislated date
<b>Emfuleni Local Municipality</b>	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Audit not finalised at legislated date
<b>Modimolle-Mookgophong Local Municipality</b>	*N/A	*N/A	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
<b>Mogalakwena Local Municipality</b>	Disclaimed with findings	Adverse with findings	Adverse with findings	Adverse with findings	Audit not finalised at legislated date
<b>Thabazimbi Local Municipality</b>	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Audit not finalised at legislated date
<b>Thaba Chweu Local Municipality</b>	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Qualified with findings	Qualified with findings
<b>Dr Pixley Ka Isaka Seme Local Municipality</b>	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Disclaimed with findings
<b>Lekwa Local Municipality</b>	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified with findings	Disclaimed with findings



<b>Thaba Chweu Local Municipality</b>	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Qualified with findings	Qualified with findings
<b>Joe Morolong Local Municipality</b>	Qualified with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
<b>Dikgatlong Local Municipality</b>	Disclaimed with findings	Qualified with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings
<b>Phokwane Local Municipality</b>	Disclaimed with findings	Disclaimed with findings	Qualified with findings	Audit not finalised at legislated date	Audit not finalised at legislated date
<b>Bojanala Platinum District Municipality</b>	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Audit not finalised at legislated date
<b>Ngaka Modiri Molema District Municipality</b>	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Audit not finalised at legislated date
<b>Ramotshere Moiloa Local Municipality</b>	Unqualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings
<b>Mahikeng Local Municipality</b>	Disclaimed with findings	Disclaimed with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings
<b>Madibeng Local Municipality</b>	Qualified with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
<b>Kannaland Local Municipality</b>	Unqualified with findings	Disclaimed with findings	Qualified with findings	Unqualified with findings	Audit not finalised at legislated date

Table A above illustrates the five-year audit outcomes. After four years of receiving a qualified audit opinion with findings, the audit outcomes of the *Makana LM* regressed to a disclaimed audit opinion with findings in 2018/19. The Auditor General (AG) attributed this to poor record keeping, accounting practices and prolonged instability in a dysfunctional internal control environment, where such instability affects the ability of the council to hold officials accountable.

The audit outcomes of the *Maluti-A-Phofung LM* have deteriorated over the five years. The Municipality received a disclaimed audit opinion with findings in 2014/15. In 2015/16, the audit outcomes improved- this is reflected in the qualified audit opinion with findings. Thereafter, audit



outcomes regressed, with the municipality receiving a disclaimed audit opinion with findings in 2016/17. In 2017/18 and 2018/19, the Maluti-A-Phofung LM failed to submit financial statements, which resulted in the audit not being finalised by the legislated date for both years. The AG attributes this to a culture of a lack of accountability and consequence management.

Between 2014/15 and 2016/17, the *Metsimaholo LM* maintained an unqualified audit opinion with findings. This regressed to a qualified audit opinion with findings for the past two years. The AG highlighted that this was as a result of municipalities such as Metsimaholo struggling with the implementation of the basics needed for financial reporting.

After four years of maintaining an unqualified audit opinion with findings, in 2018/19, the *City of Tshwane* and *Emfuleni LM* failed to submit financial statements, which resulted in the audit not being finalised by the legislated date.

The audit outcomes of the *UMzinyathi DM* and *Mpofana LM* have regressed over the five years, while the audit outcomes of the *Thukela DM* have remained the same over the last three years. In 2014/15 UMzinyathi DM received an unqualified audit opinion with findings and a qualified audit opinion with findings in 2015/16. It maintained an adverse audit opinion with findings in 2016/17 and 2017/18. In 2018/19, the audit outcome regressed, with the Municipality receiving a disclaimed audit opinion with findings. According to the Auditor General (AG), this is mainly as a result of governance failures. Over the past three years, the Thukela DM has maintained a qualified audit opinion with findings.

After 2016/17, the *Mpofana LM* maintained a disclaimed audit opinion with findings between 2017/18 and 2018/19.

Since *Modimolle-Mookgophong LM* was established by the amalgamation of Mookgophong LM and Modimolle LM in 2016. The Municipality has consistently received disclaimed audit opinions with findings. The reason for this is that there have been outstanding historical challenges that were not addressed following the merger of the two municipalities. Despite the Provincial Executive intervening through Section 139 (1) (b) once before, the Municipality has still been unable to maintain financial sustainability, which has implications for its ability to carry out its duties.

Between 2015/16 and 2017/18, *Mogalakwena LM* consistently received adverse audit opinions with findings. In 2018/19, it failed to submit financial statements, which resulted in the audit not being finalised by the legislated date.

Between 2014/15 and 2017/18, *Thabazimbi LM* received disclaimed audit opinions with findings. In 2018/19, it failed to submit financial statements, which resulted in the audit not being finalised by the legislated date.

After receiving disclaimed audit opinions with findings for three years between 2014/15 and 2016/17, *Thaba Chweu LM* showed an improvement in its audit outcomes between in 2017/18 and 2018/19, as is reflected by the qualified audit opinions with findings.





Between 2014/15 and 2017/18, *Dr Pixley Ka Isaka Seme LM* maintained an unqualified audit opinion with findings. In 2018/19, this regressed to a disclaimed audit opinion with findings.

After three years of receiving an unqualified audit opinion with findings, the audit outcomes of the *Lekwa LM* regressed to a disclaimed audit opinion with findings in 2018/19. The AG attributed this to poor internal controls or the existing ones not working effectively to ensure the integrity of financial and accounting information and preventing errors.

As illustrated by table 1 above, the audit outcomes of the municipalities in the *Northern Cape* (*Joe Morolong, Dikgatlong and Phokwane* under review have either remained poor or have deteriorated over the five years. :

In 2018/19, no municipality in the *North-West* achieved a clean audit. This makes the North-West province the only Province without a single unqualified financial audit outcome.

The audit outcomes of the *Kannaland LM* have improved in some years and regressed in others when one considers the period from 2014/15 to 2018/19.