

Strengthening Municipal Financial Management

Municipal Finance Management Act (MFMA)

Compliance Report

2024/25



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National Treasury
REPUBLIC OF SOUTH AFRICA

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Strengthening Municipal Financial Management

Municipal Finance Management Act (MFMA) Compliance Report 2024/25

As at 30 June 2025

Audit Outcomes of the 2023/24 Financial Year

Analysis Document

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List of abbreviations

AFS	annual financial statements
AGSA	Auditor-General of South Africa
AMU	asset management unit
CEO	chief executive officer
CFO	chief financial officer
DM	District Municipality
EC	Eastern Cape
FMCM	Financial Management Capability Maturity Model
FS	Free State
FWE	fruitless and wasteful expenditure
GP	Gauteng
GRAP	generally recognised accounting practice
KZN	KwaZulu-Natal
LM	Local Municipality
LP	Limpopo
MEC	member of the executive council
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MM	Metropolitan Municipality
MP	Mpumalanga
MPAC	municipal public accounts committee
NC	Northern Cape
NW	North West
SAPS	South African Police Service
SCM	supply chain management
SM	senior manager
SOD	system of delegation
UIFWE	unauthorised, irregular, fruitless and wasteful expenditure
WC	Western Cape

Executive summary

The National Treasury and provincial treasuries are responsible for monitoring municipal compliance with the Municipal Finance Management Act 56 of 2003 (MFMA), as required by sections 5(2)(c)(i) and 5(4)(a)(i). This report draws on data from the Muni eMonitor system, the Financial Management Capability Maturity Model, the audit action plan system and related documents to assess compliance. It covers the 2024/25 municipal financial year (1 July 2024 to 30 June 2025). Prior-year data is included to highlight trends. The report focuses on systems of delegation (SODs); senior management vacancies; asset management; cost containment; unauthorised, irregular, fruitless and wasteful expenditure (UIFWE); consequence management; supply chain management; action plans for findings raised in the 2023/24 audit; internal audit and audit committee reviews; the use of consultants to prepare annual financial statements (AFS); and 2024/25 submissions of AFS. The report excludes budget and spending reports, which are covered in other in-year reports published by the National Treasury.

Oversight and reporting

Despite improvements in submission rates (national average of 88 per cent), the credibility of municipal data remains a major concern. Many municipalities submit inaccurate or incomplete information, forcing oversight bodies to rely on audited data only available after the financial year ends. The resulting delay undermines proactive intervention. Persistent gaps in reporting indicate weak internal controls and a lack of consequence management, which erodes public trust and fiscal discipline.

Systems of delegation

The MFMA requires municipalities to maintain signed SODs to ensure accountability and operational efficiency. But compliance remains uneven: only 127 municipalities reported signed SODs in 2024/25, down from 130 in 2023/24, while non-responses increased by 23 per cent. This trend signals growing administrative disengagement and raises concerns about municipalities' ability to enforce accountability. Unsigned or outdated delegations compromise decision-making and hinder consequence management.

Senior management vacancies

Leadership instability persists across municipal governance. Critical positions remain unfilled, such as for chief risk officer (51 vacancies), chief audit executive (34) and chief financial officer (13). Of concern is the high number of acting positions as at 30 June 2025 and the correlation between acting positions and poor or regressed audit outcomes. Municipalities with prolonged vacancies exhibit poor audit outcomes, high levels of irregular expenditure and weak financial controls. The correlation between leadership gaps and governance failures underscores the urgent need for structured recruitment and succession planning.

Asset management and use of asset consultants

Focused, province-specific interventions remain critical to sustain progress, address gaps and ensure consistent performance nationwide. A range of targeted support activities by provincial treasuries have aimed to enhance municipal capacity to manage assets efficiently and comply with audit requirements. However, addressing resource constraints and expanding technical assistance are critical for effective asset management across all municipalities.

Municipalities reporting capacitated asset management units (AMUs) rose from 148 in 2023/24 to 164 in 2024/25. The total budget allocated for consultancy support declined from R383.8 million in 2023/24 to R319.4 million in 2024/25; however, the number of municipalities with AMUs that continue to rely on consultants “despite reporting that they have an asset management unit that is capacitated to effectively manage the assets” increased from 90 to 101 in 2024/25. Over the same period, the number of municipalities using consultants for fixed asset registers compliant with standards of generally recognised accounting practice remained largely stable. The increase in consultant use by municipalities with existing capacity therefore suggests inefficiencies and minimal skills transfer.

Cost containment

The number of municipalities with updated cost-containment policies increased from 161 in 2024 to 170 in 2025 (two-thirds of the country’s 257 municipalities), signalling slight progress in regulatory compliance. Municipalities achieved R5.06 billion in cost-containment savings during 2024/25, primarily through reductions in consultant expenditure (R2.45 billion) and related expenditure (R1.3 billion). However, overspending on overtime – amounting to R316.6 million – poses a significant fiscal risk and highlights weaknesses in payroll management and internal controls. Provinces such as Eastern Cape and KwaZulu-Natal recorded the highest overtime overspending, undermining overall cost-containment gains.

Unauthorised, irregular, fruitless and wasteful expenditure

UIFWE remains a critical governance challenge. National UIFWE balances increased to R268.13 billion in 2024/25, driven by systemic failures in internal controls and weak consequence management. Recovery efforts are minimal, with municipalities relying heavily on write-offs rather than enforcing accountability. Alarming, criminal referrals to the South African Police Service declined sharply from 37 municipalities in 2023/24 to only 20 in 2024/25, reflecting weakening enforcement and selective accountability, particularly at senior management level.

Consequence management

Municipalities with established disciplinary boards rose to 178 in 2024/25, representing a 21 per cent increase from 147 in 2023/24. However, allegations of financial misconduct declined from 1 116 reported in 2023/24 to 614 in 2024/25, financial misconduct cases investigated fell from 601 in 2023/24 to 544 in 2024/25, and officials against whom disciplinary action was taken dropped from 255 in 2023/24 to 236 in 2024/25. These regressions may reflect delays in instituting or proceeding with disciplinary cases, weak policy enforcement or poor understanding of disciplinary processes.

Supply chain management non-compliance

Supply chain management (SCM) remains a high-risk area in municipal governance, with persistent weaknesses undermining compliance and fiscal integrity. While most municipalities have adopted SCM policies and standard operating procedures, systemic issues such as overreliance on emergency procurement (Regulation 36) and piggybacking on other contracts (Regulation 32) indicate poor planning and weak contract management. Data gaps and incomplete reporting limit oversight, while capacity constraints in smaller municipalities lead to delays, expired contracts and increased deviations. Leadership instability compounds these risks: 18 municipalities rely on acting heads of SCM and seven positions are vacant, contravening MFMA requirements. These deficiencies contribute significantly to irregular expenditure and audit regressions. There is an urgent need for improved procurement planning, targeted training, stricter enforcement of SCM regulations and enhanced oversight mechanisms to restore accountability.

Audit action plans for findings raised in the 2023/24 audit

Nineteen per cent of municipalities were still not using the web-enabled audit action plan system in 2024/25 to track the resolution of prior-year audit findings raised by the Auditor-General of South Africa (AGSA). Of the 13 323 findings uploaded to the audit action plan system, fewer than 10 per cent were marked as resolved/addressed. This failure increases the likelihood of repeat findings and poor audit outcomes. Key challenges include low levels of council approval of action plans and slow progress of implementation.

Internal audit and audit committee reviews

Effective internal audit activity and implementation of AGSA and internal audit recommendations strengthen internal controls. For 2024/25, 189 municipalities (73 per cent) reported that their internal audit unit submitted quarterly reports to the audit committee on implementation of the committee's recommendations. Only 62 per cent of municipalities reported that their audit committee tracked implementation of the internal audit's recommendations. Fifty-six municipalities from the North West, Limpopo and Northern Cape provinces did not complete the evaluation.

The use of consultants to prepare annual financial statements

Of the 99 municipalities using consultants to prepare AFS, 46 reported having officials capable of preparing the AFS themselves. The budgeted spend on consultants for AFS preparation for 2024/25 is R286.3 million. Municipalities continue to use AFS consultants without having strategies in place to reduce consultants.

Submission of 2024/25 annual financial statements

AFS submissions improved from 91 per cent in 2021/22 to 98 per cent in 2024/25. The improvement is attributed to positive responses by accounting officers to material irregularities found by the AGSA, provincial treasury support and the Minister of Finance writing to municipalities that persistently did not submit their AFS by the legislated deadline. Despite improved submission rates, the quality of AFS submissions remains a challenge, as noted in the AGSA's MFMA general reports over the past few years.

Overall recommendations

Provincial treasuries

- Enforce quarterly compliance reviews and escalate non-compliance.
- Develop centralised talent pools and deploy provincial support teams.
- Strengthen training on the MFMA, SODs and SCM.
- Mandate the use of audit action plan systems and improve oversight dashboards.

Municipalities

- Fill critical vacancies within three months; implement succession planning.
- Ensure the SODs are signed off (as per section 79 of the MFMA and MFMA Circular 73) and regularly reviewed.
- Reduce reliance on consultants through skills transfer and internal capacity building.
- Adopt and annually review cost-containment policies; enforce internal controls.
- Improve UIFWE governance: timely reporting, recovery efforts and criminal referrals.
- Enhance AFS preparation and review processes; integrate internal audit and audit committee oversight.

Conclusion

Incremental progress is evident in areas such as submission rates and cost containment, but systemic weaknesses persist. Addressing leadership gaps, strengthening internal controls and institutionalising consequence management are critical to restoring financial integrity and ensuring sustainable service delivery. The MFMA remains the cornerstone of municipal financial governance – its effective implementation is essential for rebuilding trust and achieving fiscal resilience.

This report can be used to inform support measures and decision-making by other National Treasury divisions, heads of department of provincial treasuries, the South African Local Government Association, the Department of Cooperative Governance, and oversight committees in parliament and provincial legislatures.

1. Introduction

The local sphere of government in South Africa plays a crucial role in the overall governance and development of the country, serving as the primary interface between the state and local communities. Local governments are responsible for delivering basic services such as water, sanitation, waste management and housing. Effective and efficient service delivery is essential for addressing citizens' needs and priorities. Functional local government promotes participatory democracy, enhances accountability and fosters community engagement in decision-making. Empowering municipalities to respond to local challenges and opportunities is essential for achieving sustainable development, social cohesion and economic growth. Well-functioning local government is vital for realising the constitutional mandate to provide equitable access to basic services, uplift marginalised communities and promote national stability and prosperity.

The Municipal Finance Management Act (MFMA) is the cornerstone of financial governance in South Africa, designed to promote transparency, accountability and sound financial management within municipalities. It establishes a framework for municipalities to operate within their financial means, effectively manage public resources and deliver essential services to communities. Compliance with all sections of the MFMA is critical, as it not only safeguards public funds but also enhances the credibility and integrity of local government institutions. Adhering to the MFMA fosters responsible budgeting, financial reporting and performance management, which are essential for building public trust and confidence in local governance. Compliance with the MFMA also enables municipalities to identify and mitigate financial risks, thereby ensuring sustainable service delivery and promoting socioeconomic development. By establishing National Treasury and provincial treasury norms and standards, the MFMA enhances local government efficiency.

The Municipal Systems Act 32 of 2000, particularly sections 55, 56 and 57, establishes the foundational framework for the appointment, roles and accountability of key personnel in municipal administration, ensuring effective governance and service delivery. Section 55 outlines the responsibilities of the municipal manager as the head of administration and accounting officer, emphasising their role in implementing the integrated development plan, managing municipal services and ensuring compliance with applicable legislation, including the MFMA. Section 56 governs the appointment of senior managers directly accountable to the municipal manager, requiring that such appointments be based on relevant skills and expertise while promoting equity and fairness. Section 57 mandates written employment contracts and performance agreements for municipal managers and their direct reports, linking performance objectives to the municipality's strategic goals and ensuring accountability through measurable targets. These provisions collectively aim to promote transparency, efficiency and compliance with the MFMA, forming a critical component of municipal governance and financial management.

Section 5(2)(c)(i) and section 5(4)(a)(i) of the MFMA require that both the National Treasury and provincial treasuries monitor and assess compliance by municipalities and municipal entities with the MFMA. Furthermore, section 5(2)(d) empowers the National Treasury to investigate any financial management and internal control system in any municipality or municipal entity and recommend improvements. The National Treasury launched two web-enabled systems, namely the Muni eMonitor system and the Financial Management Capability Maturity Model (FMCMM) and audit action plan system, to improve the efficiency of its monitoring and oversight responsibilities over municipalities and municipal entities. These systems also aim to improve reporting, strengthen internal controls, and support risk mitigation strategies and oversight by management and other assurance providers.

The Muni eMonitor system was launched in November 2023 to strengthen the capacity and capability of municipalities and municipal entities to report on compliance with the MFMA; improve information flows for public accountability; enhance monitoring, oversight and support measures; and ensure effective reporting by various stakeholders in the National Treasury, provincial treasuries, municipalities and municipal entities. Numerous capacity-building sessions were undertaken with various stakeholders, and Muni eMonitor champions were identified in every municipality and provincial treasury.

The system consists of two main components: the MFMA Legislated Calendar with the Actions Management function and the Evaluations Questionnaire function. The implementation plan for these two components is as follows:

- **MFMA Legislated Calendar with the Actions Management function:** All monthly actions appearing under the legislative calendar for each month must be processed within the specific month they appear in the calendar.
- **Evaluations Questionnaire:** Evaluations (covering various financial management disciplines) will be published by the National Treasury (on a quarterly and ad hoc basis) for municipalities to complete and submit on the system by stipulated deadlines. (These evaluations replaced the National Treasury quarterly reporting requirements that municipalities had to complete in Excel format.)

In 2015, the National Treasury developed the FMCMM as a self-assessment tool for municipalities and municipal entities to measure their financial management capability and maturity levels. In 2022, the tool was converted into a web-enabled system. FMCMM levels 1, 2 and 3 consist of 21 modules covering various financial management disciplines. The tool enables municipalities/municipal entities to identify gaps in their internal controls, policies and procedures, and to proactively develop actions to mitigate risks and address identified shortcomings. The system includes an automated audit action plan component to track the resolution of findings raised by the Auditor-General of South Africa during the external audit. Municipalities/municipal entities develop audit action plans to address these findings and report on progress in implementing approved actions. The system also ensures more effective engagement between provincial and national departments and municipalities, helping to improve audit outcomes.

The National Treasury issued MFMA Circulars 113, 114 and 125 to provide further details on the FMCMM and audit action plan systems as well as the Muni eMonitor system.

2. Methodology

Sections 5(2)(c)(i) and 5(4)(a)(i) of the MFMA require the National Treasury, in conjunction with provincial treasuries, to monitor and assess compliance by municipalities and municipal entities with the act. Section 5(2)(d) empowers the National Treasury to investigate any system of financial management and internal control in any municipality and recommend improvements. The National Treasury fulfils its legislated mandate to monitor and assess MFMA compliance in local government primarily through two web-enabled systems, namely the Muni eMonitor system and the Financial Management Capability Maturity Model and audit action plan system.

The primary data used in this report was extracted from the Muni eMonitor system. This extraction took place after the system cut-off date of 19 September 2025, following the issuance of a notice to all stakeholders to ensure that any outstanding information, data submissions and provincial treasury reviews were finalised timeously. Where other related data sets exist, such as Auditor-General of South Africa reports, these were used to validate actual MFMA compliance and governance where possible.

This report consolidates the status of municipality compliance with the MFMA across all nine provinces. It covers the 2024/25 municipal financial year – 1 July 2024 to 30 June 2025 – reflecting information submitted by municipalities for the second year of the rollout of the Muni eMonitor system. The report also includes some information from prior municipal financial years to highlight trends over time. However, the credibility of the report may be compromised where municipalities have not completed evaluations or have provided inaccurate information.

Throughout 2024/25, the National Treasury asked municipalities to submit quarterly MFMA compliance reports, now referred to as evaluations, on the Muni eMonitor system for review. Even though municipalities were given the opportunity to verify the accuracy and consistency of the data submitted, there are still discrepancies between the data on the Muni eMonitor system and information in the audited annual financial statements and annual reports. It is the responsibility of a municipality to ensure that data on the Muni eMonitor system aligns with audited information, as the National Treasury primarily uses the data from the Muni eMonitor system to analyse reported information. The approach is meant to ensure compliance with the requirements of the MFMA.

This report focuses on the following areas: systems of delegation; senior management vacancies; asset management; cost containment; unauthorised, irregular, fruitless and wasteful expenditure; consequence management; supply chain management; audit action plans for findings raised in the 2023/24 audit; internal audit and audit committee reviews; the use of consultants for preparing annual financial statements; and 2024/25 annual financial statement submissions.

This report primarily examines the alignment between MFMA statutory obligations and reported governance and compliance outcomes.

3. Limitations of the data

Disclaimer: The Muni eMonitor system is a live system, and as such, there may be variations between the data extracted at the time and the current data in the system. The National Treasury acknowledges that these discrepancies are inherent due to the dynamic nature of the system and this should be considered when interpreting the results presented in the report.

The main limitation of this report relates to the national submission rate by municipalities of the various quarterly evaluations on the Muni eMonitor system. The submission rate is currently an aggregated 88 per cent for 2024/25. Twelve per cent of municipalities did not respond or submit data on the Muni eMonitor system.

Table 1 shows the percentage of submissions by municipalities for each province per quarter of the 2024/25 financial year. The top three provinces where municipalities submitted most of the required evaluations were Mpumalanga (100 per cent), Eastern Cape (99 per cent) and Free State (94 per cent). The provinces that submitted the least number of evaluations were Limpopo (72 per cent) and North West (76 per cent). The submission of evaluations across the various disciplines varies by municipality and province and the analysis in the table is based on the aggregate of the quarterly evaluations submitted.

Table 1: Provinces' submission of quarterly evaluations

Province	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Eastern Cape	100%	100%	100%	97%	99%
Free State	95%	95%	95%	92%	94%
Gauteng	97%	96%	94%	84%	93%
KwaZulu-Natal	92%	92%	89%	87%	90%
Limpopo	86%	75%	65%	61%	72%
Mpumalanga	100%	100%	100%	100%	100%
North West	87%	88%	78%	52%	76%
Northern Cape	96%	89%	81%	73%	85%
Western Cape	87%	87%	83%	82%	85%

Despite numerous communications, some municipalities failed to submit evaluations for all four quarters. Municipalities are reminded that failure to resolve these transgressions may be construed as financial misconduct in terms of section 171 of the MFMA, read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

The quality and credibility of data submitted by the municipalities remain a challenge. Despite these limitations, publication of this report will, over time, improve the attitude of municipalities towards compliance reporting and the credibility of data reported to the National Treasury.

This report excludes information relating to budget management and implementation, as this is covered in separate in-year publications issued by the National Treasury.

4. Purpose and overview

This report presents a comprehensive overview of the state of compliance with the MFMA and its supporting regulations across all 257 municipalities in South Africa for the 2024/25 municipal financial year. It analyses current trends in implementing the MFMA and applicable regulations across the entire sector. Primary data is drawn from the Muni eMonitor and the Financial Management Capability Maturity Model/audit action plan systems, complemented by data from secondary sources. Reporting is monthly and quarterly. This edition of the report covers submission trends from 1 July 2024 to 30 June 2025. Each focus area includes a comparative analysis against restated 2023/24 data.

The following focus areas are covered:

- Systems of delegation
- Senior management vacancies
- Asset management
- Cost containment
- Unauthorised, irregular, fruitless and wasteful expenditure
- Consequence management
- Supply chain management
- Audit action plans for findings raised in the 2023/24 audit
- Internal audit and audit committee reviews
- The use of consultants for annual financial statement preparation
- Submission of annual financial statements for the 2024/25 audit.

5. Systems of delegation

Municipalities must maintain up-to-date systems of delegation (SODs) to ensure administrative and operational efficiency. Section 79(1)(a) of the MFMA requires a municipality’s accounting officer to develop delegation systems that maximise efficiency and provide adequate checks and balances. Subsection (c) requires the accounting officer to regularly review delegations, and amend or withdraw them where necessary.

MFMA Circular 73 requires periodic review of delegations for validity and completeness, with a designated official responsible for their management. A municipality’s delegations must align with measurable objectives and the organisational structure.

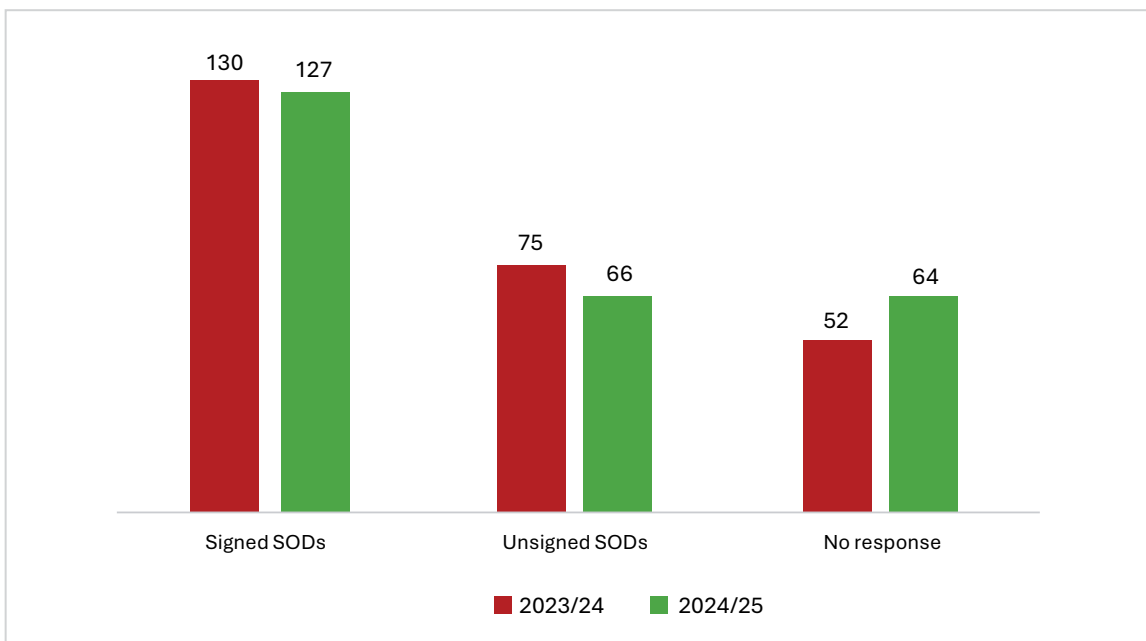
Moreover, the following principles must be implemented:

- Any delegation or authorisation to perform a power or duty must be in writing.
- A municipality’s system of delegation must be reviewed when a new council is elected or appointed, when a new municipal manager is appointed, when there is a change to the organisational structure due to reorganising or restructuring, or when there are amendments to municipal policies or legislation.

Section 79 of the MFMA, read together with Circular 73, requires municipalities to review, table and adopt their delegation systems alongside the budget and related policies. Delegations underpin the municipal accountability ecosystem by providing the basis for holding officials accountable. A council-approved delegation system is essential for effective accountability and consequence management.

Figure 1 and Table 2 compare SOD compliance in 2023/24 and 2024/25, including whether delegations were signed by both delegator and delegatee.

Figure 1: Comparative overview of SOD compliance in 2023/24 and 2024/25



National analysis

SOD compliance varies notably across provinces. In 2023/24, 130 municipalities had signed SODs; in 2024/25, this number decreased slightly to 127 (-2.3 per cent). The number of municipalities with unsigned SODs dropped from 75 to 66, an improvement of nine. However, non-responses increased from 52 to 64 (+23 per cent). The decline in signed SODs and sharp rise in non-responses indicate growing challenges in municipal compliance and may indicate that non-reporting municipalities lack signed SODs.

Table 2: Detailed analysis of SOD compliance in 2023/24 and 2024/25

Prov.	Signed 2023/24	Signed 2024/25	Change	Unsigned 2023/24	Unsigned 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	30	22	▼-8	9	16	▲+7	0	1	▲+1
FS	4	9	▲+5	7	9	▲+2	12	5	▼-7
GP	6	5	▼-1	3	3	→0	2	3	▲+1
KZN	27	33	▲+6	14	10	▼-4	13	11	▼-2
LP	16	13	▼-3	6	1	▼-5	5	13	▲+8
MP	14	17	▲+3	5	3	▼-2	1	0	▼-1
NC	13	13	→0	11	7	▼-4	7	11	▲+4
NW	7	5	▼-2	10	6	▼-4	5	11	▲+6
WC	13	10	▼-3	10	11	▲+1	7	9	▲+2

Provincial analysis

Improved compliance

KwaZulu-Natal

KwaZulu-Natal demonstrates one of the strongest year-on-year improvements. In 2023/24, 27 municipalities had signed SODs, and in 2024/25, this number had increased to 33 (+22 per cent). Municipalities with unsigned SODs decreased from 14 to 10 (-29 per cent). Those with unsigned SODs were Abaqulusi Local Municipality (LM), Alfred Duma LM, Endumeni LM, KwaDukuza LM, Ndwedwe LM, Umdoni LM, uMhlathuze LM, uMngeni LM, uPhongolo LM and Zululand District Municipality (DM). Non-responses declined from 13 to 11 (-15 per cent). Municipalities that did not respond were Amajuba DM, Dannhauser LM, Jozini LM, iLembe DM, Impendle LM, Mpofana LM, Nongoma LM, Nquthu LM, Mshwathi LM, uMzinyathi DM and Umzumbe LM. These changes reflect a meaningful improvement in overall responsiveness. KwaZulu-Natal still records a relatively high number of non-responses, suggesting persistent administrative challenges. Nonetheless, the overall upward movement indicates strengthening governance and improved commitment to compliance.

Free State

In 2023/24, Free State recorded the weakest performance, with only four municipalities submitting signed SODs and 12 failing to respond. In 2024/25, the number of municipalities with signed SODs increased to nine (+125 per cent), while non-responses dropped significantly from 12 to five (58 per cent). Municipalities with non-responses were Lejweleputswa DM, Masilonyana LM, Metsimaholo LM, Nala LM and Tokologo LM. The number of municipalities with unsigned SODs rose from seven to nine (+29 per cent): Dihlabeng LM, Kopanong LM, Mafube LM, Maluti-A-Phofung LM, Matjhabeng LM, Mohokare LM, Moqhaka LM, Phumelela LM and Thabo Mofutsanyana DM. There were thus the same number of municipalities with signed SODs as those with unsigned SODs. While progress is evident, Free State remains institutionally fragile. Persistently high numbers of municipalities with unsigned SODs and moderate non-responses signal systemic administrative and capacity weaknesses that continue to compromise effective oversight.

Mpumalanga

Mpumalanga remains the strongest-performing province. The number of municipalities with signed SODs increased from 14 in 2023/24 to 17 in 2024/25 (+21 per cent), while the number of municipalities with unsigned SODs declined from five to three (-40 per cent). Those with unsigned SODs were Msukaligwa LM, Steve Tshwete LM and Thaba Chweu LM. Non-responses dropped from one municipality to zero. The province sustained its upward trend towards strengthened provincial oversight, effective administrative systems and a disciplined compliance culture. It continues to serve as a national benchmark for good governance.

Regressed compliance

Gauteng

The number of municipalities with signed SODs in Gauteng declined slightly from six to five (-17 per cent), while those with unsigned SODs remained unchanged at three – namely Merafong City LM, Rand West City LM and Sedibeng DM. Non-responsive municipalities increased from two to three (+50 per cent), namely City of Johannesburg Metropolitan Municipality (MM), Emfuleni LM and Lesedi LM. These shifts may be due to procedural delays or weakened internal monitoring. Targeted oversight could rapidly elevate Gauteng into a higher-performing category.

Eastern Cape

Eastern Cape performed strongly in 2023/24, with 30 municipalities having signed SODs. However, in 2024/25, signed SODs were only reported at 22 municipalities (-27 per cent), while unsigned SODs increased sharply from nine to 16 (+78 per cent). Municipalities with unsigned SODs were Amahlathi LM, Amathole DM, Blue Crane Route LM, Ingquza Hill LM, Joe Gqabi DM, Kouga LM, Koukamma LM, Makana LM, Ndlambe LM, Ngqushwa LM, Port St Johns LM, Raymond Mhlaba LM, Sarah Baartman DM, Sundays River Valley LM, Umzimvubu LM and Walter Sisulu LM. Non-responses, previously at zero, rose to one municipality (Elundini LM). This reversal signals emerging weaknesses in oversight, monitoring and administrative follow-through. Although Eastern Cape remains comparatively strong overall, the downward trajectory is concerning and requires immediate intervention.

Western Cape

Western Cape recorded a decline between the two financial years. Signed SODs decreased from 13 to 10 (-23 per cent), while unsigned SODs increased slightly from 10 to 11. Municipalities with unsigned SODs were Breede Valley LM, City of Cape Town MM, Drakenstein LM, Hessequa LM, Kannaland LM, Laingsburg LM, Mossel Bay LM, Overberg DM, Prince Albert LM, Saldanha Bay LM and Theewaterskloof LM. Non-responses rose from seven to nine (+29 per cent). Non-responsive municipalities were Beaufort West LM, Bergrivier LM, Bitou LM, Cederberg LM, Central Karoo DM, Matzikama LM, Oudtshoorn LM, Overstrand LM and Stellenbosch LM. These shifts may indicate administrative delays, leadership transitions or inadequate updates to delegation frameworks. Strengthened provincial coordination is essential to restore Western Cape's historically strong performance.

Limpopo

Limpopo shows one of the most concerning regressions. The number of municipalities with signed SODs declined from 16 to 13 (-19 per cent), while non-responses surged from five to 13 (+160 per cent). Non-responsive municipalities were Elias Motsoaledi LM, Ephraim Mogale LM, Greater Tzaneen LM, Lepelle-Nkumpi LM, Lephalale LM, Maruleng LM, Molemole LM, Mopani DM, Musina LM, Sekhukhune DM, Thabazimbi LM, Vhembe DM and Waterberg DM. This indicates widespread breakdowns in reporting. These trends highlight structural governance problems in Limpopo, including weakened internal controls and communication failures.

North West

North West demonstrates one of the sharpest overall declines in terms of percentages, nationally. Signed SODs fell from seven to five (-29 per cent), while non-responses rose sharply from five to 11 (+120 per cent). The following municipalities were non-responsive: Bojanala Platinum DM, Dr Kenneth Kaunda DM, Dr Ruth Segomotsi Mompati DM, Greater Taung LM, Lekwa-Teemane LM, Mahikeng LM, Moretele LM, Naledi LM, Ngaka Modiri Molema DM, Ramotshere Moiloa LM and Ratlou LM. Municipalities with unsigned SODs declined from 10 to six (-40 per cent): City of Matlosana LM, Ditsobotla LM, Kgetlengrivier LM, Madibeng LM, Moses Kotane LM and Tswaing LM. However, this improvement is overshadowed by the surge in non-responses. These figures for North West reflect significant governance instability, weakened administrative engagement and insufficient oversight at municipal level.

Stagnant compliance

Northern Cape

Compliance in Northern Cape remains largely stagnant. There were the same number of signed SODs (13) across both years. Unsigned SODs decreased from 11 to seven (-36 per cent). Municipalities with unsigned SODs were Emthanjeni LM, Hantam LM, Kgatelopele LM, Magareng LM, Nama Khoi LM, Phokwane LM and Siyathemba LM. Non-responses increased from seven to 11 (+57 per cent), namely at Dikgatlong LM, Gamagara LM, Ga-Segonyana LM, Joe Morolong LM, John Taolo Gaetsewe DM, Kai !Garib LM, Kareeberg LM, Renosterberg LM, Richtersveld LM, Tsantsabane LM and Ubuntu LM. The rising non-response rate indicates deteriorating reporting systems. Without targeted intervention, Northern Cape risks slipping further into non-compliance, despite having a stable core of compliant municipalities.

Conclusion

- The year-on-year analysis reveals a mixed national picture, characterised by pockets of strong improvement alongside significant declines and persistent systemic weaknesses. Provinces such as Mpumalanga, KwaZulu-Natal and Free State demonstrate notable progress, driven by strengthened administrative oversight, improved responsiveness and growing commitment to compliance. These gains highlight the positive impact of sustained provincial support and coordinated monitoring.
- Conversely, several provinces – namely Eastern Cape, Western Cape, Limpopo and North West – show marked regression, with rising non-responses serving as a critical warning indicator of weakened internal controls, administrative disengagement and reporting breakdowns. Gauteng showed a slight regression, while Northern Cape has stagnated, reflecting an inability to convert existing capacity into full compliance, suggesting procedural bottlenecks and insufficient follow-through.
- Collectively, the data indicates that compliance is improving in some regions but is fragile and uneven overall. Strengthening provincial oversight, addressing administrative capacity gaps and enforcing consistent reporting practices are essential to stabilise performance and ensure that all municipalities meet their governance obligations and are able to enforce consequence management. The persistent rise in non-responses across several provinces means there is an urgent need for targeted interventions to prevent further erosion of accountability and build a more coherent, reliable national compliance framework.

Recommendations for provincial treasuries

- **Encourage municipal action:** Reinforce the importance of timely SOD sign-off to strengthen governance and ensure MFMA compliance.
- **Increase monitoring and support:** Implement targeted follow-ups in municipalities with unsigned SODs or persistent non-responsiveness.
- **Improve engagement in low-response municipalities:** Identify and address barriers related to capacity, coordination or communication.
- **Allocate additional support:** Prioritise underperforming municipalities, especially those with a high number of unsigned SODs or non-responses.
- **Benchmark best practices:** Promote peer learning by using strong-performing provinces such as Mpumalanga and Eastern Cape to guide struggling municipalities.
- **Conduct targeted training:** Offer MFMA and SOD-focused training for officials at all administrative levels.
- **Report persistent non-compliance** despite targeted interventions to the National Treasury.

Recommendations for municipalities

- **Align SODs with the MFMA and Circular 73:** Ensure SODs are signed off in alignment with MFMA section 79 and Circular 73.
- **Establish clear SOD review triggers:** Stipulate and monitor triggers for SOD review in the municipal policy (e.g. a new council, a new municipal manager, restructuring or legal changes).
- **Assign an official:** Designate an official to manage, maintain and monitor SODs, ensuring compliance with reporting requirements.

- **Mandate written records:** All delegations or authorisations need to be documented in writing, as per the MFMA and Circular 73.
- **Define roles clearly:** Specify the roles and responsibilities of both the delegator and delegatee in each delegation.
- **Enforce joint sign-offs:** Implement a mandatory sign-off procedure for both the delegator (e.g. municipal manager, mayor or council) and delegatee.
- **Adopt electronic systems:** Incorporate electronic document management to track and store signed copies of delegations, ensuring they can be audited.
- **Maintain centralised archives:** Keep centralised records (hardcopy and electronic) of all signed SODs.
- **Use standardised templates:** Develop templates detailing delegation date, scope, limits, conditions and sign-off fields.
- **Implement monitoring tools:** Create checklists to regularly assess if SODs are current, signed and effectively used.
- **Integrate consequence management:** Implement consequence management procedures for non-compliance.
- **Leverage signed SODs:** Use signed delegations to address financial misconduct and hold officials accountable.
- **Include SODs in induction:** Incorporate SOD modules in orientation for newly appointed officials.

6. Senior management vacancies

The MFMA was premised on the principle: “Let the managers manage, but hold them accountable.” Section 2(a) of the MFMA provides that:

2. The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for –

(a) ensuring transparency, accountability, and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities.

Leadership is critical to municipalities’ constitutional mandate of service delivery. Leadership positions must be filled timeously with officials capable of directing the municipality.

The Auditor-General of South Africa’s (AGSA’s) *Consolidated General Report on Local Government Audit Outcomes 2022–23* (2024) notes that the root causes of poor performance in local government will remain unresolved as long as there are inadequate skills and capacity, governance failures, and a lack of accountability and consequences (AGSA 2024: 96–99). Stability in senior management appointments is key to addressing critical weaknesses and securing improvements in local government (AGSA 2024: 115).

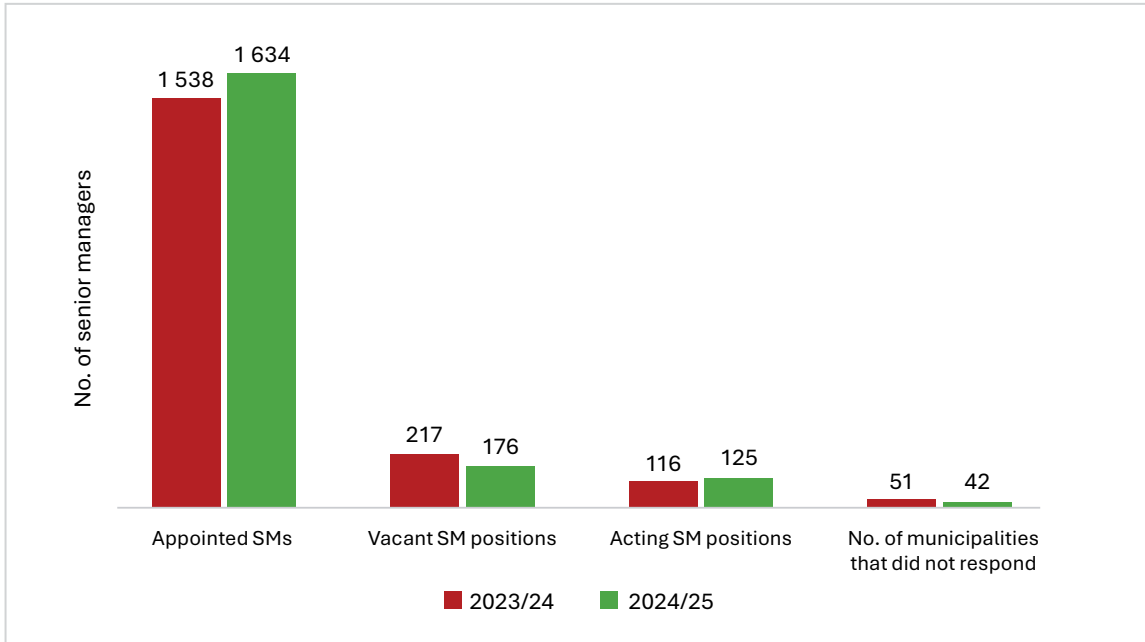
The reported information presented below indicates that significant effort is required to address the high vacancy levels in several critical senior management positions. Longstanding vacancies and instability in key senior management positions compromise the effectiveness of financial and performance management, compliance with relevant legislation, service delivery, consequence management and audit outcomes of municipalities. Over the years, the National Treasury has observed that municipalities with stability in senior management generally perform well and achieve better outcomes in all aspects of their operations.

The key positions considered in this section include accounting officers/municipal managers, chief financial officers, chief audit executives and heads of risk management, supply chain management, and revenue and expenditure management. These are analysed nationally, per position. Vacancies in asset management are dealt with in further detail in the next section.

National overview

Senior management appointments increased nationally by 96, from 1 538 at the end of June 2024 to 1 634 appointments by end-June 2025. Figure 2 shows the movement in the status of senior management positions.

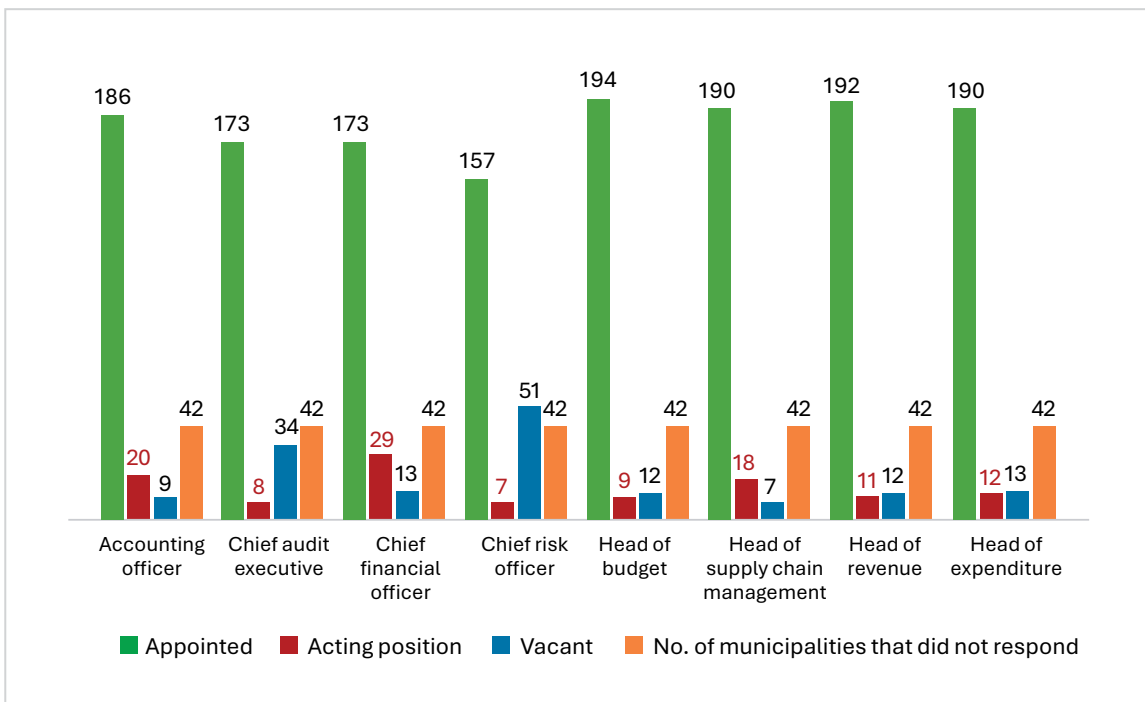
Figure 2: Movement in senior management vacancies, 2023/24–2024/25



Note: SM = senior manager.

As at the end of 2024/25, 84 per cent (82 per cent in 2023/24) of the critical senior management positions were filled, 9 per cent (12 per cent in 2023/24) were vacant and 6 per cent (6 per cent in 2023/24) were occupied by officials in an acting capacity. Of concern is the increase in the number of acting accounting officer positions as at 30 June 2025 and the correlation between acting positions and poor or regressed audit outcomes, with increased numbers of audit findings affecting the audit outcome. Figure 4 shows the distribution per province of senior management positions at the end of quarter four of 2024/25.

Figure 3: Status of senior management positions, 2024/25



Vacant accounting officer positions were reported at Letsemeng Local Municipality (LM) and Kopanong LM in Free State; City of Johannesburg Metropolitan Municipality (MM) in Gauteng; eDumbe LM and Endumeni LM in KwaZulu-Natal; Nkangala District Municipality (DM) and Lekwa LM in Mpumalanga; ZF Mgcawu DM in Northern Cape; and Beaufort West LM in Western Cape.

Free State had the highest number of chief financial officer vacancies (at Kopanong LM, Maluti-A-Phofung LM, Setsoto LM and Tokologo LM), followed by Eastern Cape (at Chris Hani DM, Port St Johns LM and Mhlontlo LM). All these municipalities have stagnated in their audit outcomes; and Maluti-A-Phofung LM has consistently submitted its annual financial statements late.

Nationally, the highest number of vacancies were for chief risk officer (51), followed by chief audit executive (34), and then chief financial officer and head of expenditure (13 each). The province with the highest number of vacancies for chief risk officer was KwaZulu-Natal (13), which also had the highest number of vacancies for chief audit executives (7). Both vacancies existed at uMfolozi LM, Nkandla LM, uMhlabuyalingana LM and uMkhanyakude DM.

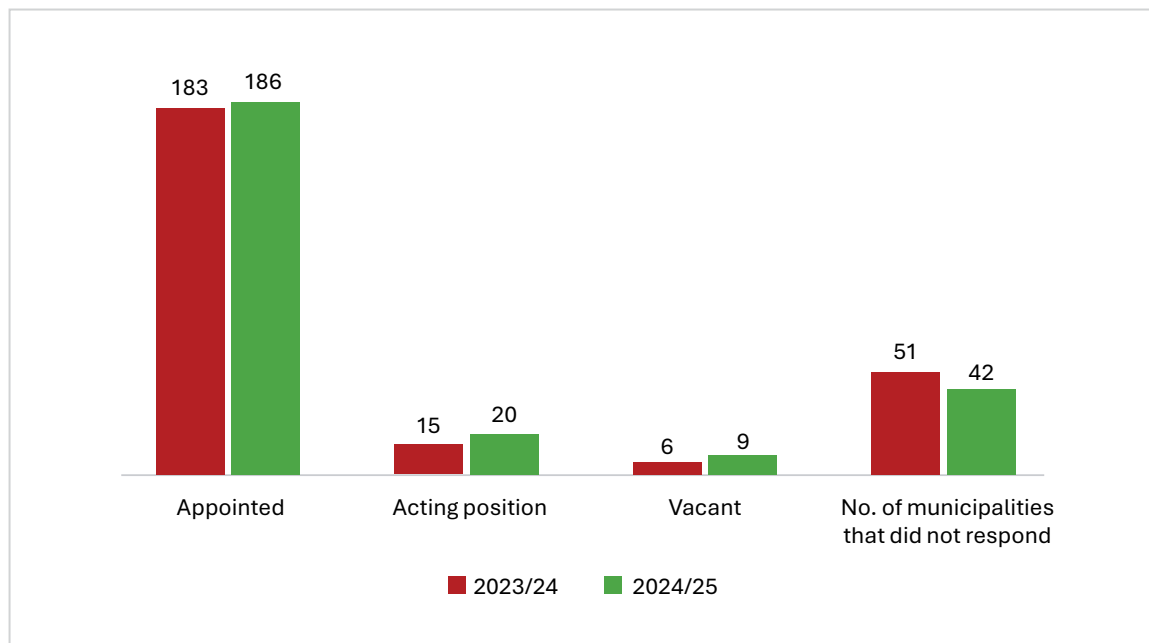
At the end of 2024/25, 42 municipalities had not provided information on senior management vacancies – an improvement on the 53 that had not done so the previous financial year.

Analysis by senior management position

Accounting officers

Figure 4 shows the change in the status of accounting officer positions between 2023/24 and 2024/25.

Figure 4: Accounting officer positions



The figure illustrates a positive shift towards filling accounting officer positions, both on a permanent and acting basis. A total of 186 (2024: 183) of the 215 municipalities that provided relevant information appointed municipal managers, 20 (2024: 15) reported having acting accounting officers and nine (2024: 6) reported vacancies as at 30 June 2025.

Three municipalities with vacant accounting officer positions in the previous financial year reported making appointments by 30 June 2025, namely Inxuba Yethemba LM (Eastern Cape), Metsimaholo LM (Free State) and Siyancuma LM (Northern Cape).

Thirteen municipalities with acting accounting officer positions in the previous financial year reported having made permanent appointments by 30 June 2025. These municipalities are Koukamma LM (Eastern Cape); Maluti-A-Phofung LM and Tokologo LM (Free State); Abaqulusi LM, uMfolozi LM, Ugu DM, uMgungundlovu DM and uMuziwabantu LM (KwaZulu-Natal); Mkhondo LM (Mpumalanga); Ditsobotla LM and Madibeng LM (North West); and Siyathemba LM and Thembelihle LM (Northern Cape). Table 3 shows shifts in the status of accounting officer positions by province.

Table 3: Change in status of accounting officers by province

Accounting officer status												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	36	35	▼-1	1	0	▼-1	2	3	▲+1	0	1	▲+1
FS	12	15	▲+3	2	2	→0	2	3	▲+1	7	3	▼-4
GP	10	9	▼-1	0	1	▲+1	0	0	→0	1	1	→0
KZN	33	43	▲+10	0	2	▲+2	3	2	▲-1	18	7	▼-11
LP	19	12	▼-7	0	0	→0	0	2	▲+2	8	13	▲+5
MP	19	16	▼-3	0	2	▲+2	1	2	▲+1	0	0	→0
NW	14	13	▼-1	0	0	→0	3	3	→0	4	6	▲+2
NC	16	21	▲+5	3	1	▼-2	4	4	→0	7	5	▼-2
WC	24	22	▼-2	0	1	▲+1	0	1	▲+1	6	6	→0
Totals	183	186	▲+3	6	9	▲+3	15	20	▲+5	51	42	▼-9

These changes indicate that there has been a net increase of three appointed accounting officers, a net increase of three vacancies and an overall increase of five acting accounting officers during 2024/25.

Nine vacancies were reported in the following provinces as at 30 June 2025: in Free State at Kopanong LM and Letsemeng LM; in Gauteng at City of Johannesburg MM; in KwaZulu-Natal at Endumeni LM and Edumbe LM; in Mpumalanga at Nkangala LM and Lekwa LM; in Northern Cape at ZF Mgcawu LM; and in Western Cape at Beaufort West LM.

The following municipalities reported that accounting officers were in an acting capacity: Alfred Nzo LM, Nyandeni LM and Nelson Mandela Bay MM (Eastern Cape); Mohokare LM, Mafube LM and Matjhabeng LM (Free State); Nongoma LM and uPhongolo LM (KwaZulu-Natal); Ba-Phalaborwa LM and Thulamela LM (Limpopo); Ehlanzeni LM and Nkomazi LM (Mpumalanga); Tswaing LM, Lekwa-Teemane LM and Kgetlengrivier LM (North West); Magareng LM, !Kheis LM, Hantam LM and Nama Khoi LM (Northern Cape); and Cape Agulhas LM (Western Cape). In the six underlined municipalities the accounting officer has been in an acting capacity for more than three months without approval for extension from the member of the executive council.

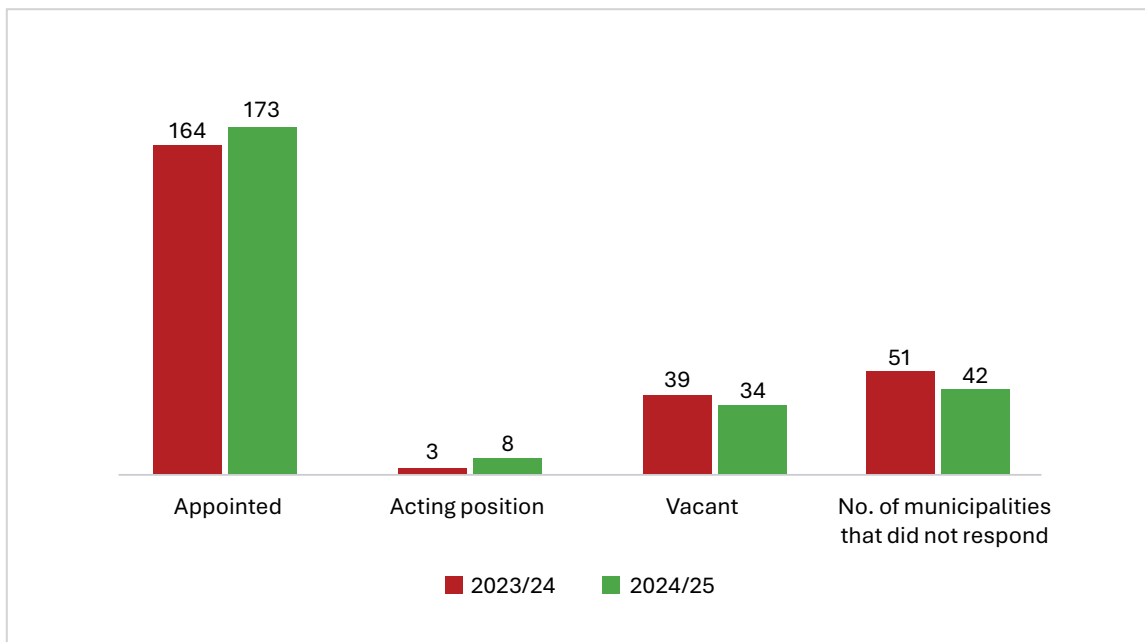
Chief audit executives

The internal audit unit occupies an advisory position in relation to the accounting officer and reports functionally to the independent audit committee as per section 165 (2)(b) of the MFMA. The chief audit executive heads this unit, which reports administratively to the municipal manager.

Strong leadership by the chief audit executive affects the quality of the financial and performance information produced by municipalities. Internal audit recommendations on internal controls and financial discipline, and the implementation of such recommendations by management, contribute significantly to a strong control environment and improved audit outcomes.

Figure 5 shows the movement between 2023/24 and 2024/25 of chief audit executive positions nationally.

Figure 5: Chief audit executive positions



The national statistics show gradual progress in filling the position of chief audit executive in all municipalities. There has been a net increase of nine municipalities that have appointed chief audit executives in 2024/25 and a net increase of five with an acting chief audit executive. The net number of vacancies in the position has also declined by five positions.

The following 14 municipalities reported appointing a chief audit executive in 2024/25 after reporting a vacancy the previous year: in Eastern Cape: Ingquza Hill LM; in Gauteng: City of Johannesburg MM and West Rand DM; in KwaZulu-Natal: Big 5 Hlabisa LM, Endumeni LM, Umdoni LM and Mthonjaneni LM; in North West: Mamusa LM, Madibeng LM and Naledi LM; in Northern Cape: Frances Baard DM, Phokwane LM and Nama Khoi LM; and in Western Cape: Bergrivier LM. Table 4 shows the distribution of chief audit executives per province.

Table 4: Chief audit executive positions by province

Chief audit executive												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	32	31	▼-1	6	5	▼-1	1	2	▲+1	0	1	▲+1
FS	12	14	▲+2	3	5	▲+2	1	1	→0	7	3	▼-4
GP	8	8	→0	2	2	→0	0	0	→0	1	1	→0
KZN	27	39	▲+12	8	7	▼-1	1	1	→0	18	7	▼-11
LP	19	12	▼-7	0	0	→0	0	2	▲+2	8	13	▲+5
MP	19	20	▲+1	1	0	▼-1	0	0	→0	0	0	→0
NW	9	9	→0	9	7	▼-2	0	0	→0	4	6	▲+2
NC	17	20	▲+3	7	6	▼-1	0	0	→0	7	5	▼-2
WC	21	20	▼-1	3	2	▼-1	0	2	▲+2	6	6	→0
Totals	164	173	▲+9	39	34	▼-5	3	8	▲+5	51	42	▼-9

Of the 215 municipalities that completed the senior management vacancies evaluation, 80 per cent (2024: 64 per cent) indicated that the position had been filled. At 30 June 2025, eight municipalities had officials in an acting capacity, up from three a year before.

North West and KwaZulu-Natal continued to have the most municipalities without a chief audit executive. In North West, the seven municipalities were Ditsobotla LM, Kagisano-Molopo LM, Kgetlengrivier LM, Maquassi Hills LM, Ramotshere Moiloa LM, Ratlou LM and Tswaing LM. In KwaZulu-Natal they were Maphumulo LM, Nkandla LM, Nongoma LM, uMfolozi LM, uMhlabuyalingana LM, uMkhanyakude DM and Umvoti LM.

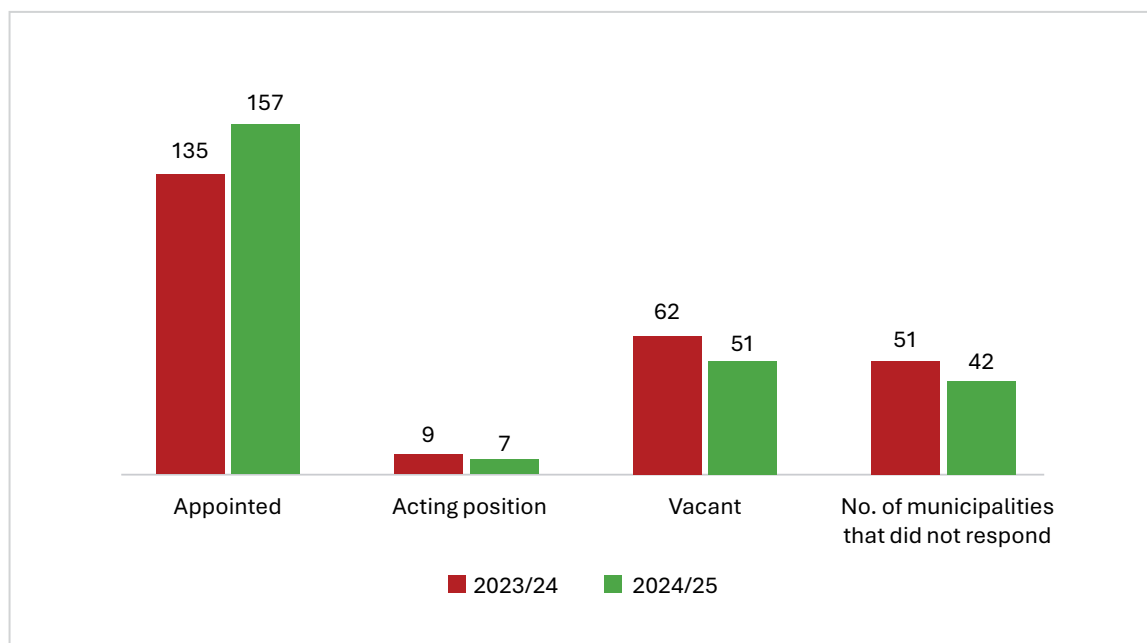
In Northern Cape, six municipalities lacked a chief audit executive, namely Siyathemba LM, Magareng LM, Gamagara LM, Hantam LM, Emthanjeni LM and Renosterberg LM. Eastern Cape and Free State each had five municipalities with no chief audit executive. In Eastern Cape, these municipalities were Sarah Baartman DM, Great Kei LM, Sakhisizwe LM, Amahlathi LM and Koukamma LM, while in Free State they were Phumelela LM, Tokologo LM, Dihlabeng LM, Kopanong LM and Matjhabeng LM. Gauteng and Western Cape each had two municipalities that had not appointed a chief audit executive by the end of June 2025. These were Merafong City LM and Emfuleni LM in Gauteng and Central Karoo DM and Swellendam LM in the Western Cape. The 20 underlined municipalities have reported being without an appointed chief audit executive for the second consecutive year.

The following municipalities reported that the chief audit executive was in an acting capacity at 30 June 2025: in Eastern Cape: Mhlontlo LM and Makana LM; in Free State: Mohokare LM; in KwaZulu-Natal: Ulundi LM; in Limpopo: both the non-delegated municipality Polokwane LM and Collins Chabane LM; and in Western Cape: Saldanha Bay LM and Langeberg LM.

Head of risk

Recently, there has been a move towards creating separate risk management units within municipalities, mainly to ensure the objectivity of the internal audit function, which also reviews the work performed by risk management. Internal audit then provides an independent assessment of the effectiveness of risk management, which focuses on proactive identification, assessment and mitigation of risks that affect municipal operations and effectiveness. Figure 6 shows changes in the status of head of risk positions nationally between 2023/2024 and 2024/25.

Figure 6: Head of risk positions



A total of 157 municipalities (2024: 135) reported having appointed a head of risk and seven (2024: 9) reported having an acting head of risk at 30 June 2025. The net number of municipalities with vacant positions dropped by 11, while the net number of acting positions dropped from nine to seven in the same period.

The following municipalities reported appointing a head of risk in 2024/25 after reporting a vacancy the previous year: in Eastern Cape: Sarah Baartman DM, Port St Johns LM, Mhlontlo LM, Ndlambe LM, Mbhashe LM, Emalaheni LM and Makana LM; in Free State: Mantsopa LM; in Gauteng: City of Johannesburg MM and City of Tshwane MM; in KwaZulu-Natal: Big 5 Hlabisa LM, Endumeni LM, Harry Gwala DM, Johannes Phumani Phungula LM and Umvoti LM; in Limpopo: Blouberg LM; in North West: Kgetlengrivier LM, Madibeng LM, Mamusa LM and Naledi LM; in Northern Cape: Emthanjeni LM and Khai-Ma LM; and in Western Cape: Bergrivier LM, Oudtshoorn LM, Overberg DM and West Coast DM.

Municipalities that made a permanent appointment after having had an acting head of risk were City of Ekurhuleni MM (Gauteng), Newcastle LM (KwaZulu-Natal), Dawid Kruiper LM (Northern Cape) and George LM (Western Cape).

Municipalities that completed the senior management vacancies evaluation for the first time and reported officials appointed in the head of risk position in 2024/25 were Moqhaka LM (Free State); Mtubatuba LM (KwaZulu-Natal); Sekhukhune DM and Fetakgomo Tubatse LM (Limpopo); Lekwa-Teemane LM and Dr Ruth Segomotsi Mompati DM (North West); Kai !Garib LM and Richtersveld (Northern Cape); and Beaufort West LM and Laingsburg LM (Western Cape). The distribution per province is shown in Table 5.

Table 5: Head of risk positions by province

Head of risk												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	22	27	▲+5	15	9	▼-6	2	2	→0	0	1	▲+1
FS	11	12	▲+1	5	5	→0	0	3	▲+3	7	3	▼-4
GP	6	7	▲+1	3	3	→0	1	0	▼-1	1	1	→0
KZN	24	34	▲+10	11	13	▲+2	1	0	▼-1	18	7	▼-11
LP	15	13	▼-2	3	1	▼-2	1	0	▼-1	8	13	▲+5
MP	19	19	→0	0	1	▲+1	1	0	▼-1	0	0	→0
NW	7	11	▲+4	10	5	▲-5	1	0	▼-1	4	6	▲+2
NC	15	16	▲+1	8	9	▲+1	1	1	→0	7	5	▼-2
WC	16	18	▲+2	7	5	▼-2	1	1	→0	6	6	→0
Totals	135	157	▲+22	62	51	▼-11	9	7	▼-2	51	42	▼-9

Provinces with the highest number of vacancies remain unchanged from the previous financial year-end: KwaZulu-Natal with 14 (2024: 11), and Eastern Cape and Northern Cape with nine each.

At 30 June 2025, the head of risk position was vacant at the following municipalities:

- KwaZulu-Natal (13): AbaQulusi LM, uMfolozi LM, Mkhambathini LM, Mthonjaneni LM, Nkandla LM, Richmond LM, Ulundi LM, Umdoni LM, uMhlabuyalingana LM, uMkhanyakude DM, uMngeni LM, uMuziwabantu LM and Umzumbe LM.
- Eastern Cape (9): Amahlathi LM, Blue Crane Route LM, Dr Beyers Naude LM, Great Kei LM, Joe Gqabi LM, Koukamma LM, Sakhisizwe LM, Sundays River Valley LM and Winnie Madikizela-Mandela LM.
- Northern Cape (9): Gamagara LM, Hantam LM, John Taolo Gaetsewe LM, !Kheis LM, Phokwane LM, Renosterberg LM, Siyancuma LM, Siyathemba LM and Thembelihle LM.
- North West (5): Ditsobotla LM, Kagisano-Molopo LM, Maquassi Hills LM, Ratlou LM and Tswaing LM.
- Western Cape (5): Cape Agulhas LM, Cape Winelands LM, Central Karoo DM, Swellendam LM and Theewaterskloof LM.
- Free State (5): Dihlabeng LM, Kopanong LM, Letsemeng LM, Phumelela LM and Tokologo LM.
- Gauteng (3): Emfuleni LM, Merafong City LM and West Rand LM.
- Limpopo (1): Greater Letaba LM.
- Mpumalanga (1): Govan Mbeki LM.

The 21 underlined municipalities have reported being without an appointed head of risk for the second consecutive year.

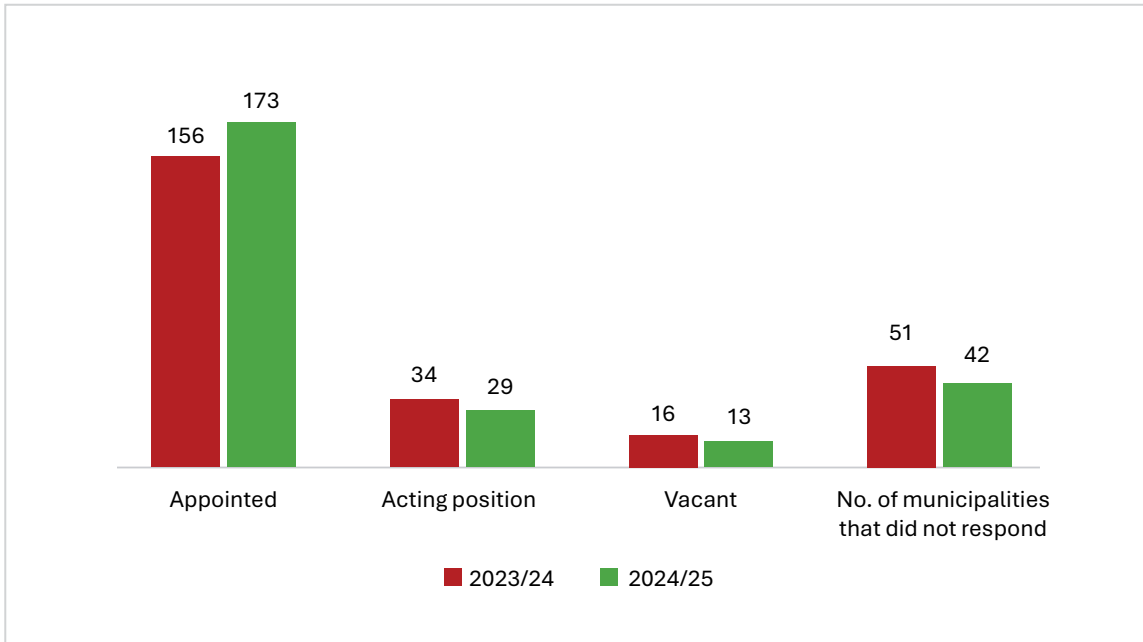
The seven municipalities with an acting head of risk were King Sabata Dalindyebo LM and Ngqushwa LM (Eastern Cape); Mohokare LM, Ngwathe LM and Thabo Mofutsanyana LM (Free State); Sol Plaatje LM (Northern Cape); and Langeberg LM (Western Cape).

It is evident from the number of vacancies and acting positions that many municipalities are failing to prioritise risk management.

Chief financial officers

Figure 7 shows shifts in the status of chief financial officer (CFO) positions nationally between 2023/24 and 2024/25.

Figure 7: Chief financial officer positions



One hundred and seventy-three (2024: 156) of the 215 municipalities that completed the senior management vacancies evaluation reported appointing a CFO, 13 (2024: 16) reported not having one and 29 (2024: 34) reported having an acting CFO.

The following 10 municipalities reported appointing a CFO in 2024/25, after reporting a vacancy the previous financial year: in Eastern Cape: Joe Gqabi DM and Umzimvubu LM; in Free State: Metsimaholo LM; in Gauteng: Sedibeng LM; in KwaZulu-Natal: uMfolozi LM; in Mpumalanga: Thembisile Hani LM; in North West: JB Marks LM; in Northern Cape: Magareng LM and Namakwa LM; and in Western Cape: Bergrivier LM.

Municipalities that appointed a CFO in 2024/25 to replace an acting CFO were as follows: in Eastern Cape: Amahlathi LM, Koukamma LM and Nyandeni LM; in Free State: Mangaung MM; in Gauteng: Rand West City LM; in KwaZulu-Natal: Emfuleni LM, Mandeni LM, Ray Nkonyeni LM, uMgungundlovu DM, uMuziwabantu LM and uMzinyathi DM; in Limpopo: Blouberg LM, Makhado LM and Polokwane LM; in North West: Rustenburg LM; in Northern Cape: Hantam LM and John Taolo Gaetsewe DM; and in Western Cape: Central Karoo DM, Knysna LM and Theewaterskloof LM. Table 6 shows shifts in the status of CFO positions by province.

Table 6: CFO positions by province

CFO												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	33	33	→0	2	3	▲+1	4	2	▼-2	0	1	▲+1
FS	13	12	▼-1	2	4	▲+2	1	4	▲+3	7	3	▼-4
GP	6	10	▲+4	1	0	▼-1	3	0	▼-3	1	1	→0
KZN	30	42	▲+12	1	1	→0	5	4	▼-1	18	7	▼-11
LP	13	13	→0	1	0	▼-1	5	1	▼-4	8	13	▲+5
MP	19	15	▼-4	1	2	▲+1	0	3	▲+3	0	0	→0
NW	9	9	→0	2	0	▼-2	7	7	→0	4	6	▲+2
NC	13	19	▲+6	5	2	▼-3	6	5	▼-1	7	5	▼-2
WC	20	20	→0	1	1	→0	3	3	→0	6	6	→0
Totals	156	173	▲+17	16	13	▼-3	34	29	▼-5	51	42	▼-9

A total of 13 (2024: 16) municipalities indicated that they do not have a CFO. Vacancies exist in the following provinces: Eastern Cape (3): Port St Johns LM, Chris Hani DM and Mhlontlo LM; Free State (4): Kopanong LM, Maluti-A-Phofung LM, Setsoto LM and Tokologo LM; KwaZulu-Natal (1): Dannhauser LM; Mpumalanga (2): City of Mbombela LM and Steve Tshwete LM; Northern Cape (2): Karoo Hoogland LM and Emthanjeni LM; and Western Cape (1): Witzenberg LM. None of the vacancies were extensions from the previous financial year.

The following 10 municipalities reported for the second consecutive year that the CFO was in an acting capacity: in Free State: Letsemeng LM and Mohokare LM; in KwaZulu-Natal: Umvoti LM; in North West: Maquassi Hills LM, Ditsobotla LM, Ratlou LM and Madibeng LM; and in Northern Cape: Frances Baard DM, Sol Plaatje LM, Renosterberg LM and Umsobomvu LM.

At Ratlou LM (North West) and Umsobomvu LM and Emthanjeni LM (both Northern Cape), the CFO has been in an acting capacity for more than three months without approval from the member of the executive council for an extension.

No province reported that the position of CFO had been filled in all its municipalities.

Senior managers

The following senior managers are delegated their responsibilities by the CFO. Vacancies in these critical positions are discussed in further detail below.

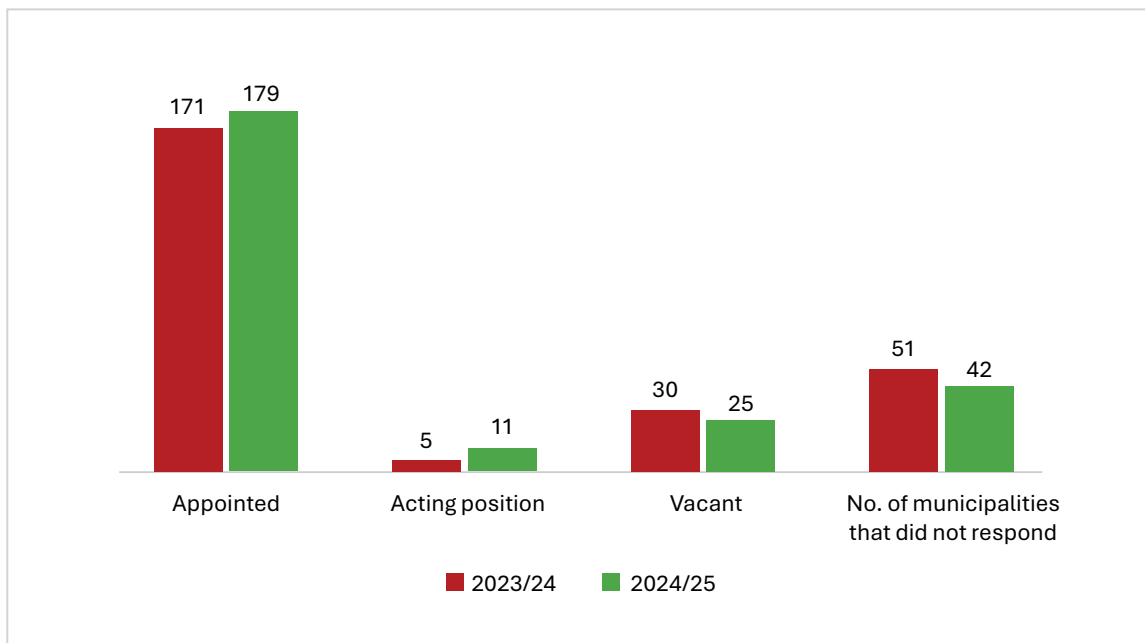
1. Head of assets
2. Head of budget
3. Head of expenditure
4. Head of revenue
5. Head of supply chain management

It is concerning that some municipalities have multiple senior management vacancies: this undermines accountability and the strength of review in the systems of internal control. The following municipalities have reported vacancies in all five of the above-mentioned positions: Kopanong LM (Free State); Dipaleseng LM (Mpumalanga), for the second year; and Ratlou LM (North West).

Head of assets

Figure 8 shows movement in the status of head of assets positions nationally between 2023/24 and 2024/25.

Figure 8: Head of assets positions



Of the 257 municipalities nationally, a net total of 179 (2024: 171) reported appointing a head of the asset management unit.

Municipalities that made appointments after having vacancies in 2023/24 were Enoch Mgijima LM and Inxuba Yethemba LM (Eastern Cape); Mafube LM and Maluti-A-Phofung LM (Free State); City of Johannesburg MM (Gauteng); Mandeni LM, uMhlabuyalingana LM, Mthonjaneni LM and Umzimkhulu

LM (KwaZulu-Natal); Bela Bela LM (Limpopo); Govan Mbeki LM (Mpumalanga); Mamusa LM, Khai-Ma LM, John Taolo Gaetsewe DM and Emthanjeni LM (Northern Cape); and Bergrivier LM, Central Karoo DM and Langeberg LM (Western Cape).

Municipalities that made appointments from acting positions in 2023/24 were Port St Johns LM (Eastern Cape) and Ba-Phalaborwa LM (Limpopo).

The following 14 municipalities that completed the senior management vacancies evaluation on the Muni eMonitor system for the first time in 2024/25 reported appointing a head of assets: in the Free State: Letsemeng LM, Moqhaka LM and Ngwathe LM; in KwaZulu-Natal: uMkhanyakude DM; in Limpopo: Greater Letaba LM, Sekhukhune DM and Fetakgomo Tubatse LM; in North West: Lekwa-Teemane LM and Dr Ruth Segomotsi Mompati DM; in Northern Cape: Richtersveld LM, Kai !Garib LM and Gamagara LM; and in Western Cape: Beaufort West LM and Laingsburg LM.

Table 7 shows changes in the status of head of assets positions by province.

Table 7: Head of assets positions by province

Head of assets												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	34	34	→0	4	3	▼-1	1	1	→0	0	1	▲+1
FS	12	15	▲+3	4	4	→0	0	1	▲+1	7	3	▼-4
GP	9	9	→0	1	1	→0	0	0	→0	1	1	→0
KZN	32	41	▲+9	4	4	→0	0	2	▲+2	18	7	▼-11
LP	17	13	▼-4	1	0	▼-1	1	1	→0	8	13	▲+5
MP	18	17	▼-1	2	1	▼-1	0	2	▲+2	0	0	→0
NW	13	10	▼-3	3	4	▲+1	2	2	→0	4	6	▲+2
NC	15	17	▲+2	8	8	→0	1	1	→0	7	5	▼-2
WC	21	23	▲+2	3	0	▼-3	0	1	▲+1	6	6	→0
Totals	171	179	▲+8	30	25	▼-5	5	11	▲+6	51	42	▼-9

A total of 25 (2024: 30) municipalities indicated that they do not have a head of asset management in place, which could negatively affect asset oversight. Vacancies exist in the following provinces: Eastern Cape (3): Koukamma LM, Makana LM and Sakhisizwe LM; Gauteng (1): Emfuleni LM; Free State (4): Kopanong LM, Matjhabeng LM, Nketoana LM and Phumelela LM; KwaZulu-Natal (5): eDumbe LM, Emfuleni LM, Mtubatuba LM, Umdoni LM and Umzumbe LM; Mpumalanga (1): Dipaleseng LM; North West (4): Ditsobotla LM, JB Marks LM, Kgetlengrivier LM and Ratlou LM; and Northern Cape (8): Ga-Segonyana LM, Hantam LM, !Kheis LM, Nama Khoi LM, Phokwane LM, Renosterberg LM, Siyancuma LM and Siyathemba LM. The 10 underlined municipalities have reported being without an appointed head of assets for the second consecutive year.

Municipalities with a head of assets in an acting capacity at the end of 2024/25 were Mbhashe LM (Eastern Cape); Mohokare (Free State); uMuziwabantu and uMgungundlovu DM (KwaZulu-Natal); Blouberg LM (Limpopo); Emalahleni LM and Bushbuckridge LM (Mpumalanga); Tswaing LM and Madibeng LM (North West); Sol Plaatje LM (Northern Cape); and Cape Agulhas LM (Western Cape).

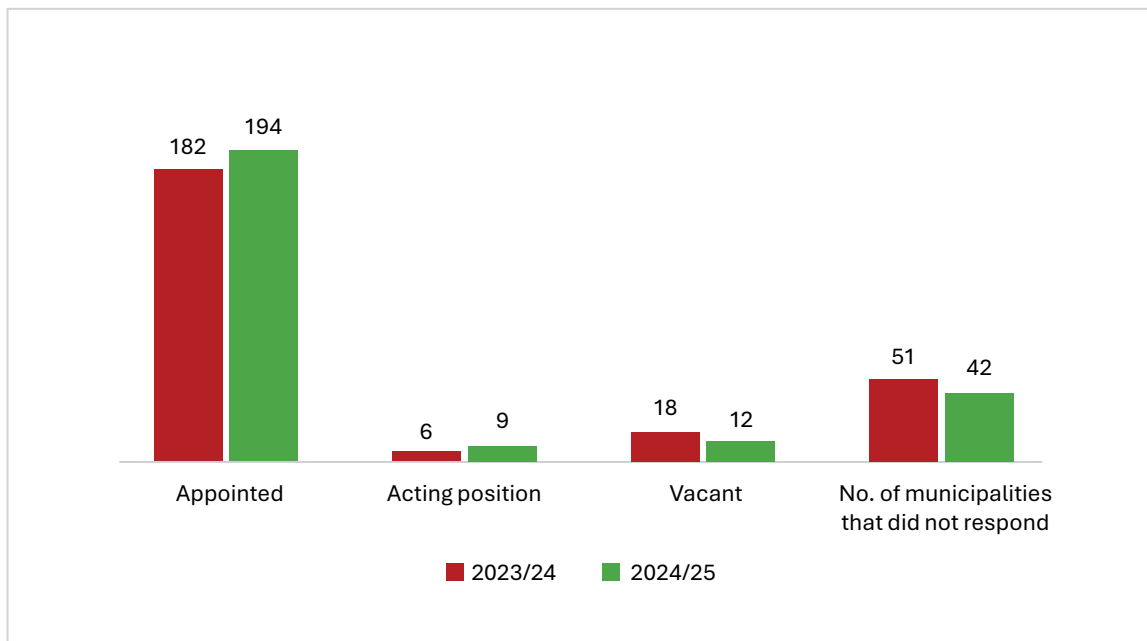
The appointment rate of 179 municipalities suggests a commitment to sound asset management practices. Strengthened capacity may lead to improved oversight, maintenance of assets and accountability. On the other hand, the 25 municipalities that have not appointed asset management heads risk facing challenges such as inadequate asset tracking, maintenance issues and potential mismanagement, increasing the risk of asset losses.

Further analysis of asset management is provided in the asset management section below.

Head of budget

Ninety per cent of the municipalities that responded to the senior management vacancies evaluation indicated that they have appointed a head of budget. Figure 9 shows changes in the status of head of budget positions nationally between 2023/24 and 2024/25.

Figure 9: Head of budget positions



There has been gradual progress in filling all heads of budget nationally, with 12 municipalities reporting having made appointments in 2024/25.

Fourteen municipalities made appointments after noting vacancies in 2023/24:

- Eastern Cape: Inxuba Yethemba LM, Port St Johns LM and Joe Gqabi DM
- Free State: Mafube LM

- Gauteng: City of Johannesburg MM
- KwaZulu-Natal: Mthonjaneni LM
- Mpumalanga: Bushbuckridge LM
- North West: Ditsobotla LM
- Northern Cape: Frances Baard DM, Dawid Kruiper LM and Khai-Ma LM
- Western Cape: Central Karoo DM, Langeberg LM and Stellenbosch LM.

Five municipalities made appointments after having acting positions in the previous financial year: in Eastern Cape: Buffalo City MM; in Free State: Mangaung MM; in Gauteng: City of Ekurhuleni MM; in KwaZulu-Natal: uMzinyathi DM; and in Western Cape: George LM.

Table 8 shows shifts in the status of head of budget positions by province.

Table 8: Changes in head of budget positions by province

Head of budget												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	35	36	▲+1	3	1	▼-2	1	1	→0	0	1	▲+1
FS	13	16	▲+3	1	2	▲+1	2	2	→0	7	3	▼-4
GP	8	10	▲+2	1	0	▼-1	1	0	▼-1	1	1	→0
KZN	33	42	▲+9	2	1	▼-1	1	4	▲+3	18	7	▼-11
LP	19	14	▼-5	0	0	→0	0	0	→0	8	13	▲+5
MP	18	17	▼-1	2	2	→0	0	1	▲+1	0	0	→0
NW	17	14	▼-3	1	2	▲+1	0	0	→0	4	6	▲+2
NC	19	22	▲+3	5	4	▼-1	0	0	→0	7	5	▼-2
WC	20	23	▲+3	3	0	▼-3	1	1	→0	6	6	→0
Totals	182	194	▲+12	18	12	▼-6	6	9	▲+3	51	42	▼-9

Five of the municipalities that indicated that they do not have a head of budget feature in the top 100 contributors nationally to unauthorised expenditure, as per Annexure A of the AGSA’s MFMA report. These municipalities are City of Mbombela LM, Dipaleseng LM, Umgungundlovu DM, Moses Kotane LM and Siyathemba LM. The remaining seven municipalities with vacancies for head of budget were Nelson Mandela Bay MM (Eastern Cape); Tokologo LM and Kopanong LM (Free State); Ratlou LM (North West); and Karoo Hoogland LM, Nama Khoi LM and ZF Mgcawu DM (Northern Cape). The three underlined municipalities have reported being without an appointed head of budget for the second consecutive year. All 12 (2024: 18) municipalities that reported not having a head of budget had repeat audit findings in the area of unauthorised, irregular, fruitless and wasteful expenditure in the 2023/24 audit.

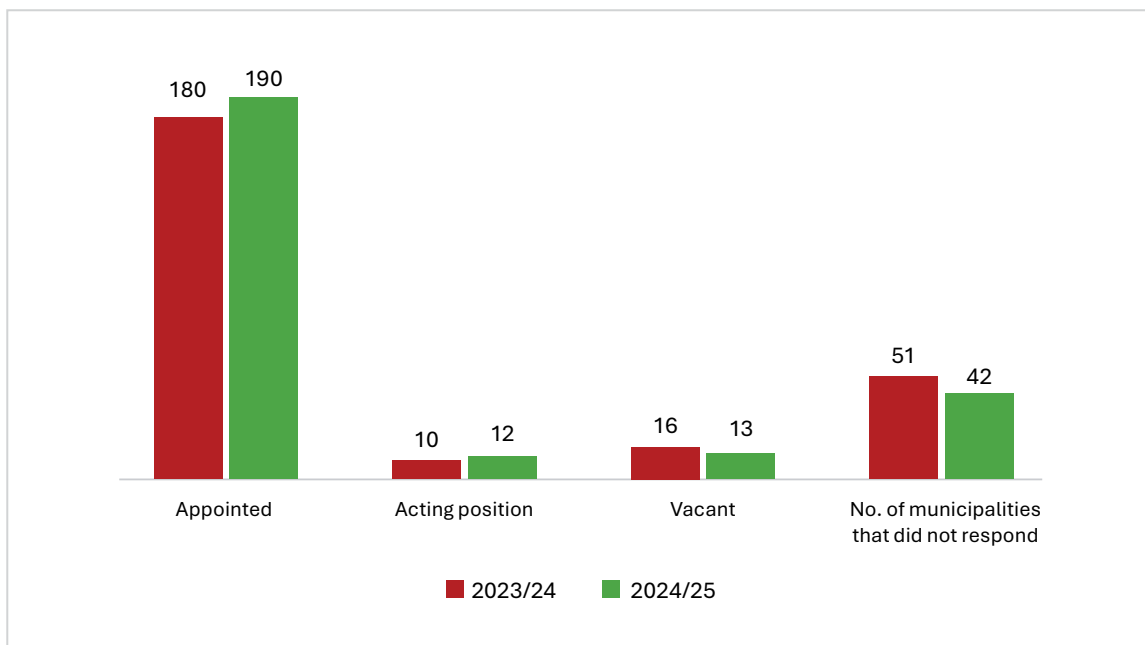
The following nine (2024: 6) municipalities reported that the head of budget was an acting position: Amathole DM (Eastern Cape); Mohokare LM and Ngwathe LM (Free State); uMuziwabantu LM, Umzumbe LM, Umdoni LM and Ray Nkonyeni LM (KwaZulu-Natal); Emalahleni LM (Mpumalanga); and Cape Agulhas LM (Western Cape).

The Northern Cape has the highest number of vacancies for the position of head of budget.

Head of expenditure

Of the 215 (2024: 206) municipalities that responded to the senior management evaluation, 88 per cent (2024: 70 per cent) indicated that they had appointed permanent heads of expenditure. Figure 10 shows the movement between 2023/24 and 2024/25 in head of expenditure positions nationally.

Figure 10: Head of expenditure positions



Ten municipalities made appointments after noting vacancies in 2023/24: in Eastern Cape: Inxuba Yethemba LM and Port St Johns LM; in Gauteng: City of Johannesburg MM; in KwaZulu-Natal: Mandeni LM, Greater Kokstad LM, uMhlabuyalingana LM and Mthonjaneni LM; in Mpumalanga: Govan Mbeki LM; in North West: Moses Kotane LM; and in Western Cape: Central Karoo DM.

Four municipalities made appointments after having an acting position the previous financial year: in Eastern Cape: Walter Sisulu LM; in Free State: Mangaung MM; in KwaZulu-Natal: uMzinyathi DM; and in Northern Cape: Dawid Kruiper LM.

The following 16 municipalities that completed the senior management vacancies evaluation for the first time in 2024/25 reported appointing a head of expenditure: in Free State (2): Letsemeng LM and Ngwathe LM; in KwaZulu-Natal (3): Mtubatuba LM, uMkhanyakude DM and Umzumbe LM; in Limpopo (3): Greater Letaba LM, Sekhukhune DM and Fetakgomo Tubatse LM; in North West (2): Lekwa-Teemane LM and Dr Ruth Segomotsi Mompati DM; in Northern Cape (5): Gamagara LM, Kai !Garib LM, !Kheis LM, Richtersveld LM and Renosterberg LM; and in Western Cape (1): Laingsburg LM.

Table 9 provides a detailed summary of shifts in the status of head of expenditure positions by province.

Table 9: Head of expenditure positions by province

Head of expenditure												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	35	35	→0	3	1	▼-2	1	2	▲+1	0	1	▲+1
FS	13	14	▲+1	0	3	▲+3	3	3	→0	7	3	▼-4
GP	8	7	▼-1	1	2	▲+1	1	1	→0	1	1	→0
KZN	28	44	▲+16	5	0	▼-5	3	3	→0	18	7	▼-11
LP	19	14	▼-5	0	0	→0	0	0	→0	8	13	▲+5
MP	18	18	→0	2	1	▼-1	0	1	▲+1	0	0	→0
NW	15	14	▼-1	3	1	▼-2	0	1	▲+1	4	6	▲+2
NC	22	22	→0	0	3	▲+3	2	1	▼-1	7	5	▼-2
WC	22	22	→0	2	2	→0	0	0	→0	6	6	→0
Totals	180	190	▲+10	16	13	▼-3	10	12	▲+2	51	42	▼-9

Thirteen municipalities (2024: 16) indicated that they had no head of expenditure. These were Mhlontlo LM (Eastern Cape); Phumelela LM, Nketoana LM and Kopanong LM (Free State); Merafong City LM and Midvaal LM (Gauteng); Dipaleseng LM (for the second consecutive year) (Mpumalanga); Ratlou LM (North West); Sol Plaatje LM, Magareng LM and Nama Khoi LM (Northern Cape); and Beaufort West LM and Witzenberg LM (for the second consecutive year) (Western Cape).

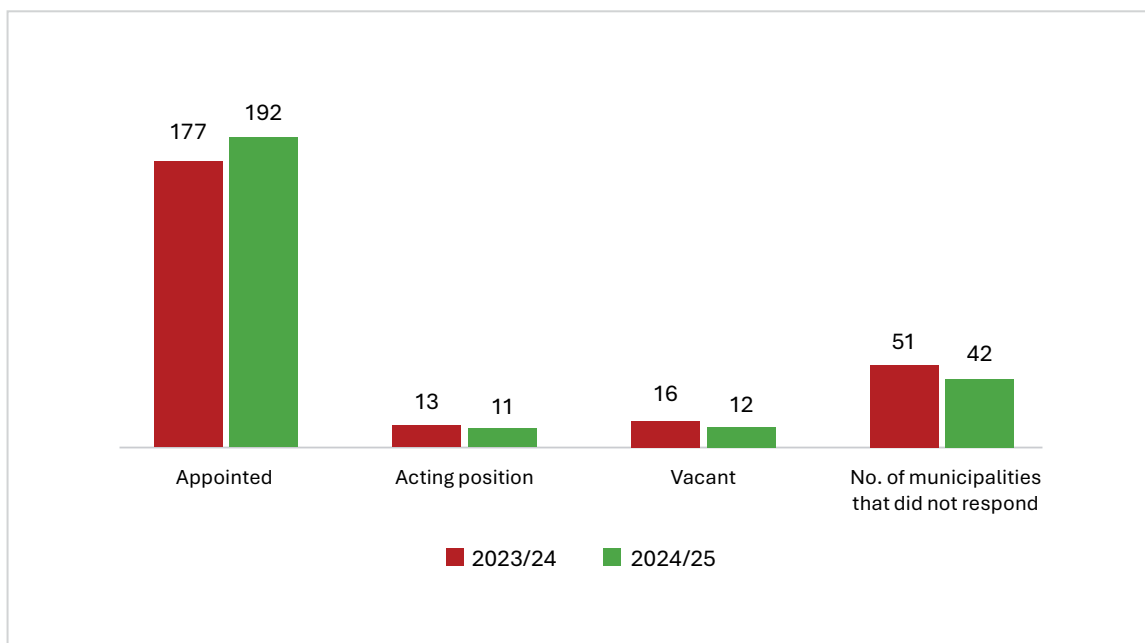
Twelve municipalities reported having acting heads of expenditure, namely Kouga LM and Nelson Mandela Bay MM in Eastern Cape; Mohokare LM, Metsimaholo LM and Moqhaka LM in Free State; City of Tshwane MM in Gauteng; Nongoma LM, uMgungundlovu DM (for the second year) and Umdoni LM (for the second year) in KwaZulu-Natal; Chief Albert Luthuli LM in Mpumalanga; Tswaing LM in North West; and Ga-Segonyana LM in Northern Cape.

Head of revenue

A skilled and experienced head of revenue can lead to significant improvements in the financial health of municipalities. It is critical that this position is filled as it directly affects the sustainability of an institution. The quarter three “State of Local Government Report” indicated that while municipalities on aggregate assumed a collection rate of 85 per cent for the adjustments budget, aggregated actual collection performance against billing was only at 63.6 per cent.

Figure 11 shows the movement between 2023/24 and 2024/25 in the status of head of revenue positions across the country.

Figure 11: Head of revenue positions



Net movement in appointments to the position of head of revenue were made at the following 15 municipalities in 2024/25:

- Ten appointments were made after vacancies in 2023/24: in Eastern Cape: Port St Johns LM; in Free State: Nketoana LM; in Gauteng: City of Johannesburg MM; in KwaZulu-Natal: uMhlabuyalingana LM and Mthonjaneni LM; in Mpumalanga: Lekwa LM; in Northern Cape: John Taolo Gaetsewe DM, Kamiesberg LM and Pixley ka Seme DM; and in Western Cape: Central Karoo DM.
- Seven appointments were made after acting positions were reported in 2023/24: in Eastern Cape: Kouga LM; in Gauteng: Merafong City LM; in KwaZulu-Natal: uMzinyathi DM; in North West: Mamusa LM; in Northern Cape: Dawid Kruiper LM and Sol Plaatje LM; and in Western Cape: Hessequa LM.

Table 10 shows shifts in the status of head of revenue positions by province.

Table 10: Head of revenue positions by province

Head of revenue												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	37	37	→0	1	0	▼-1	1	1	→0	0	1	▲+1
FS	13	14	▲+1	1	4	▲+3	2	2	→0	7	3	▼-4
GP	8	9	▲+1	1	0	▼-1	1	1	→0	1	1	→0
KZN	31	44	▲+13	3	1	▼-2	2	2	→0	18	7	▼-11
LP	17	13	▼-4	1	0	▼-1	1	1	→0	8	13	▲+5
MP	18	16	▼-2	2	3	▲+1	0	1	▲+1	0	0	→0
NW	13	12	▼-1	2	1	▼-1	3	3	→0	4	6	▲+2
NC	18	23	▲+5	4	3	▼-1	2	0	▼-2	7	5	▼-2
WC	22	24	▲+2	1	0	▼-1	1	0	▼-1	6	6	→0
Totals	177	192	▲+15	16	12	▼-4	13	11	▼-2	51	42	▼-9

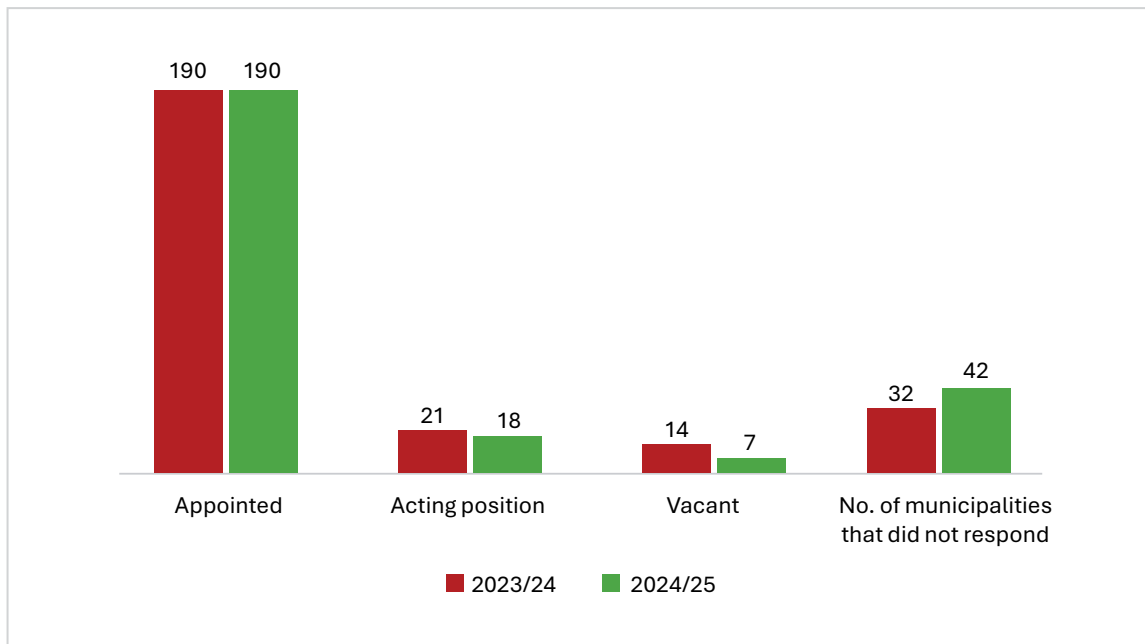
Twelve municipalities (2024: 16) indicated that the head of revenue position was vacant, namely Kopanong LM, Ngwathe LM, Phumelela LM and Tokologo LM (Free State); Endumeni LM (KwaZulu-Natal); Dipaleseng LM (for the second consecutive year), Gert Sibande DM and Msukaligwa LM (Mpumalanga); Ratlou LM (North West); and Khai-Ma LM, Siyathemba LM (for the second consecutive year) and ZF Mgcawu DM (Northern Cape).

Eleven municipalities indicated that they have acting heads of revenue, namely Nelson Mandela Bay MM (Eastern Cape); Mohokare LM and Metsimaholo LM (Free State); Emfuleni LM (Gauteng); Umzumbe LM and Umdoni LM (for the second year) (KwaZulu-Natal); Mogalakwena LM (Limpopo); Govan Mbeki LM (Mpumalanga); and Kgetlengrivier LM (for the second year), Tswaing LM and Maquassi Hills LM (for the second year) (North West).

Head of supply chain management

Of the 215 (2024: 204) municipalities that completed the evaluation, 190 (2024: 173) municipalities indicated that they have a head of supply chain management. Figure 12 shows the shifts in status of this position nationally between the last two financial years.

Figure 12: Head of supply chain management positions



Updated information as at 30 June 2025 revealed no net movement in appointments to the position of head of supply chain management nationally in 2024/25. There was, however, movement in the three categories of these positions. There were also more senior management vacancies evaluations outstanding for 2024/25.

Eight appointments were made at municipalities that had vacancies in 2023/24: in Eastern Cape: Nelson Mandela Bay MM and Ingquza Hill LM; in Gauteng: City of Johannesburg MM and West Rand DM; in KwaZulu-Natal: Greater Kokstad LM and Mthonjaneni LM; and in Western Cape: Bergrivier LM and Central Karoo DM.

Twelve appointments were made at municipalities that had heads of supply chain in acting positions in 2023/24: in Eastern Cape: Kouga LM and Port St Johns LM; in Free State: Metsimaholo LM and Phumelela LM; in KwaZulu-Natal: eThekweni MM and uMgungundlovu DM; in Limpopo: Polokwane LM; in North West: Kagisano-Molopo LM, Madibeng LM and Rustenburg LM; and in Northern Cape: Hantam LM and Umsobomvu LM.

The following 13 municipalities that completed the senior management vacancies evaluation for the first time in 2024/25 reported appointing a head of supply chain management: in Free State (2): Moqhaka LM and Ngwathe LM; in KwaZulu-Natal (2): Mtubatuba LM and uMkhanyakude DM; in Limpopo (2): Sekhukhune DM and Fetakgomo Tubatse LM; in North West (2): Lekwa-Teemane LM and Dr Ruth Segomotsi Mompati DM; in Northern Cape (4): Gamagara LM, Kai !Garib LM, !Kheis LM and Richtersveld LM; and in Western Cape (1): Laingsburg LM.

Table 11 shows shifts in the status of head of supply chain management by province.

Table 11: Head of supply chain management by province

Head of supply chain management												
Province	Appointed 2023/24	Appointed 2024/25	Change	Vacant 2023/24	Vacant 2024/25	Change	Acting 2023/24	Acting 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	35	36	▲+1	2	0	▼-2	2	2	→0	0	1	▲+1
FS	14	17	▲+3	1	1	→0	4	2	▼-2	4	3	▼-1
GP	8	8	→0	3	0	▼-3	0	2	▲+2	0	1	▲+1
KZN	44	45	▲+1	2	0	▼-2	3	2	▼-1	5	7	▲+2
LP	16	11	▼-5	1	1	→0	3	2	▼-1	7	13	▲+6
MP	19	16	▼-3	1	2	▲+1	0	2	▲+2	0	0	→0
NW	13	13	→0	0	1	▲+1	6	2	▼-4	3	6	▲+3
NC	20	22	▲+2	1	1	→0	3	3	→0	7	5	▼-2
WC	21	22	▲+1	3	1	▼-2	0	1	▲+1	6	6	→0
Totals	190	190	→0	14	7	▼-7	21	18	▼-3	32	42	▲+10

Seven municipalities (2024: 13) indicated that they do not have an official in this position. These municipalities were Kopanong LM (Free State); Greater Letaba LM (Limpopo); Dipaleseng LM (for the second consecutive year) and Steve Tshwete LM (Mpumalanga); Siyancuma LM (Northern Cape); Beaufort West LM (Western Cape); and Ratlou LM (North West). The AGSA MFMA general report for 2022/23 noted that all seven had repeat audit findings in compliance with legislation and unauthorised, irregular, fruitless and wasteful expenditure. Four municipalities – Dipaleseng LM, Steve Tshwete LM, Siyancuma LM and Beaufort West LM – also had repeat qualifications in supply chain management.

Eighteen municipalities indicated that they have acting heads of supply chain management, namely Nyandeni LM and Mbashe LM in Eastern Cape; Dihlabeng LM and Mohokare LM in Free State; City of Ekurhuleni MM and City of Tshwane MM in Gauteng; Alfred Duma LM and Umzumbe LM in KwaZulu-Natal; Blouberg LM and Mogalakwena LM in Limpopo; Emalahleni LM and Nkomazi LM in Mpumalanga; Kgetlengrivier LM and Tswaing LM in North West; Frances Baard DM, Renosterberg LM and Sol Plaatje LM in Northern Cape; and Theewaterskloof LM in Western Cape.

Conclusion

The findings presented in this section show that while there has been progress towards filling senior management vacancies, the challenge remains widespread and continues to significantly affect governance, financial sustainability and service delivery. The MFMA was promulgated to foster sound financial management through transparency, accountability and responsibility principles. However, persistent vacancies in key positions such as municipal manager, chief financial officer, chief audit executive and head of various critical functions reflect a structural deficiency that undermines these principles. The correlation between unfilled senior management positions and stagnation or regression in audit outcomes, poor financial health indicators and repeated non-compliance findings by the AGSA highlights the urgency of addressing this governance failure.

The 2023/24 AGSA municipal audit report notes that while some municipalities have taken steps to fill critical positions, the prevalence of acting officials and vacant posts remains high. The data demonstrates a direct link between instability in leadership and recurring financial mismanagement issues, including unauthorised, irregular, fruitless and wasteful expenditure; procurement irregularities; and weak expenditure and revenue management. The reliance on acting officials and consultants compounds financial pressures on municipalities, often leading to unsustainable audit outcomes. Municipalities with stable and competent senior management have consistently shown better governance outcomes. This demonstrates the need for strategic and long-term appointments rather than interim solutions that do not address the root causes of non-performance.

To achieve the objectives set out in the MFMA, municipalities must prioritise filling key leadership positions with skilled and experienced professionals who can promote institutional stability and accountability. The National Treasury, in collaboration with provincial and municipal leadership, must implement targeted interventions to accelerate permanent appointments, strengthen capacity-building initiatives and ensure that governance structures support sustainable financial management. Without urgent and decisive action, the risks associated with leadership instability will continue to hinder service delivery and weaken the financial resilience of municipalities. Addressing these vacancies is not just a matter of compliance but a fundamental necessity to ensure municipalities fulfil their constitutional mandate to serve communities effectively and uphold the principles of good governance.

Recommendations for provincial treasuries

- **Develop a centralised talent pool for senior management positions:** Establish a provincial database of pre-screened and qualified candidates for key municipal positions to enable quick temporary placement when vacancies arise in municipalities.
- **Deploy provincial support teams to municipalities identified as high risk:** Assign specialised financial, audit and risk experts teams to temporarily assist municipalities with severe governance and financial instability due to vacant positions.
- **Increase oversight of and reporting on vacancy rates:** Require quarterly reporting on senior management vacancies from municipalities and investigate prolonged vacancies for intervention where required.
- **Provide incentives for filling critical vacancies:** Introduce financial and administrative incentives (e.g. additional grant funding or performance-based rewards) for municipalities that maintain full senior management teams.

Recommendations for municipalities

- **Enforce a fixed recruitment timeline for senior management:** Adopt a clear policy mandating that all critical senior management vacancies must be filled within three months of a position becoming vacant.
- **Strengthen recruitment processes to attract competent candidates:** Implement transparent and competitive hiring processes that prioritise candidates with relevant qualifications and experience.
- **Develop and implement succession-planning strategies:** Establish structured mentorship and career development programmes for mid-level managers to prepare them for senior leadership roles.
- **Enforce performance accountability for acting officials:** Set clear performance targets and time limits for acting officials and avoid prolonged temporary appointments.

7. Asset management

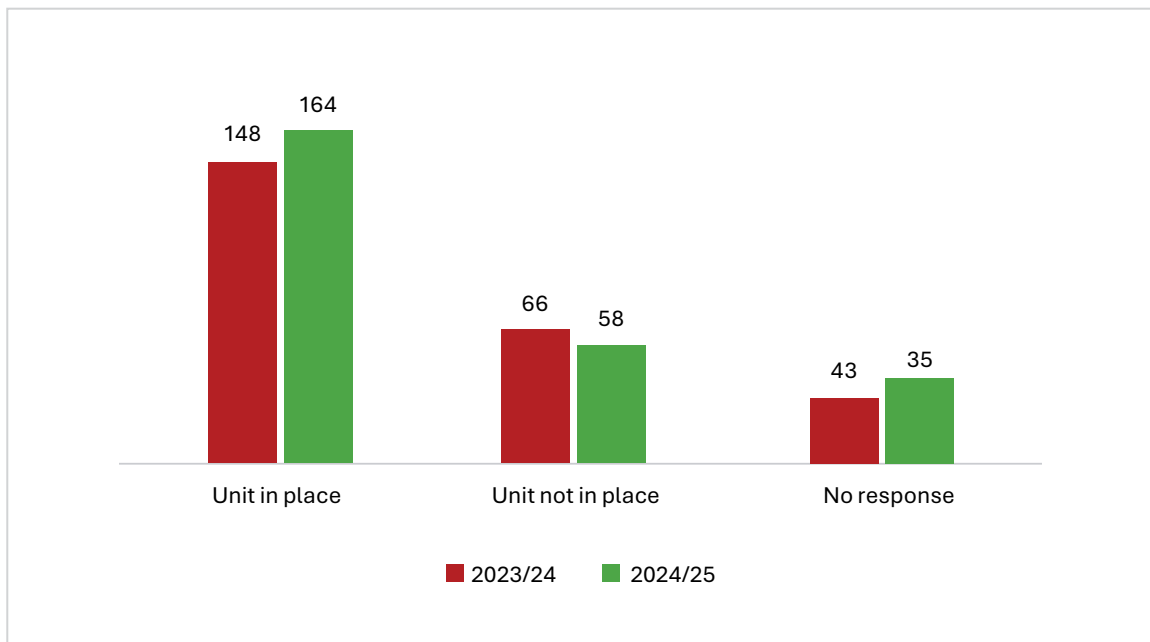
In terms of section 63 of the MFMA, the accounting officer of a municipality is responsible for:

- a) Managing the municipality's assets, including safeguarding and maintaining those assets.
- b) Taking all reasonable steps to ensure that:
 - the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.
 - the municipality's assets are valued in accordance with the standards of generally recognised accounting practice.
 - the municipality maintains a system of internal control of assets, including an asset register and liabilities register.

Overview

This report provides a comparative analysis of the status of asset management units (AMUs) across the nine provinces for 2023/24 and 2024/25. The assessment focuses on three key aspects: the number of municipalities with AMUs that are capacitated to effectively manage their assets; those without AMUs that are capacitated to effectively manage their assets, and municipalities that did not provide a response. The objective is to highlight progress, identify trends and pinpoint areas where targeted support may be required to strengthen asset management capacity at the provincial level.

Figure 13: National overview of municipal AMUs capacitated to effectively manage their assets



Aggregate national performance

National performance between 2023/24 and 2024/25 reflects a clear strengthening of AMU capacity in municipalities. Municipalities with effectively capacitated AMUs increased from 148 to 164 – an 11 per cent improvement driven largely by gains in Free State, Gauteng, KwaZulu-Natal, Mpumalanga, Northern Cape and Western Cape, despite declines in Eastern Cape and Limpopo and no movement in North West. Municipalities with AMUs that are not capacitated to effectively manage their assets declined from 66 to 58, a 12 per cent reduction that indicates continued progress in closing structural capacity gaps. Reporting compliance also improved moderately, with non-responses decreasing from 43 to 35 municipalities, a 19 per cent reduction. The aggregate performance illustrates a positive national trajectory in asset management maturity across the country; however, persistent provincial disparities – particularly rising non-responses in certain provinces and declining AMU coverage in specific provinces – highlight the need for targeted, province-specific interventions to sustain and equalise progress.

Table 12: AMUs in municipalities, 2023/24–2024/25

Province	2023/24 AMUs in place	2024/25 AMUs in place	Change	2023/24 No AMUs	2024/25 No AMUs	Change	2023/24 No response	2024/25 No response	Change
EC (39)	29	27	▼-2	10	9	▼-1	0	3	▲3
FS (23)	11	13	▲2	6	9	▲3	6	1	▼-5
GP (11)	7	9	▲2	2	2	→0	2	0	▼-2
KZN (54)	34	41	▲7	11	8	▼-3	9	5	▼-4
LP (27)	16	13	▼-3	4	3	▼-1	7	11	▲4
MP (20)	15	18	▲3	5	2	▼-3	0	0	→0
NW (22)	8	8	→0	11	5	▼-6	3	9	▲6
NC (31)	10	11	▲1	14	16	▲2	7	4	▼-3
WC (30)	18	24	▲6	3	4	▲1	9	2	▼-7

Provincial analysis

Improved compliance

KwaZulu-Natal

KwaZulu-Natal achieved remarkable progress, expanding from 34 municipalities with AMUs that are capacitated to effectively manage their assets in 2023/24 to 41 municipalities in 2024/25. Non-responses decreased from nine municipalities to only five: Dannhauser Local Municipality (LM), uMfolozi LM, iLembe District Municipality (DM), Impendle LM and uMshwathi LM. This indicates greater engagement and responsiveness by the provincial treasury. The number of municipalities without AMUs that are capacitated to effectively manage their assets decreased from 11 to eight municipalities, namely eMadlangeni LM, eDumbe LM, Big 5 Hlabisa LM, Harry Gwala DM, Mpofana LM, Umuziwabantu LM, Umdoni LM and uMkhanyakude DM. However, there is still a need for the provincial treasury to focus on improving capacity and establishing AMUs across all municipalities within the province.

Western Cape

Western Cape showed substantial progress, increasing from 18 to 24 municipalities with AMUs capacitated to effectively manage their assets. There was also a notable reduction in the number of non-responsive municipalities from nine to two (Bitou LM and Cederberg LM). Despite a slight increase in municipalities without AMUs capacitated to effectively manage their assets (from three to four: Prince Albert LM, Kannaland LM, Swellendam LM and Cape Agulhas DM), the province's overall trajectory indicates strong institutional development and improved monitoring systems.

Mpumalanga

Mpumalanga recorded a strong upward trend, reporting an increase from 15 to 18 municipalities with AMUs capacitated to effectively manage their assets. It also achieved a 100 per cent response rate. The number of municipalities without AMUs capacitated to effectively manage their assets declined from five to two (Dr Pixley Ka Isaka Seme LM and Msukaligwa LM). This demonstrates clear and consistent improvement in asset management practices across the province.

Free State

Free State demonstrated notable improvement, increasing from 11 municipalities with AMUs capacitated to effectively manage their assets in 2023/24 to 13 in 2024/25. These 13 are Fezile Dabi DM, Mafube LM, Lejweleputswa DM, Ngwathe LM, Matjhabeng LM, Mantsopa LM, Mohokare LM, Moqhaka LM, Tswelopele LM, Dihlabeng LM, Thabo Mofutsanyana DM, Tokologo LM and Setsoto LM. Non-responses decreased sharply from six municipalities to one (Nala LM), showing better participation. However, there has been a rise in the number of municipalities without AMUs capacitated to effectively manage their assets – from six to nine (Nketoana LM, Letsemeng LM, Kopanong LM, Metsimaholo LM, Maluti-A-Phofung LM, Phumelela LM, Mangaung Metropolitan Municipality (MM), Xhariep DM and Masilonyana LM). This suggests that while more units were established, the province still has a number of municipalities without AMUs in place.

Gauteng

Gauteng improved, reporting an increase from seven to nine municipalities with effectively capacitated AMUs. There were no non-responses in the province. The number of municipalities without AMUs capacitated to effectively manage their assets remains constant at two (Emfuleni LM and City of Tshwane MM).

Regressed compliance

Limpopo

Limpopo's performance regressed. The number of municipalities with AMUs capacitated to effectively manage their assets declined from 16 in 2023/24 to 13 in 2024/25, while the number of non-responsive municipalities increased from seven to 11 (Ephraim Mogale LM, Elias Motsoaledi LM, Lepelle-Nkumpi LM, Makhuduthamaga LM, Musina LM, Greater Tzaneen LM, Molemole LM, Mopani DM, Vhembe DM, Waterberg DM and Thabazimbi LM). There is a need for renewed focus on strengthening the asset management function and reporting across the province.

Eastern Cape

In 2023/24, the province reported 29 municipalities with AMUs capacitated to effectively manage their assets, with 10 lacking AMUs and zero non-responses. In 2024/25, the number of municipalities with effectively capacitated AMUs declined slightly to 27; nine municipalities lacked AMUs (Enoch Mgijima LM, Koukamma LM, Nelson Mandela Bay MM, Ngqushwa LM, Makana LM, Port St Johns LM, Inxuba Yethemba LM, Sakhisizwe LM and Sundays River Valley LM); and three municipalities did not submit responses (Elundini LM, Walter Sisulu LM and Senqu LM). Although the province showed a marginal decrease in functional AMUs, the emergence of non-responses indicates potential challenges in data collection and reporting consistency.

Stagnant compliance

North West

In North West, the number of municipalities with AMUs that are capacitated to effectively manage their assets remained constant at eight. The number of municipalities without effectively capacitated AMUs decreased from 11 to five (Dr Kenneth Kaunda DM, Lekwa-Teemane LM, Kgetlengrivier LM, Ditsobotla LM and City of Matlosana), while non-responses increased from three to nine (Mahikeng LM, Ngaka Modiri Molema DM, Madibeng LM, Mamusa LM, JB Marks LM, Ratlou LM, Maquassi Hills LM, Tswaing LM and Bojanala Platinum DM). This indicates potential administrative issues at municipalities affecting data quality and oversight.

Northern Cape

Northern Cape showed mixed results. The number of AMUs that are capacitated to effectively manage their assets rose from 10 to 11 and non-responses declined significantly from seven to four (Joe Morolong LM, Karoo Hoogland LM, Kareeberg LM and Gamagara LM). However, the number of municipalities without AMUs that are capacitated to effectively manage their assets increased from 14 to 16 (Emthanjeni LM, Magareng LM, Namakwa DM, Nama Khoi LM, !Kheis LM, Khai-Ma LM, Pixley ka Seme DM, Hantam LM, Umsobomvu LM, Kai !Garib LM, Kamiesberg LM, Ubuntu LM, Richtersveld LM, Siyancuma LM, Siyathemba LM and Sol Plaatje LM). This indicates that while reporting has improved, implementation in terms of establishing AMUs remains uneven and requires focused provincial treasury intervention.

Provincial treasury support to improve asset management

- Training and capacity building:** Numerous workshops and training sessions focused on asset management principles, including standards of generally recognised accounting practice compliance, audit action plan implementation and fixed asset register management. Refresher and targeted training sessions, including one-on-one physical visits, were conducted to address audit findings and build municipal capacity. Asset management forums and technical steering committee meetings were held quarterly, facilitating knowledge sharing and addressing transversal audit findings across municipalities. The business case development and readiness assessments for an enterprise asset management system were conducted, highlighting capacity needs for planning of phased implementation.
- Policy and register reviews:** Reviews were conducted of municipal asset management policies and fixed asset registers, with recommendations to improve compliance and alignment with relevant frameworks such as the MFMA and SANS 55001 standards. Support was provided to update asset management policies to embed governance and risk management standards. Specialised reviews were also conducted of asset verifications, valuation reports and condition assessments to enhance accuracy in asset reporting and support clean audits.
- Audit support and action plan implementation:** Active participation took place at audit steering committee meetings, offering direct technical guidance and monitoring progress towards resolving asset-related audit findings. Audit action plans were reviewed and analysed, providing feedback to ensure adequacy and effectiveness of corrective actions. Focused engagement occurred through audit action plan forums to deliberate on challenges, share best practices and provide solutions applicable to asset management deficiencies.
- Technical advisory services:** Asset management technical advisors were deployed (including those seconded from the National Treasury) to support municipalities in addressing specific asset-related challenges such as reconciliation of Work in Progress, asset condition assessments and accounting treatments. Assistance was provided in asset life-cycle management, aligning practices with Strategic Asset Management Plans and International Asset Management Competency Framework standards.
- Supply chain and governance integration:** Asset management was integrated in supply chain management forums, Smart Procurement Conferences and indabas. Tailored training and guidance were provided to enhance procurement processes and capturing of asset-related transversal audit risks. Asset management committee rollouts and facilitation were provided to oversee asset disposals, losses and donations in order to strengthen governance structures.

Conclusion

Overall, comparative analysis of 2023/24 and 2024/25 information indicates that while the country is strengthening its asset management capacity and reporting systems, it remains critical for there to be focused, province-specific interventions to sustain progress, address gaps and ensure consistent performance nationwide. Provincial treasury interventions provide a strong platform for ongoing governance improvements and financial management transformation in local government. These take the form of a range of targeted support activities to enhance municipal capacity to manage assets efficiently and comply with audit requirements. Continuous monitoring, capacity assessments and integrated supply chain support ensure sustainable progress. However, addressing resource constraints and further expanding technical assistance remain critical for fully realising effective asset management across all municipalities.

Recommendations for provincial treasuries

- **Targeted provincial support:** Provide focused assistance to provinces with declining AMUs (Eastern Cape, Limpopo) and high non-response rates (Eastern Cape, Limpopo, North West) to address structural and administrative gaps.
- **Standardised reporting frameworks:** Strengthen reporting protocols to reduce inconsistencies in data submission and enhance accuracy of AMU tracking.
- **Capacity-building initiatives:** Implement national training programmes for municipal staff on asset management best practices to ensure consistent implementation of AMUs.
- **Monitoring and accountability:** Introduce regular monitoring, including performance dashboards and follow-up audits, to track AMU establishment, municipalities without units and non-responses.

Recommendations for municipalities

- **Prioritise AMU establishment:** Municipalities without AMUs should urgently establish units to close structural gaps, particularly in Eastern Cape, Free State, Limpopo, Northern Cape and North West.
- **Improve reporting compliance:** Municipalities with repeated non-responses must strengthen internal coordination to ensure timely and accurate reporting.
- **Capacity enhancement:** Invest in skills development for municipal staff responsible for asset management to improve efficiency, accuracy and sustainability of AMU operations.
- **Internal monitoring systems:** Establish local monitoring and review mechanisms to track AMU performance and address issues proactively before reporting deadlines.
- **Collaborative learning:** Engage with best-practice municipalities (e.g. in Gauteng, Mpumalanga and Western Cape) to adopt proven strategies in AMU establishment and reporting.

8. Use of consultants for asset management

Figure 14 compares the number of municipalities, by province, that used consultants to compile the asset register between 2023/24 and 2024/25.

Figure 14: Provincial overview of municipalities using consultants to compile asset registers (2023/24–2024/25)

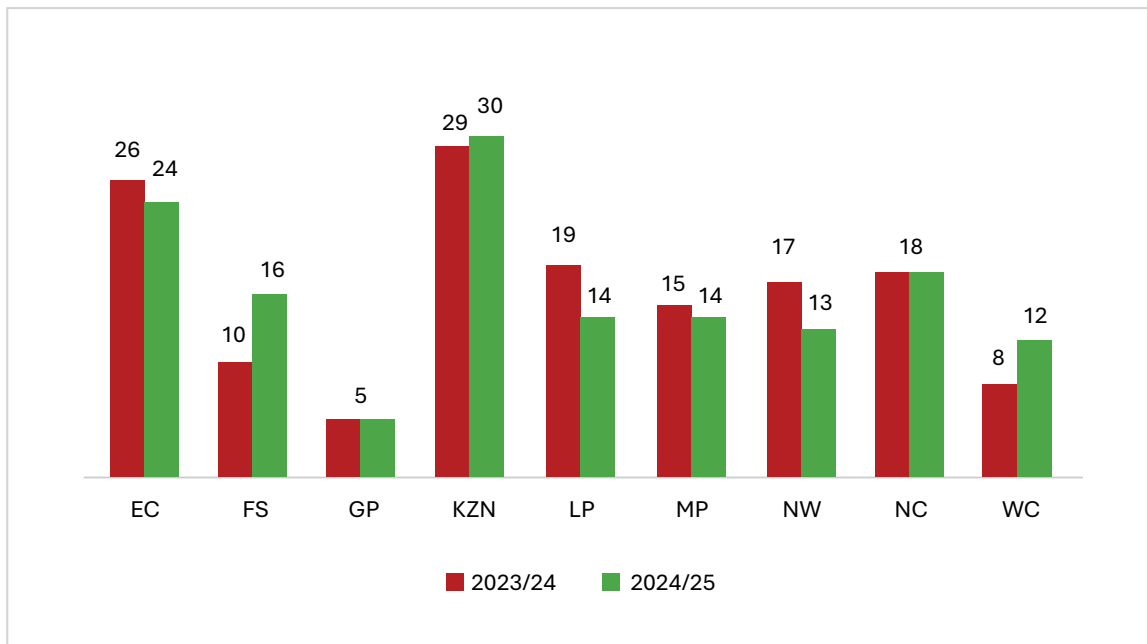


Table 13 provides a more detailed view of municipalities' use of consultants to compile asset registers, including those municipalities that have capacitated asset management units (AMUs) in place yet continue to use consultants.

Table 13: National overview of consultant use for asset management

Category	2023/24	2024/25	Change	% change
Total no. of municipalities with AMUs	148	164	16	+10.8%
Total no. of municipalities using consultants	147	146	-1	-0.7%
Total budget (R)	R383.8 million	R319.4 million	-R64.5 million	-17.6%
Total no. of municipalities with AMUs using consultants	90	101	11	+12.2%
Total budget for consultants (R) of municipalities with AMUs using consultants	R206.5 million	R256.4 million	+R49.9 million	+24.2%
% of municipalities with AMUs using consultants	61%	62%		

National trends in consultant use for asset registers

The number of municipalities with AMUs that are capacitated to effectively manage their assets increased from 148 in 2023/24 to 164 in 2024/25, reflecting an increase of 16 municipalities (+11 per cent). Over the same period, the number of municipalities using consultants for generally recognised accounting practice (GRAP)-compliant fixed asset registers remained largely stable, decreasing marginally from 147 to 146. Despite this stability, the total budget allocated for consultancy support declined significantly, from R383.8 million in 2023/24 to R319.4 million in 2024/25, a reduction of R64.5 million (-17 per cent).

Conversely, the number of municipalities with AMUs that continue to rely on consultants despite reporting that they have an AMU that is capacitated to effectively manage the assets increased from 90 to 101, an increase of 11 municipalities (+12 per cent). In contrast to the overall budget decline, the budget specifically associated with municipalities with AMUs that are capacitated to effectively manage their assets using consultants increased from R206.6 million to R256.4 million, an upward shift of R49.9 million (+24 per cent). The share of municipalities with AMUs that are capacitated to effectively manage their assets that still use consultants rose slightly from 61 per cent to 62 per cent (+1 percentage point).

Collectively, these trends indicate a dual movement: while more municipalities have established AMUs and the overall consultancy budget has decreased, reliance on consultants within AMUs equipped with skilled officials has increased. This suggests that AMUs may still be developing internal capacity or that the complexity of the work continues to require external support.

Provincial analysis

Eastern Cape

In Eastern Cape, the number of municipalities using consultants to compile fixed asset registers compliant with GRAP standards decreased from 26 in 2023/24 to 24 in 2024/25 (an 8 per cent decline), while the collective total consultant budget for asset register compilation rose from R30.86 million to R40.65 million (+32 per cent). This suggests a deliberate reduction in the number of municipalities requiring external support, coupled with an increase in per-municipality capacity investment. The upward adjustment in consultant spending implies that municipalities may be outsourcing more specialised or comprehensive asset management services, potentially to improve audit readiness and compliance with GRAP standards. The province appears to be focused on enhancing data accuracy and asset valuation quality. In addition to the total budgeted amount of R40.65 million in 2024/25, the National Treasury notes with concern that 18 municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – proceeded to procure the services of consultants to compile GRAP-compliant asset registers at a combined cost of R36.25 million. These municipalities were Alfred Nzo District Municipality (DM), Amathole DM, Blue Crane Route Local Municipality (LM), Chris Hani DM, Dr AB Xuma LM, Dr Beyers Naudé LM, Emalahleni LM, Great Kei LM, Ingquza Hill LM, Joe Gqabi DM, Matatiele LM, Mhlontlo LM, Mnquma LM, Ndlambe LM, Ntabankulu LM, Nyandeni LM, OR Tambo DM and Winnie Madikizela-Mandela LM.

Free State

Free State experienced a significant increase in both the number of municipalities using consultants to compile GRAP-compliant fixed asset registers, from 10 to 16 (+60 per cent), and the total collective consultant budget, from R13.64 million to R29.1 million (+113 per cent). The increase in the budget for consultants, although not supported, demonstrates a strategic commitment to expanding technical support across more municipalities. The sharp rise in consultant expenditure may reflect increased demand for professional asset management expertise, especially in smaller or under-resourced municipalities where in-house capacity remains limited. This expansion phase signals the province's intent to standardise asset register practices and strengthen financial reporting accuracy across its municipalities. In addition to the total budgeted amount of R29.1 million in 2024/25, the National Treasury notes with concern that eight municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – proceeded to procure the services of consultants to compile GRAP-compliant asset registers at a combined cost of R12.57 million. The municipalities were Fezile Dabi DM, Mafube LM, Mantsopa LM, Mohokare LM, Ngwathe LM, Setsoto LM, Tokologo LM and Tswelopele LM.

Gauteng

Gauteng maintained the same number of municipalities (five) using consultants for compiling GRAP-compliant fixed asset registers, but total consultant budgets decreased from R16 million to R13.01 million (-19 per cent). The consistency in consultant use but lower spending suggests a shift towards internal capacity building or reduced dependency on external consultants. The trend indicates growing confidence in municipal asset management teams and a potential transition from outsourced services to in-house systems. The decrease also implies that consultant costs may have been reduced through improved data integration or completion of previous asset verification projects. In addition to the total budgeted amount of R13.01 million in 2024/25, the National Treasury notes with concern that four municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – procured the services of consultants to compile GRAP-compliant asset registers at a combined cost of R10.01 million. The municipalities were Lesedi LM, Merafong City LM, Mogale City LM and Rand West City LM.

KwaZulu-Natal

The province recorded a marginal increase in the number of municipalities using consultants for compiling GRAP-compliant fixed asset registers – from 29 in 2023/24 to 30 in 2024/25, a 3 per cent increase. Over the same period, the total consultant budget increased slightly from R40.06 million to R42.25 million (+5 per cent). The municipalities appear to be maintaining steady consultant support to ensure ongoing compliance and asset verification, rather than scaling up or down significantly. This approach reflects mature asset management oversight, emphasising the refinement and sustainability of asset registers rather than large-scale new compilations. The municipalities' steady spending trajectory suggests a commitment to maintaining audit compliance, improving asset data quality and enhancing municipal reporting accuracy through targeted technical expertise. In addition to the total budgeted amount of R42.25 million in 2024/25, the National Treasury notes with concern that 23 municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – procured the services of consultants to compile GRAP-compliant asset registers at a combined cost of R33.84 million. The municipalities were AbaQulusi LM, Endumeni LM, Greater Kokstad LM, Inkosi Langalibalele LM, Inkosi Mtubatuba LM, Jozini LM, King Cetshwayo DM, Maphumulo LM, Msunduzi LM, Mthonjaneni LM, Ndwedwe LM, Newcastle LM, Nkandla LM, Nongoma LM, Nquthu LM, Ray Nkonyeni LM, uMhlabuyalingana LM, uMlalazi LM, uMngeni LM, Umvoti LM, uMzinyathi DM, Umzumbe LM and uPhongolo LM.

Limpopo

In Limpopo, the number of municipalities using consultants to compile GRAP-compliant fixed asset registers decreased from 19 to 14 (-26 per cent), and consultant budgets dropped from R83.85 million to R66.13 million (-21 per cent). Though we note the reduction, the persistent high consultant spending per municipality indicates that in-house capacity gaps remain a challenge, requiring continued external expertise to ensure compliance with asset management standards. In addition to the total budgeted amount of R66.13 million in 2024/25, the National Treasury notes with concern that 12 municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – procured the services of consultants to compile GRAP-compliant asset registers at a combined cost of R59.72 million. The municipalities were Ba-Phalaborwa LM, Blouberg LM, Capricorn DM, Collins Chabane LM, Greater Giyani LM, Greater Letaba LM, Lephalale LM, Makhado LM, Maruleng LM, Modimolle-Mookgophong LM, Mogalakwena LM and Polokwane LM.

Mpumalanga

Mpumalanga's consultant budgets declined from R65.76 million to R44.46 million (-32 per cent) as the number municipalities using consultants to compile GRAP-compliant fixed asset registers fell from 15 to 14. The decline signifies a strategic scale-down in consultant dependence, possibly reflecting improved internal asset management capacity or completion of backlog projects. The reduction aligns with a move towards sustainability and cost control, suggesting that municipalities are beginning to manage their asset registers more independently, with consultants now providing only specialised or technical support. In addition to the total budgeted amount of R44.46 million in 2024/25, the National Treasury notes with concern that 12 municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – proceeded to procure the services of consultants to compile GRAP-compliant asset registers at a combined cost of R35.96 million. The municipalities were Bushbuckridge LM, Chief Albert Luthuli LM, Dipaleseng LM, Dr JS Moroka LM, Emakhazeni LM, Emalaheni LM, Lekwa LM, Mkhondo LM, Nkomazi LM, Steve Tshwete LM, Thaba Chweu LM and Thembisile Hani LM.

North West

North West experienced a significant drop in municipalities using consultants for compiling GRAP-compliant fixed asset registers, from 17 to 13 (-24 per cent), as well as a drop in consultant budgets from R70.69 million to R49.87 million (-29 per cent). This indicates a phased reduction in reliance on consultants perhaps as a result of municipalities clearing major asset register backlogs. The decline aligns with a rationalised spending approach, emphasising the development of sustainable in-house systems. Nonetheless, ongoing training and monitoring will be critical to ensure data continuity and prevent loss of institutional knowledge as consultant contracts come to an end. In addition to the total budgeted amount of R49.87 million in 2024/25, the National Treasury notes with concern that eight municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – procured the services of consultants to compile GRAP-compliant asset registers at a combined cost of R41.3 million. The municipalities were Dr Ruth Segomotsi Mompati DM, Greater Taung LM, Kagisano-Molopo LM, Moretele LM, Moses Kotane LM, Naledi LM, Ramotshere Moiloa LM and Rustenburg LM.

Northern Cape

Northern Cape did not reduce the number of municipalities using consultants to compile GRAP-compliant fixed asset registers – it remained constant at 18 municipalities in both financial years – and its consultant budgets dropped from R59.04 million to R27.2 million (-54 per cent). This marks a substantial reduction in consultant dependency, possibly reflecting improvements in internal asset management capacity. The sharp decline may also be the result of completed verification cycles, meaning consultants are no longer needed for recurring work. However, the province must ensure that internal staff possess the technical expertise to maintain accurate and compliant asset registers without risking data integrity or audit regressions. In addition to the total budgeted amount of R27.2 million in 2024/25, the National Treasury notes with concern that eight municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – proceeded to procure the services of consultants to compile GRAP-compliant asset registers at a combined cost of R21.85 million. The municipalities were Dawid Kruiper LM, Dikgatlong LM, Ga-Segonyana LM, Kgatelopele LM, Phokwane LM, Renosterberg LM, Thembelihle LM and Tsantsabane LM.

Western Cape

In Western Cape, there was an increase from eight municipalities using consultants to compile GRAP-compliant fixed asset registers to 12 (+50 per cent), while consultant budgets increased from R3.98 million to R6.76 million (+70 per cent). Western Cape continues to be the province with the lowest overall collective budget for asset register compilation. This increase in municipalities using consultants suggests a proactive initiative to enhance capacity. The moderate rise in consultant expenditure demonstrates a balanced investment approach, combining expansion with controlled spending. Western Cape continues to emphasise sustainability and data integrity, leveraging consultant expertise to strengthen compliance and readiness for audit assurance. However, in addition to the total budgeted amount of R6.76 million in 2024/25, the National Treasury notes with concern that eight municipalities – despite indicating that they have AMUs capable of effectively managing their asset processes – procured the services of consultants to compile GRAP-compliant asset registers at a combined cost of R4.96 million. The municipalities were Beaufort West LM, Bergrivier LM, Central Karoo DM, Hessequa LM, Knysna LM, Laingsburg LM, Matzikama LM and Oudtshoorn LM.

Conclusion

The evolving trends in consultant budgets for asset register compilation illustrate both progress and ongoing challenges in municipal financial governance. While consultant expertise remains vital in the short term, sustainable asset management depends on empowering municipal staff, enhancing systems and maintaining data integrity. Provincial treasuries play a pivotal role in guiding this transition – ensuring that each rand spent on consultants delivers long-term institutional value and improved accountability in municipal asset management.

Recommendations for provincial treasuries

- **Enforce financial data accuracy:** Implement a uniform reporting template and data verification protocol to prevent misreporting of consultant expenditure.
- **Promote cost efficiency and value for money:** Require municipalities to justify consultant spending and demonstrate tangible improvements in audit outcomes.
- **Strengthen internal capacity support:** Introduce provincial training programmes and shared service centres for asset management to reduce consultant costs in smaller municipalities.
- **Monitor consultant dependency:** Track consultant engagement trends to ensure that reliance decreases over time as internal competencies improve.
- **Facilitate peer learning across provinces:** Share best practices from provinces like Western Cape and Free State, where consultant use aligns effectively with capacity-building goals.
- **Develop internal asset management skills:** Municipalities should invest in training finance and infrastructure staff in GRAP-compliant asset management to gradually reduce long-term dependency on consultants.
- **Implement robust data systems:** Adopt standardised asset management software to ensure consistency, traceability and long-term data reliability across municipalities.
- **Enhance oversight of consultant engagements:** Municipalities should establish clear deliverables, milestones and performance metrics for consultants to ensure value for money.
- **Institutionalise knowledge transfer:** All consultant contracts should include formal knowledge transfer clauses to build in-house capacity for future self-sufficiency.
- **Integrate asset registers into strategic planning:** Ensure asset data directly informs budgeting, maintenance planning and infrastructure investment decisions.

Recommendations for municipalities

- **Enforce financial data accuracy:** Implement a uniform reporting template and data verification protocol to prevent misreporting of consultant expenditure.
- **Promote cost efficiency and value for money:** Justify consultant spending and demonstrate tangible improvements in audit outcomes.
- **Strengthen internal capacity support:** Ensure that relevant officials attend training programmes and smaller municipalities engage in shared service centres for asset management to reduce consultant costs.
- **Monitor consultant dependency:** Ensure that reliance on consultants decreases over time as internal competencies improve through the adoption and implementation of consultancy reduction plans.
- **Engage in peer learning:** Engage with other municipalities where consultant use aligns effectively with capacity-building goals in order to share best practices.

9. Cost containment

This chapter evaluates the implementation and impact of cost-containment measures across South African municipalities during 2024/25 and incorporates a comparative analysis of restated 2023/24 data to provide a clear perspective of trends. Anchored in the Municipal Cost Containment Regulations (2019) and MFMA Circulars 70, 82 and 97, the analysis highlights progress in policy compliance, identifies persistent governance challenges and quantifies savings achieved across key expenditure categories.

The imperative for cost containment in South African municipalities is rooted in the constitutional and legislative mandate to ensure that public resources are used effectively, efficiently and economically. Section 62(1)(a) of the MFMA places a direct responsibility on accounting officers to manage financial administration in a manner that safeguards value for money.

In response to concerns about wasteful expenditure, Cabinet mandated cost containment across all spheres of government in 2013, leading to the issuance of MFMA Circular 82 and the promulgation of binding regulations in 2019. MFMA Circular 97 further institutionalised these measures, requiring municipalities to disclose savings in their annual reports and align cost-containment policies with budget-related processes.

MFMA Circular 70 emphasises the importance of credible budgeting and realistic revenue projections. It calls for municipalities to eliminate non-priority spending and embed cost-containment policies within the budget planning cycle. The formula used in this report supports these objectives by quantifying deviations between planned and actual spending, thereby enabling oversight bodies to assess budget credibility and execution performance.

Cost containment is not merely a compliance exercise – it is a strategic lever to redirect limited resources toward core service delivery priorities. In the context of constrained fiscal space, rising debt levels, and increasing service delivery demands, it has become a cornerstone of municipal financial sustainability.

Updated cost-containment policies: 2024/25

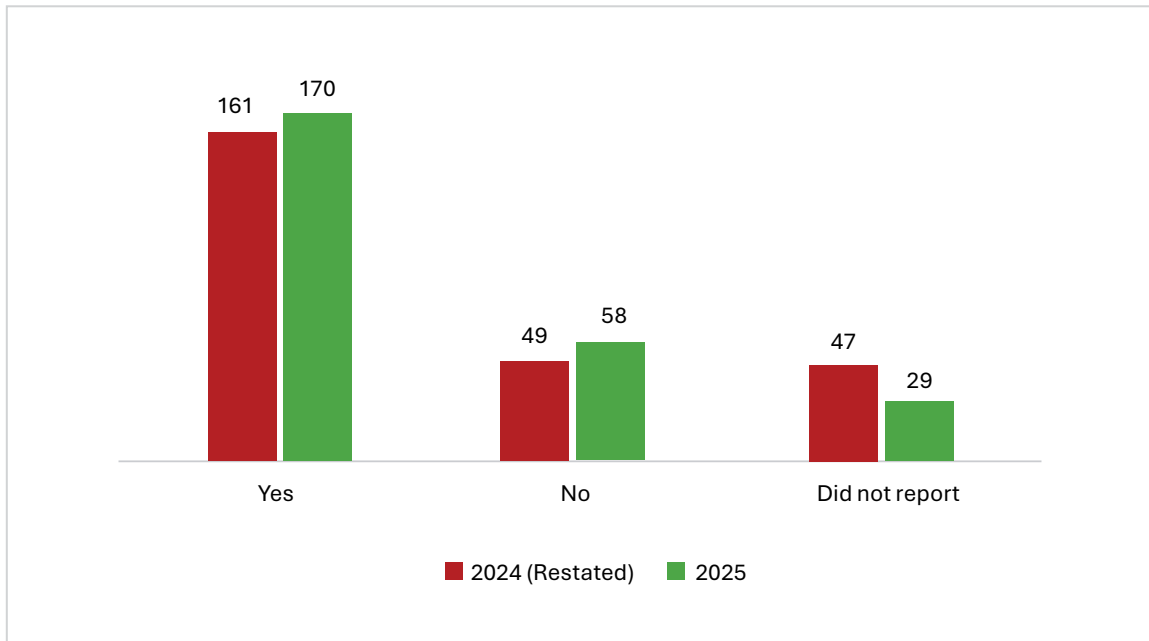
In accordance with Regulation 4 of the Municipal Cost Containment Regulations (2019), each municipality is required to develop, revise and implement a cost-containment policy. This policy must be:

- Adopted by the municipal council.
- Aligned with the MFMA and the Municipal Cost Containment Regulations.
- Published on the municipality's official website.
- Reviewed annually, as appropriate.
- Monitored and evaluated, with clear procedures and consequences for non-compliance.

The stipulation that the cost-containment policies be reviewed annually promotes sound financial governance by ensuring that policies remain relevant, effective and responsive to evolving fiscal conditions and legislative developments.

Figure 15 shows responses by municipalities regarding the existence or review of a council-approved cost-containment policy.

Figure 15: Does the municipality have a new or reviewed cost-containment policy?



Nationally, the number of municipalities with updated cost-containment policies increased from 161 in 2024 to 170 in 2025, signalling progress in regulatory compliance and greater institutionalisation of cost-containment practices. This improvement is likely supported by targeted provincial treasury interventions and follow-up mechanisms. The decline in non-reporting municipalities – from 47 to 29 – reflects improved administrative responsiveness and a stronger commitment to transparency.

Despite these gains, the rise in “No” responses – from 49 to 58 municipalities – suggests ongoing challenges in policy adoption and enforcement. These gaps weaken fiscal discipline and indicate the need for urgent interventions to ensure full compliance with the Municipal Cost Containment Regulations.

Table 14 provides a year-on-year comparison of the number of municipalities across South Africa’s nine provinces that have updated and active cost-containment policies for the 2024 and 2025 financial years.

Table 14: Comparison by province of number of municipalities with updated and active cost-containment policies, 2023/24–2024/25

Province	Reviewed 2023/24	Reviewed 2024/25	Change	No review 2023/24	No review 2024/25	Change	No response 2023/24	No response 2024/25	Change
EC	30	34	▲4	9	5	▼-4	0	0	→0
FS	7	13	▲6	5	9	▲4	11	1	▼-10
GP	9	7	▼-2	0	4	▲4	2	0	▼-2
KZN	41	46	▲5	6	5	▼-1	7	3	▼-4
LP	16	15	▼-1	5	2	▼-3	6	10	▲4
MP	19	16	▼-3	1	4	▲3	0	0	→0
NW	13	10	▼-3	6	5	▼-1	3	7	▲4
NC	10	9	▼-1	11	17	▲6	10	5	▼-5
WC	16	20	▲4	6	7	▲1	8	3	▼-5

Eastern Cape

- Municipalities with a new or reviewed cost-containment policy increased from 30 in 2023/24 to 34 in 2024/25. Improvements were observed at the following municipalities: Elundini Local Municipality (LM), Great Kei LM, Joe Gqabi District Municipality (DM) and Makana LM.
- The number of municipalities without an updated policy dropped from nine to five, showing strong progress in implementing MFMA cost-containment requirements. Non-compliance was observed in the following municipalities: Alfred Nzo DM, Amathole DM, Blue Crane Route LM, Buffalo City Metropolitan Municipality (MM) and Ndlambe LM.

Free State

- The number of municipalities that did not report on whether they had an existing or revised cost-containment policy dropped from 11 in 2023/24 to one in 2024/25, showing strong progress in transparency. Nala LM did not report in either financial year, indicating a persistent governance gap.
- The number of municipalities with a new or reviewed cost-containment policy increased from seven in 2023/24 to 13 in 2024/25, reflecting improved policy alignment. Municipalities that maintained updated policies in both financial years include Maluti-A-Phofung LM, Mafube LM, Mohokare LM, Metsimaholo LM, Matjhabeng LM and Nketoana LM.
- Further improvements were observed in municipalities that had outdated policies in 2023/24 but updated them in 2024/25, namely Kopanong LM, Lejweleputswa DM and Fezile Dabi DM.
- Municipalities that did not report in 2023/24 but reported updated policies in 2024/25 were Letsemeng LM, Setsoto LM, Moqhaka LM and Phumelela LM.
- The number of municipalities without an updated cost-containment policy increased from five in 2023/24 to nine in 2024/25, implying that notable gaps persist. Mantsopa LM regressed from having an updated policy in 2023/24 to an outdated policy in 2024/25. Tokologo LM and Tswelopele

LM remained non-compliant for two consecutive years. The following municipalities did not report in 2023/24 but have indicated that they have outdated policies in 2024/25: Masilonyana LM, Dihlabeng LM, Thabo Mofutsanyana DM, Xhariep DM, Ngwathe LM and Mangaung MM.

Gauteng

- The number of municipalities with a new or reviewed cost-containment policy declined from nine in 2023/24 to seven in 2024/25, indicating a regression in compliance. The municipalities with updated policies in 2024/25 are Merafong City LM, Mogale City LM, West Rand DM, Sedibeng DM, Emfuleni LM, City of Tshwane MM and Lesedi LM.
- Non-compliant municipalities increased from zero in 2023/24 to four in 2024/25, indicating a regression in implementation. Midvaal LM and City of Johannesburg MM did not report in 2023/24, while Rand West City LM and City of Ekurhuleni MM regressed and became non-compliant in 2024/25.
- The number of municipalities that did not report decreased from two in 2023/24 to zero in 2024/25, showing better transparency despite weaker compliance.

KwaZulu-Natal

- Municipalities with a new or reviewed cost-containment policy increased from 41 in 2023/24 to 46 in 2024/25, reflecting progress in policy implementation.
- Improvements from non-compliance to updated policies were recorded in AbaQulusi LM and Dannhauser LM.
- Municipalities that did not report in 2023/24 but have indicated updated policies in 2024/25 include eMadlangeni LM, KwaDukuza LM, Inkosi Mtubatuba LM, Nquthu LM and Umvoti LM.
- Although the number of non-compliant municipalities decreased slightly from six in 2023/24 to five in 2024/25, persistent gaps remain. The following municipalities have been non-compliant for two consecutive years: eDumbe LM, Okhahlamba LM, Ulundi LM, City of uMhlathuze LM and uMzinyathi DM.
- The number of municipalities that did not report decreased from seven in 2023/24 to three in 2024/25, indicating improved transparency and monitoring. However, uMshwathi LM regressed from being compliant in 2023/24 to not reporting in 2024/25. iLembe DM and Impendle LM failed to report for two consecutive years, highlighting persistent gaps in disclosure.

Limpopo

- The number of municipalities with a new or reviewed cost-containment policy decreased slightly from 16 in 2023/24 to 15 in 2024/25, indicating a marginal regression in compliance.
- Municipalities that remained compliant in 2024/25 include Ba-Phalaborwa LM, Blouberg LM, Collins Chabane LM, Greater Tzaneen LM, Makhado LM, Maruleng LM, Mogalakwena LM, Polokwane LM and Thulamela LM.
- Improvements from non-compliance in 2023/24 to compliance in 2024/25 were recorded in Bela Bela LM and Greater Letaba LM.
- Municipalities that did not report in 2023/24 but have indicated updated policies in 2024/25 include Capricorn DM, Fetakgomo Tubatse LM, Modimolle-Mookgophong LM and Sekhukhune DM.

- While the number of non-compliant municipalities decreased from five in 2023/24 to two in 2024/25, progress remains mixed. Lephalale LM has been non-compliant for two consecutive years, while Makhuduthamaga LM regressed from compliant in 2023/24 to non-compliant in 2024/25.
- The number of municipalities that did not report increased sharply from six in 2023/24 to 10 in 2024/25, indicating a significant transparency gap despite some improvement in non-compliance. Waterberg DM and Ephraim Mogale LM failed to report for two consecutive years.
- The following municipalities were reported as compliant in 2023/24 but did not report in 2024/25: Elias Motsoaledi LM, Lepelle-Nkumpi LM, Molemole LM, Mopani DM, Musina LM and Vhembe DM.
- Greater Giyani LM and Thabazimbi LM, which were non-compliant in 2023/24, also failed to report in 2024/25, highlighting persistent weaknesses in disclosure and monitoring.

Mpumalanga

- **The number of municipalities with a new or reviewed cost-containment policy decreased** from 19 in 2023/24 to 16 in 2024/25, indicating a regression in compliance. The following municipalities remained compliant in 2024/25: Chief Albert Luthuli LM, City of Mbombela LM, Dr JS Moroka LM, Ehlanzeni DM, Emakhazeni LM, Emalahleni LM, Gert Sibande DM, Govan Mbeki LM, Lekwa LM, Mkhondo LM, Msukaligwa LM, Nkangala DM, Nkomazi LM, Dr Pixley Ka Isaka Seme LM, Thaba Chweu LM and Thembisile Hani LM.
- Non-compliant municipalities increased from one in 2023/24 to four in 2024/25, signalling a regression in implementation. Bushbuckridge LM remained non-compliant for two consecutive years, while Dipaleseng LM, Steve Tshwete LM and Victor Khanye LM regressed from compliant in 2023/24 to non-compliant in 2024/25.
- Reporting remained strong: no municipalities failed to report in either year, indicating consistent transparency despite weaker compliance.

North West

- The number of municipalities with a new or reviewed cost-containment policy decreased from 13 in 2023/24 to 10 in 2024/25, indicating a regression in compliance. The following municipalities have maintained updated policies for two consecutive years: City of Matlosana LM, Ditsobotla LM, Kgetlengrivier LM, Madibeng LM, Maquassi Hills LM, Moretele LM, Moses Kotane LM and Rustenburg LM.
- Dr Ruth Segomotsi Mompati DM and Lekwa-Teemane LM, which did not report in 2023/24, have indicated compliance in 2024/25 with updated policies.
- The number of non-compliant municipalities decreased slightly from six in 2023/24 to five in 2024/25, showing mixed progress. The following municipalities have remained non-compliant with outdated policies for two consecutive years: Dr Kenneth Kaunda DM, Greater Taung LM and JB Marks LM.
- Kagisano Molopo LM and Tswaing LM, which reported having updated policies in 2023/24, have since regressed to outdated policies in 2024/25.
- The number of municipalities that did not report increased from three in 2023/24 to seven in 2024/25, indicating a transparency gap.
- The following municipalities were compliant in 2023/24 but failed to report in 2024/25: Bojanala Platinum DM, Mamusa LM and Naledi LM. Mahikeng LM did not report for two consecutive years.

- Ngaka Modiri Molema DM, Ramotshere Moiloa LM and Ratlou LM, which were non-compliant in 2023/24, also failed to report in 2024/25, highlighting persistent weaknesses in disclosure and monitoring.

Northern Cape

- The number of municipalities with a new or reviewed cost-containment policy decreased slightly from 10 in 2023/24 to nine in 2024/25, indicating a marginal regression in compliance. The following municipalities have maintained updated policies for two consecutive years: Emthanjeni LM, Khai-Ma LM, Nama Khoi LM, Namakwa DM, Phokwane LM, Pixley Ka Seme DM and ZF Mgcawu DM.
- Richtersveld LM and Thembelihle LM, which did not report in 2023/24, have indicated compliance in 2024/25 with updated policies.
- The number of non-compliant municipalities rose sharply from 11 in 2023/24 to 17 in 2024/25, indicating a major regression. The following municipalities have remained non-compliant for two consecutive years: Dawid Kruiper LM, Dikgatlong LM, Ga-Segonyana LM, Kai !Garib LM, Kamiesberg LM, Kgatelopele LM, Magareng LM, Siyathemba LM, Sol Plaatje LM, Ubuntu LM and Umsobomvu LM.
- Frances Baard DM, Gamagara LM, Hantam LM and Joe Morolong LM, which did not report in 2023/24, have indicated non-compliance with outdated policies in 2024/25. Furthermore, !Kheis LM and Siyancuma LM regressed from compliant in 2023/24 to having outdated policies in 2024/25.
- The number of municipalities that did not report decreased from 10 in 2023/24 to five in 2024/25, showing better transparency despite the significant increase in non-compliance.
- John Taolo Gaetsewe DM did not report in 2024/25 after being compliant in 2023/24.
- Kareeberg LM, Karoo Hoogland LM, Renosterberg LM and Tsantsabane LM failed to report for two consecutive years, highlighting persistent gaps in disclosure.

Western Cape

- The number of municipalities with a new or reviewed cost-containment policy increased from 16 in 2023/24 to 20 in 2024/25, reflecting progress in compliance.
- The following municipalities have maintained updated policies for two consecutive years: Breede Valley LM, Cape Winelands DM, Central Karoo DM, City of Cape Town MM, Drakenstein LM, George LM, Hessequa LM, Knysna LM, Oudtshoorn LM, Overstrand LM, Saldanha Bay LM, Swellendam LM and Witzenberg LM.
- Bergrivier LM, Laingsburg LM, Mossel Bay LM and Stellenbosch LM, which did not report in 2023/24, reported updated policies in 2024/25.
- Theewaterskloof LM, Cape Agulhas LM and Overberg DM, previously non-compliant in 2023/24, updated their policies in 2024/25.
- The number of non-compliant municipalities rose slightly from six in 2023/24 to seven in 2024/25, indicating a marginal regression despite overall progress.
- Beaufort West LM was non-compliant in 2024/25 and did not report in 2023/24.
- Bitou LM, Kannaland LM and Langeberg LM remained non-compliant for two consecutive years.
- Swartland LM, West Coast DM and Garden Route DM regressed from compliant in 2023/24 to having outdated policies in 2024/25.

- The number of municipalities that did not report decreased from eight in 2023/24 to three in 2024/25, indicating better transparency and monitoring. However, Cederberg LM, Matzikama LM and Prince Albert LM failed to report for two consecutive years, highlighting persistent gaps in disclosure.

Governance

Municipalities without updated cost-containment policies lack a formal framework to enforce cost-saving measures, undermining fiscal discipline and accountability. Failure to conduct annual reviews suggests deficiencies in council oversight and ineffective internal controls, eroding governance credibility. The non-publication of cost-containment policies on municipal websites compromises transparency and limits opportunities for public scrutiny, thereby weakening trust in local government institutions.

These governance shortcomings are compounded by weak linkages between cost-containment practices and key MFMA provisions. Section 16(1) of the MFMA requires municipalities to approve an annual budget before the start of the financial year. Cost-containment policies should be adopted as part of the municipality's budget-related policies to ensure that cost-saving measures are embedded in the budget-planning process.

Section 24(2) mandates that the municipal council approves the budget at least 30 days before the start of the budget year. This timeline necessitates that cost-containment policies be reviewed and updated in advance to inform the budget-approval process and ensure alignment with fiscal constraints and priorities.

Furthermore, section 53(1)(c)(i) outlines the mayor's oversight role in ensuring that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan. The implementation of cost-containment measures forms part of budget execution, and the mayor's oversight responsibilities include ensuring that these policies are enforced and monitored effectively.

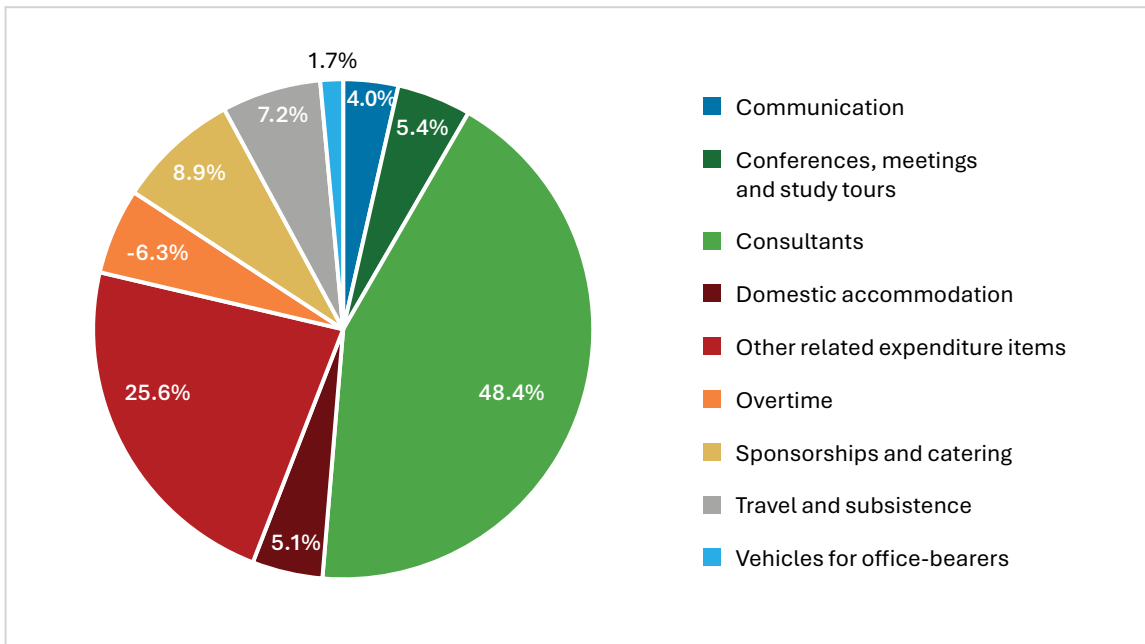
Cost-containment savings

This section analyses cost-containment measures implemented by municipalities during 2024/25. It evaluates the extent to which municipalities complied with the Municipal Cost Containment Regulations (2019) and MFMA Circulars 97 and 70, and how these measures contributed to financial sustainability. The findings highlight areas of improvement, persistent weaknesses and systemic risks that require urgent attention to strengthen accountability and governance.

The data presented is sourced exclusively from the Muni eMonitor system and constitutes primary data reported by municipalities, which has been reviewed by provincial treasuries and the National Treasury to ensure credibility. For complete context, this report should be read together with the Audited Annual Financial Statements; MFMA Section 52(d) Reports and Annexure D: Total Cost Savings Disclosure in the In-Year and Annual Report.

Figure 16 illustrates the percentage variance between the original budget and pre-audit actuals across key expenditure categories, based on the formula: $(\text{Original Budget} - \text{Pre-Audited Actuals}) / \text{Original Budget}$. It shows the national average savings achieved through cost-containment measures in 2024/25.

Figure 16: Budget variance per category (% of original budget)



Compliance savings were realised in the following categories: Communication (22.7 per cent); consultants (11.9 per cent); conferences, meetings and study tours (40.1 per cent); domestic accommodation (24.8 per cent); other related expenditure items (6.6 per cent); sponsorships and catering (20 per cent); travel and subsistence (17 per cent); and vehicles for office-bearers (24.3 per cent).

A negative variance of 14.7 per cent in overtime expenditure indicates overspending, posing a critical financial risk to municipalities. This trend highlights the urgent need for improved overtime planning, monitoring and control. The finding points to systemic weaknesses in payroll management, particularly in the verification of overtime claims and the accuracy of financial reporting. If not addressed, these deficiencies may contribute to future audit qualifications, undermine the credibility of funded budgets and lead to increased unauthorised expenditure.

Table 15 summarises cost-containment savings for 2024/25 per province across key expenditure categories. It compares Original Budget allocations with Pre-Audited Actuals, highlighting amounts saved and overspent for each category.

Table 15: Summary of 2024/25 cost-containment savings by province and category, comparing Original Budget to Pre-Audited Actuals (R)

Province	Communi- cation	Conferences, meetings and study tours	Consultants	Domestic accommo- dation	Other related expenditure items	Overtime	Sponsorships and catering	Travel and subsistence	Vehicles for office- bearers	Total
Eastern Cape	42 493 252	188 952 857	826 285 493	195 962 579	386 788 068	-396 571 391	392 473 280	235 409 448	11 167 834	1 882 961 421
Free State	18 278 293	4 629 305	170 269 160	10 784 565	89 940 403	173 006 879	10 631 030	20 479 693	4 303 605	502 322 934
Gauteng	14 455 903	4 327 701	58 159 823	4 580 260	13 924 858	-132 074 179	4 418 262	5 317 152	25 646 095	-1 244 124
KwaZulu-Natal	67 655 105	28 176 369	281 918 915	7 919 969	451 207 462	-177 264 981	3 235 373	37 808 058	3 742 408	704 398 677
Limpopo	5 696 758	24 258 639	552 024 469	9 678 417	104 884 646	14 557 388	12 323 737	22 193 170	5 087 205	750 704 429
Mpumalanga	10 696 053	5 661 708	155 154 074	14 177 084	141 199 958	55 329 328	12 563 254	7 618 813	12 109 211	414 509 484
North West	9 332 967	3 380 328	119 451 747	4 241 675	5 883 882	47 706 442	2 042 305	5 641 524	16 405 399	214 086 269
Northern Cape	4 194 153	8 522 250	11 037 012	4 913 162	51 379 392	-7 393 931	951 509	8 754 303	4 033 693	86 391 543
Western Cape	29 607 247	5 192 079	272 262 275	7 236 920	51 514 591	106 124 902	10 688 567	21 875 249	1 251 154	505 752 984
Total	202 409 732	273 101 238	2 446 562 967	259 494 631	1 296 723 260	-316 579 543	449 327 318	365 097 410	83 746 605	5 059 883 618

Municipalities collectively achieved R5.06 billion in cost-containment savings during 2024/25. This reduction demonstrates the effectiveness of the Municipal Cost Containment Regulations and related MFMA circulars in curbing non-essential expenditure and improving fiscal discipline.

Total savings per category were as follows:

- Consultants: R2.45 billion
- Other related expenditure items: R1.30 billion
- Sponsorships and catering: R449.33 million
- Travel and subsistence: R365.10 million
- Conferences, meetings and study tours: R273.10 million
- Domestic accommodation: R259.49 million
- Communication: R202.41 million
- Vehicles for office-bearers: R83.75 million
- Overtime: -R316.58 million (overspending).

Eastern Cape

- Municipalities in this province emerged as national leaders in cost containment, achieving a remarkable **R1.88 billion** in savings. This performance was largely driven by an aggressive reduction in consultant expenditure, which alone accounted for **R826.3 million**.
- The province also demonstrated restraint in spending, particularly on conferences, meetings and study tours (**R189 million**), as well as domestic accommodation (**R196 million**) saved from the original budget.
- However, this fiscal prudence was offset by the highest overtime overspending in the country, amounting to **R396.6 million**. This contradiction reveals a dual narrative: while consultant procurement and travel-related costs were well-managed, in some municipalities internal payroll systems and workforce planning remain flawed. The inability by the following **eight municipalities** to control overtime expenditure poses a serious risk to their financial credibility and may result in audit qualifications if left unaddressed: Raymond Mhlaba LM, Amathole DM, OR Tambo DM, Kouga LM, Ntabankulu LM, Port St Johns LM, Koukamma LM and Walter Sisulu LM.

Free State

- Municipalities generally delivered a balanced cost-containment performance, with total savings of **R502.3 million**. Unlike many other provinces, Free State managed to achieve positive savings in overtime expenditure, recording **R173 million** in reductions.
- These results are a notable deviation from the national trend and reflect disciplined payroll management and effective internal controls.
- Consultant expenditure was also contained, with **R170.3 million** in savings, complemented by **R89.9 million** saved under other related expenditure items.

Gauteng

- Despite Gauteng's significant economic stature and substantial budgetary capacity, municipalities in the province reported a negative net position of **R1.24 million**, reflecting overspending rather than savings. Nonetheless, notable cost-containment achievements were recorded in specific expenditure categories, including **R58.2 million** saved on consultants and **R26.6 million** saved on vehicles for office-bearers.
- Importantly, the entire overtime overspend is attributable to the **City of Ekurhuleni MM**, with no other municipality in Gauteng reporting overtime overspending. This concentration suggests localised inefficiencies rather than systemic provincial issues.
- The magnitude of Ekurhuleni's overspending undermines the province's broader cost-containment efforts and highlights potential weaknesses in human resource planning, payroll verification and internal control systems.
- Given Gauteng's strategic importance and fiscal size, the relatively low net savings raises concerns about the effectiveness of policy implementation and the enforcement of cost-containment regulations.

KwaZulu-Natal

- KwaZulu-Natal municipalities achieved **R704 million** in total cost-containment savings, with an outstanding performance in reducing other related expenditure, which contributed **R451.2 million** – the highest savings in this category nationally.
- Significant progress was also made in curbing consultant expenditure, with **R281.9 million** in savings. These figures reflect a deliberate effort by municipalities to rationalise consultant use, strengthen internal capacity and promote skills transfer from external service providers to municipal officials.
- However, the province's overall performance was undermined by substantial overspending on overtime, amounting to **R177.3 million**. This overspend was concentrated across nine municipalities, namely: eMadlangeni LM, eThekweni MM, Dannhauser LM, Amajuba DM, KwaDukuza LM, Inkosi Langalibalele LM, Harry Gwala DM, Newcastle LM, and Nongoma LM. This indicates persistent challenges in personnel cost management, particularly in areas such as shift planning, leave administration and payroll controls.
- While the savings in non-personnel categories are commendable, the internal cost drivers – especially overtime – remain a critical area for intervention. Addressing these will be essential to sustain and deepen cost-containment gains across the province.

Limpopo

- Limpopo municipalities recorded **R750.7 million** in total cost-containment savings, positioning the province among the top performers nationally. This performance was driven primarily by reductions in consultant expenditure, which amounted to **R552 million**, the second-highest consultant savings in the country, just behind Eastern Cape.
- Additional savings were achieved in conferences, meetings and study tours: **R24.3 million** and travel and subsistence: **R22.2 million**.
- These figures reflect a focused effort to reduce reliance on external consultants, improve internal capacity and curb spending in non-essential areas.

Mpumalanga

- Mpumalanga municipalities recorded **R414.5 million** in total cost-containment savings, with the largest contributions coming from consultant expenditure: **R155.2 million** and other related expenditure items: **R141.2 million**. These figures reflect a focused effort to reduce external service costs, suggesting improvements in internal capacity.
- Overtime savings amounted to **R55.3 million**, a positive deviation from national trend.

North West

- Municipalities here achieved **R214 million** in savings, with consultant expenditure (**R119.5 million**) being the largest contributor. Notably, municipalities recorded positive savings in overtime (**R47.7 million**), deviating from the national trend of overspending in this category. This achievement reflects effective internal controls and disciplined payroll management.

Northern Cape

- Municipalities in Northern Cape recorded a **total of R86.4 million** in cost-containment savings.
- The largest contributor was other related expenditure items, with savings of **R51.4 million**, reflecting efforts to reduce reliance on external service providers and strengthen internal capacity.
- Overtime, however, showed a negative variance of **R7.4 million**, indicating overspending in this category. The municipalities identified as having exceeded their overtime budgets were Sol Plaatje LM and Magareng LM.

Western Cape

- Municipalities achieved **R506 million** in total savings, with consultant expenditure reductions (**R272.3 million**) being the primary driver. The province also demonstrated strong performance in achieving savings in communication (**R29.6 million**) and travel-related categories.
- Importantly, the Western Cape municipalities recorded positive savings in overtime (**R106.1 million**), indicating robust payroll discipline and effective internal controls.

Governance and compliance risks

Overtime management: Overspending of **R316.6 million** nationally and a negative variance of **14.7 per cent** in overtime expenditure highlight systemic weaknesses in payroll controls, shift planning and verification processes. Provinces such as Eastern Cape (**R396.6 million**) and KwaZulu-Natal (**R177.3 million**) are particularly exposed, increasing the risk of audit qualifications and unauthorised expenditure.

Policy gaps: Despite progress from 161 to 170 municipalities with updated policies, 58 municipalities remain non-compliant, lacking a formal framework to enforce cost containment. This undermines sections 16(1) and 24(2) of the MFMA, which require integration of cost containment into budget processes.

Monitoring weaknesses: Limited consequence management for non-compliance persists. Failure to publish policies online and weak linkages to oversight of the service delivery and budget implementation plan compromise transparency and accountability, eroding public trust and fiscal credibility.

Strategic implications for financial health

Overspending on overtime and non-essential items diverts resources from infrastructure and basic services, weakening municipalities' ability to meet their constitutional obligations. The R5.06 billion in savings achieved in 2024/25 demonstrates the potential of cost containment as a strategic lever for fiscal recovery. However, uneven implementation and governance gaps threaten sustainability. Institutionalising cost containment within budget planning and performance monitoring is critical to reversing overspending trends and restoring fiscal credibility.

Conclusion

Cost containment remains a critical pillar of municipal financial sustainability. Despite incremental improvements, weaknesses in overtime management, policy enforcement and consequence management continue to undermine compliance. Strengthened governance, aligned with MFMA requirements and supported by proactive oversight, is essential to ensure consistent adherence. The National Treasury is currently revising the cost-containment regulations to enhance accountability and address identified gaps, with further guidance to be issued in due course.

Recommendations for provincial treasuries

- **Strengthen compliance monitoring and oversight:** Provincial treasuries must enhance their oversight by conducting frequent compliance reviews and issuing directives to municipalities that fail to adopt and implement cost-containment policies. Establish a quarterly monitoring framework to track municipalities' compliance with cost-containment regulations.
- **Enforce accountability measures for non-compliant municipalities:** Municipalities that fail to adhere to cost-containment policies should face financial and administrative consequences. Implement financial penalties or funding conditions for municipalities that fail to adopt or report on cost-containment policies.
- **Capacity building and training initiatives:** Provincial treasuries should provide targeted training programmes to improve municipal officials' financial management skills. Launch provincial training workshops for municipal finance teams on cost-containment best practices.
- **Encourage peer learning and sharing of best practices:** High-compliance municipalities should be identified as benchmarks, and best-practice case studies should be shared across provinces. Organise inter-municipal forums to exchange successful cost-containment strategies and implementation experiences.
- **Enhance provincial support for struggling municipalities:** Provincial treasuries should prioritise municipalities with the lowest compliance rates by offering direct intervention programmes for policy adoption and enforcement.

Recommendations for municipalities

- **Prioritise adoption and annual review of cost-containment policies:** All municipalities must ensure that their policies are formally adopted and reviewed annually, as mandated by the Municipal Cost Containment Regulations.
- **Enhance internal financial governance and reporting structures:** Municipal accounting officers must establish robust internal mechanisms to monitor cost-containment measures and ensure accurate, timely reporting.
- **Strengthen internal audit and compliance functions:** Internal auditors should be mandated to review cost-containment adherence as part of routine financial audits.
- **Leverage cost-saving strategies in procurement and expenditure management:** Municipalities should adopt efficient procurement practices and reduce unnecessary expenses, ensuring optimal use of public funds. Procurement reforms must be implemented to eliminate wasteful expenditure and maximise value for money.
- **Enforce strict cost-containment measures:** Reduce unnecessary consultant expenditure by ensuring that funds are allocated toward internal capacity-building initiatives.
- **Address non-compliance through targeted corrective actions:** Municipalities that fail to comply should develop corrective action plans with clear timelines and accountability measures.

10. Unauthorised, irregular, fruitless and wasteful expenditure

The MFMA provides the legislative foundation for sound financial governance in South African municipalities and municipal entities. A central pillar of this framework is the effective management of unauthorised, irregular, fruitless and wasteful expenditure (UIFWE). This section of the report focuses on UIFWE, with a specific emphasis on governance maturity, transparency, consequence management and criminal accountability trends observed during 2023/24 and 2024/25. UIFWE remains one of the most critical indicators of weaknesses in financial management systems, internal controls and enforcement culture across the local government sector.

In the period under review, municipalities continued to show uneven performance in managing UIFWE. While progress has been made in certain areas, particularly in adopting UIFWE-related policies and frameworks, significant shortcomings persist in translating these frameworks into consistent action. The data shows that many municipalities can identify and record UIFWE but struggle to process cases through investigation, recovery, write-off and enforcement processes. This gap between identification and consequence management remains a structural weakness that undermines fiscal discipline and accountability.

This section examines UIFWE trends in terms of consequence management, focusing not only on whether UIFWE exists but on how municipalities respond once it is incurred. The analysis considers whether municipalities comply with MFMA requirements to inform the mayor, the member of the executive council (MEC) for local government and the Auditor-General of South Africa (AGSA) of UIFWE incurred, whether preventative and corrective steps are communicated, and whether responsible officials are identified and investigated. These elements are essential to ensure that UIFWE does not become a recurring feature of municipal finances.

A fundamental requirement of UIFWE governance is the establishment of council- or board-approved policies that regulate the prevention, identification, reporting and management of UIFWE. Such policies form the baseline for compliance and provide clarity on roles, processes and accountability. However, policies alone are insufficient. The effectiveness of UIFWE management is determined by the degree to which these policies are operationalised through internal controls, monitoring mechanisms and timely implementation of council resolutions on recoverability, write-off or further investigation. Policy adoption is therefore considered alongside evidence of implementation and follow-through.

Effective communication and transparency are central to the MFMA accountability framework. Municipalities are required to inform oversight and political leadership of UIFWE incurred and actions taken to address it. This section therefore includes reporting on UIFWE prevention measures, identifying persons under investigation and escalating criminal matters to relevant authorities. It also evaluates municipal compliance with these reporting and disclosure obligations, noting areas where communication is incomplete, delayed or absent.

A key focus of this section is the escalation of UIFWE cases into formal investigations and, where appropriate, criminal proceedings. Holding individuals accountable is essential to deter future non-compliance and reinforce a culture of financial discipline. The analysis, therefore, extends beyond administrative reporting and examines the extent to which municipalities report alleged irregular expenditure constituting criminal offences to the South African Police Service (SAPS). Cases include those where the accounting officer is not involved as well those where they are directly implicated. These distinctions are critical in assessing whether accountability is applied consistently across levels of authority.

The data collected indicates that referrals of alleged criminal irregular expenditure to SAPS remain limited and, in many instances, declined between 2023/24 and 2024/25. This trend is evident across several provinces and is particularly pronounced in cases involving accounting officers. The decline suggests ongoing challenges in enforcing consequence management among senior officials, raising concerns about selective accountability and weakened deterrence.

This section also considers the extent to which municipalities are implementing preventative measures to reduce the recurrence of UIFWE. Preventative actions – such as strengthening supply chain management controls, improving budgeting and contract management practices, and addressing skills and capacity gaps – are essential for reducing UIFWE over time. Equally important is whether such measures are formally documented, implemented and communicated to oversight bodies, as required by the MFMA.

National policy frameworks and strategic priorities emphasise reducing and eliminating fruitless and wasteful expenditure and strengthening consequence management. Persistent UIFWE, coupled with weak investigation and enforcement outcomes, indicates misalignment between policy intent and operational reality at the municipal level. This section therefore identifies areas that require renewed focus and intervention.

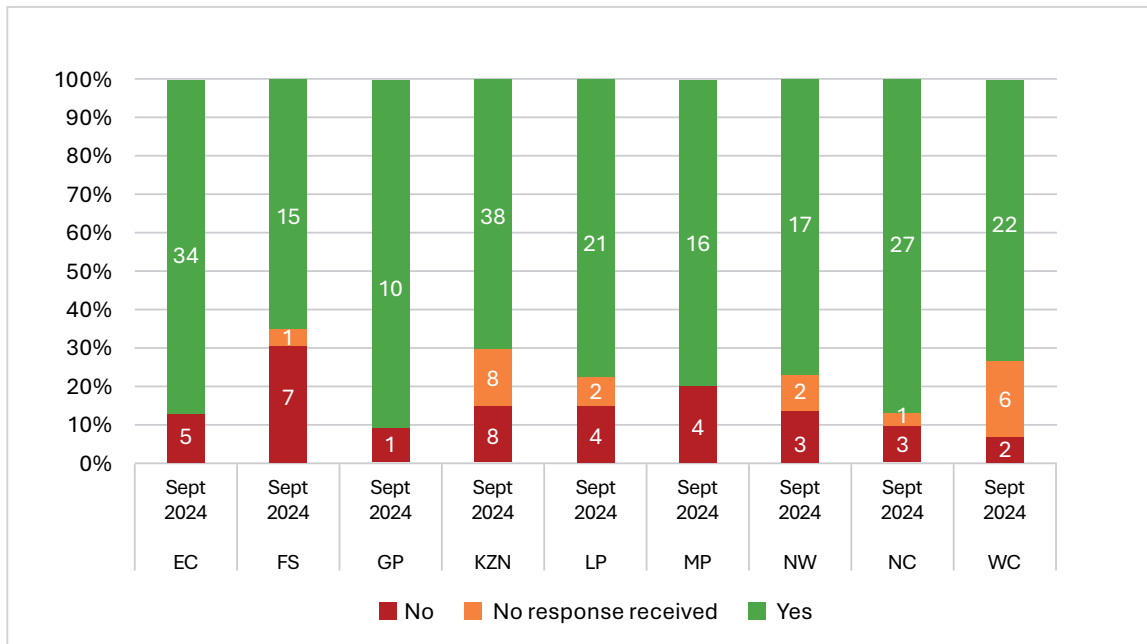
UIFWE remains a multifaceted and persistent challenge within local government. While administrative compliance, such as policy adoption and reporting structures, has improved in several areas, enforcement and consequence management continue to lag. Without consistent progression of UIFWE cases through investigation, recovery and, where required, criminal accountability, municipalities risk entrenching a culture of impunity and repeated non-compliance.

Strengthening UIFWE governance requires decisive leadership, credible enforcement, transparent reporting and equal application of accountability across all levels of municipal administration. This report aims to provide a comprehensive understanding of the current state of UIFWE in South African municipalities and support stakeholders in identifying priority areas for reform and sustained improvement in financial governance.

Municipalities with a council-approved UIFWE policy

An assessment of municipalities reporting the existence of council-approved UIFWE policies for 2024/25, compared to 2023/24, indicates measurable improvement at a national level, alongside persistent areas of non-compliance and uneven implementation, as shown in Figure 17.

Figure 17: Number of municipalities with a council-approved UIFWE policy



During 2024/25, 200 municipalities reported that a council-approved UIFWE policy was in place. This is an increase from 182 in 2023/24, representing a net improvement of 18 municipalities adopting UIFWE policies. This improvement indicates increased awareness of UIFWE governance requirements and greater engagement with compliance reporting processes.

Despite this improvement, 37 municipalities reported that no UIFWE policy was approved by council in 2024/25, an increase from 30 municipalities in 2023/24. This regression highlights that, while more municipalities are adopting UIFWE policies, a growing number still operate without formally approved frameworks. Furthermore, 20 municipalities did not respond in 2024/25, a notable improvement from the 45 that failed to respond to the evaluation in 2023/24.

The data indicates that progress in UIFWE policy adoption has largely been driven by improved reporting discipline rather than the complete elimination of policy gaps. UIFWE policies remain a fundamental governance instrument, setting the rules for prevention, identification, investigation, accounting treatment, recovery and write-off of UIFWE. Municipalities without approved policies remain exposed to inconsistent application of UIFWE processes and heightened audit risk.

In **Eastern Cape**, the number of municipalities that reported having council-approved UIFWE policies declined from 38 in 2023/24 to 34 in 2024/25. Those without approved policies increased from one to five, and all municipalities responded in both financial years. The deterioration recorded in 2024/25 suggests challenges in maintaining governance standards over time and raises concerns about the sustainability of UIFWE management arrangements in the province.

Free State recorded a marked improvement in adoption of UIFWE policies, increasing from nine municipalities in 2023/24 to 15 in 2024/25. This improvement was supported by a substantial reduction in the number of municipalities that did not respond, from 10 to one. However, seven municipalities continue to report that UIFWE policies are not approved by council, indicating that governance gaps persist despite improved reporting discipline.

In **Gauteng**, the number of municipalities with approved UIFWE policies remained unchanged at 10. Although this reflects relatively stable compliance, the emergence of one municipality without an approved policy in 2024/25, compared to none the previous year, signals the need for continued oversight. The elimination of non-responses in 2024/25 reflects improved reporting but does not offset the policy gap observed.

KwaZulu-Natal showed overall improvement, with municipalities that reported having UIFWE policies increasing from 34 in 2023/24 to 38 in 2024/25. Non-responses declined from 14 to eight municipalities, indicating improved reporting engagement. However, the continued presence of these eight municipalities without approved UIFWE policies suggests persistent inconsistencies in governance practices across the province.

In **Limpopo**, the number of municipalities with council-approved UIFWE policies increased significantly from 15 in 2023/24 to 21 in 2024/25. This improvement was accompanied by a reduction in the number of municipalities without policies from seven to four and in the number of non-responsive municipalities from five to two. The progress recorded in 2024/25 suggests strengthening governance frameworks, although full compliance has not yet been achieved.

Mpumalanga recorded a regression in UIFWE policy adoption, from 19 municipalities in 2023/24 to 16 in 2024/25. Although there were no non-responses, four municipalities reported having no UIFWE policy. The decline indicates governance instability and raises concerns about the consistency of UIFWE arrangements across municipalities in the province.

North West recorded an increase from 15 municipalities in 2023/24 to 17 in 2024/25 with approved UIFWE policies. However, three once again reported having no approved policy. Non-responses declined from four to two municipalities, indicating improved reporting but limited progress in full policy coverage.

In **Northern Cape**, the number of municipalities reporting council-approved UIFWE policies increased from 23 in 2023/24 to 27 in 2024/25. The number of municipalities without policies declined from five to three, while non-responses declined from three to one. The improving trend recorded during 2024/25 reflects a gradual strengthening of UIFWE policy frameworks, though residual risk remains.

In **Western Cape**, the number of municipalities with approved UIFWE policies increased from 19 in 2023/24 to 22 in 2024/25, demonstrating a strengthening of formal UIFWE governance frameworks. However, six municipalities did not respond in 2024/25, compared to seven in 2023/24, indicating that reporting improvements remain incremental. Despite relatively strong financial management performance, gaps in policy reporting persist.

Overall assessment

The comparison between 2023/24 and 2024/25 shows that UIFWE policy adoption is trending upwards across most provinces. Reduced non-response rates suggest improved compliance awareness and improved engagement with national and provincial treasury monitoring processes.

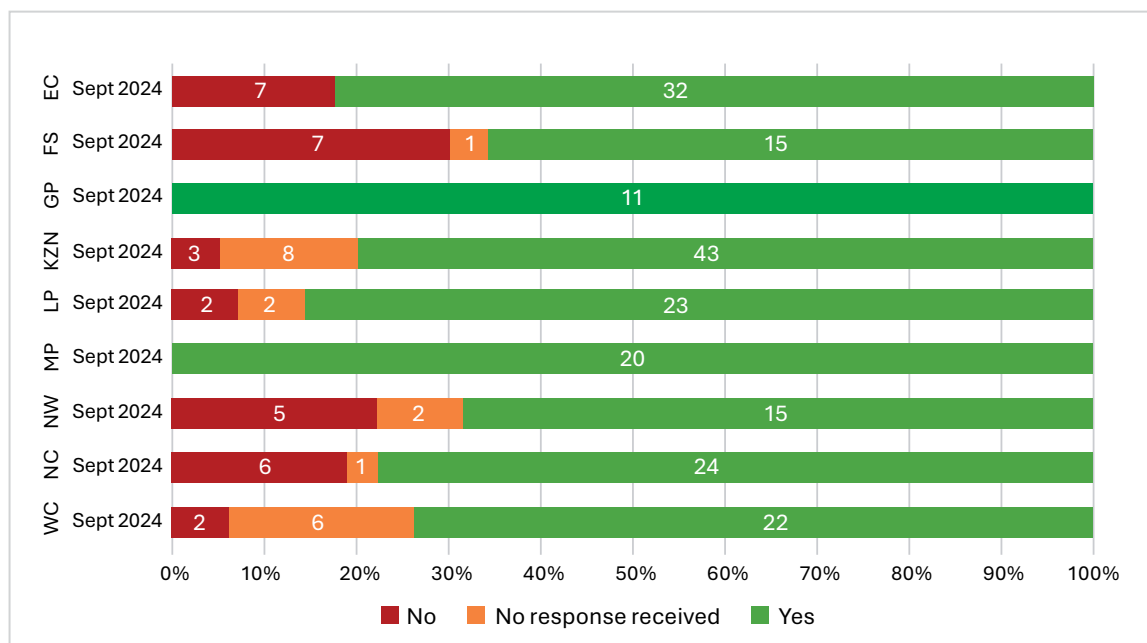
However, municipalities that continue to lack council-approved UIFWE policies represent a material governance risk. In many cases, these policy gaps coincide with elevated UIFWE balances, repeated audit findings and weak consequence management. The lack of formal UIFWE policies undermines consistency in treatment, delays resolution of UIFWE and weakens oversight by councils.

The uneven pace of improvement across provinces also indicates that UIFWE governance strengthening has not yet become institutionalised. Progress depends on individual municipal leadership and capacity, rather than systemic compliance across the sector.

Municipalities with controls for timely implementation of council resolutions on the recoverability/write-off of UIFWE

Between 2023/24 and 2024/25, there has been an improvement in municipalities and municipal entities having controls in place to ensure that council resolutions on the recoverability and/or write-off of UIFWE are implemented without undue delay. However, weaknesses continue to undermine effective UIFWE resolution, as can be seen in Figure 18.

Figure 18: Number of municipalities with controls for timely implementation of council resolutions on recoverability/write-off of UIFWE



During 2023/24 (by September 2023), 178 municipalities indicated that controls were in place to ensure the timely implementation of council resolutions relating to UIFWE. This number increased to 205 in 2024/25 (by September 2024), reflecting an improvement of 27 municipalities. This positive movement suggests that more municipalities are formalising mechanisms to operationalise UIFWE decisions taken by governance structures.

The number of municipalities reporting that such controls were not in place declined only marginally, from 33 in 2023/24 to 32 in 2024/25, indicating that a core group of municipalities continues to struggle with implementing UIFWE resolutions. In addition, 46 municipalities failed to respond in 2023/24, compared to 20 municipalities in 2024/25, reflecting a significant improvement in reporting discipline.

While the overall trend indicates progress, the continued existence of municipalities without implementation controls remains a material governance concern. Controls that ensure the timely execution of council decisions are critical to preventing UIFWE from becoming entrenched through prolonged inaction. Where resolutions are not implemented timeously, UIFWE balances continue to accumulate, often transitioning into long-standing historical items with limited prospects of recovery.

In **Eastern Cape**, the number of municipalities reporting controls in place declined from 35 in 2023/24 to 32 in 2024/25, while the number reporting the absence of controls increased from four to seven. Although all municipalities responded in both financial years, the deterioration recorded in the control environment indicates weakening operational oversight. The trend suggests that council decisions relating to UIFWE may not be consistently translated into recoveries, write-offs or disciplinary action.

Free State recorded a notable improvement, with the number of municipalities reporting controls in place increasing from nine in 2023/24 to 15 in 2024/25. The number of non-responses declined sharply from 10 to one, indicating improved engagement with compliance reporting requirements. However, the number of municipalities without controls remained unchanged at seven, highlighting persistent execution gaps despite stronger reporting.

In **Gauteng**, the number of municipalities reporting controls to be in place increased significantly from seven in 2023/24 to 11 in 2024/25, resulting in full coverage across the province. Municipalities reporting the absence of controls declined from three to zero, with no non-responses. The reporting for 2024/25 reflects a strengthened control environment and improved alignment between council resolutions and operational execution.

KwaZulu-Natal demonstrated improvement, with the number of municipalities reporting that controls were in place increasing from 40 in 2023/24 to 43 in 2024/25. Municipalities without controls declined markedly from 14 to three, while non-responses improved from 14 to eight municipalities. Despite this progress, the continued presence of municipalities without controls and those that are not responding remains a concern, given the province's size and its contribution to national UIFWE balances.

In **Limpopo**, the number of municipalities reporting controls to be in place increased from 17 in 2023/24 to 23 in 2024/25. The number of municipalities without controls declined from five to two, and non-responses declined from five to two. The improvement suggests strengthening of internal processes to track and implement UIFWE resolutions, although residual gaps remain.

Mpumalanga achieved sustained improvement, with the number of municipalities reporting controls in operation increasing from 19 in 2023/24 to 20 in 2024/25, resulting in full coverage for the province. No municipalities reported lacking controls or failed to respond in 2024/25, indicating that implementation of UIFWE resolution processes is mature.

North West recorded a modest improvement, with the number of municipalities reporting controls to be in place increasing from 13 in 2023/24 to 15 in 2024/25. However, the number of municipalities without controls remained unchanged at five, while non-responses declined from four to two. The lack of movement in municipalities without controls suggests continuing implementation challenges.

In **Northern Cape**, the number of municipalities that reported having controls in place increased from 18 in 2023/24 to 24 in 2024/25. The number without controls declined from nine to six, while non-responses declined from four to one. Although progress is evident, the remaining absence of controls continues to pose a risk to timely UIFWE resolution.

In **Western Cape**, the number of municipalities that reported having controls in place increased from 20 in 2023/24 to 22 in 2024/25. The number without controls declined from three to two, while non-responses declined slightly from seven to six municipalities. While the province continues to perform comparatively well, delayed implementation risks remain in certain municipalities.

Overall assessment

The comparison between 2023/24 and 2024/25 illustrates a general strengthening of controls intended to support the execution of UIFWE resolutions. Improved reporting rates and increased control coverage indicate growing recognition of the importance of promptly implementing council decisions.

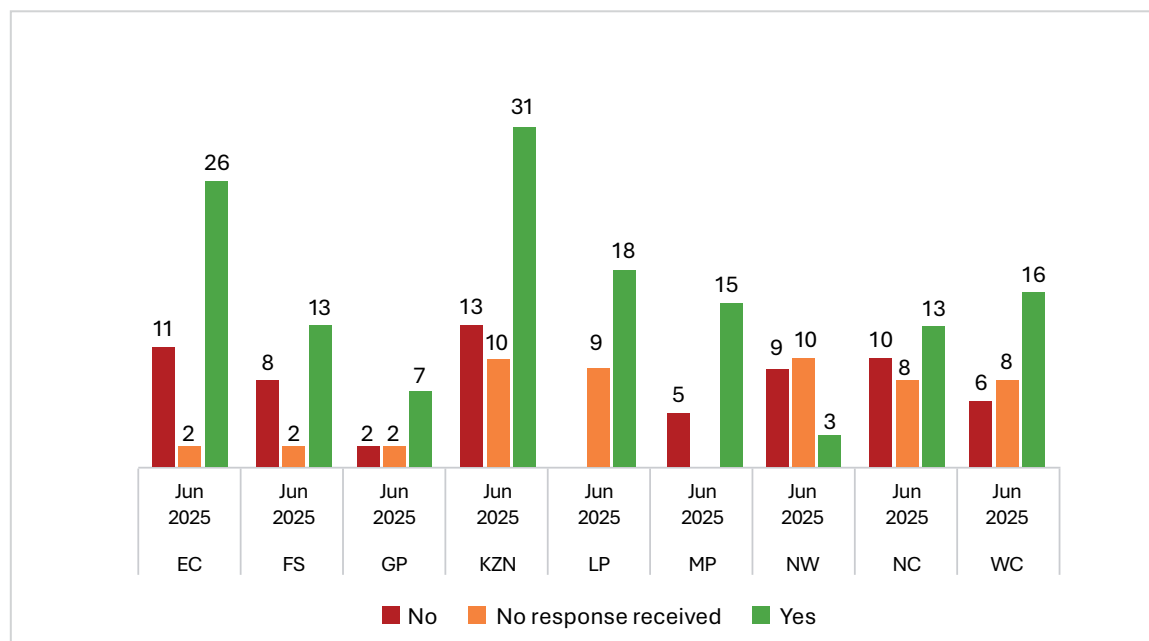
However, the persistence of municipalities without controls and municipalities that do not respond signals that implementation remains uneven. Where controls are absent or weak, UIFWE matters are often delayed, resulting in prolonged balances, limited recoveries, and reliance on write-offs rather than accountability-driven outcomes.

These findings further confirm a strong relationship between weak implementation controls and rising UIFWE balances. Municipalities that do not ensure prompt implementation of resolutions tend to accumulate UIFWE across financial years, undermining financial discipline and weakening consequence management frameworks.

Municipalities that informed the mayor, the MEC and the AGSA of UIFWE incurred

An assessment of whether municipalities informed the mayor, the MEC for local government, and the AGSA of UIFWE incurred reflects a significant deterioration between 2023/24 and 2024/25, despite improvements in other UIFWE governance indicators, as shown in Figure 19.

Figure 19: Number of municipalities that informed the mayor, MEC and AGSA of UIFWE



In 2024/25, only 142 municipalities confirmed that they informed the mayor, the MEC and the AGSA of UIFWE incurred. This represents a substantial decline from the 186 municipalities in 2023/24: 44 municipalities no longer comply with this core reporting requirement. Over the same period, the number of municipalities reporting that UIFWE notifications were not submitted increased from 32 to 64, indicating a material weakening in compliance.

Fifty-one municipalities did not respond in 2024/25, an increase from the 39 that did not respond to the evaluation in 2023/24. The growing number of non-responses signals increasing reporting fatigue and diminished assurance over the completeness and reliability of UIFWE information submitted to oversight bodies.

Timely notification of UIFWE incurred is a fundamental enabler of consequence management, corrective action and support intervention. Failure to inform the mayor, the MEC and the AGSA undermines transparency, delays accountability processes and weakens early warning mechanisms designed to prevent UIFWE from escalating into persistent historical balances.

In **Eastern Cape**, the number of municipalities that confirmed that UIFWE notifications were issued declined from 36 in 2023/24 to 26 in 2024/25. At the same time, municipalities reporting non-compliance increased from three to 11, while two municipalities did not respond in 2024/25. The deterioration indicates weakened adherence to reporting obligations and raises concerns about the effectiveness of governance oversight in the province.

Free State recorded a marginal improvement, with compliant municipalities increasing from 11 in 2023/24 to 13 in 2024/25. However, eight municipalities continued to report that notifications were not sent, and two did not respond. While incremental progress is evident, UIFWE reporting remains inconsistent across the province.

In **Gauteng**, compliance declined from 10 municipalities in 2023/24 to seven in 2024/25, while two municipalities reported non-compliance and two did not respond to the evaluation. This regression is notable given improvements recorded in other UIFWE control measures within the province, pointing to uneven operationalisation of UIFWE reporting requirements.

KwaZulu-Natal experienced a decline in UIFWE notification compliance, with the number of municipalities reporting compliance decreasing from 37 in 2023/24 to 31 in 2024/25. Municipalities reporting non-compliance increased sharply from four to 13, while non-responses dropped marginally. The pattern suggests growing challenges in maintaining consistent, timely UIFWE reporting across the province.

In **Limpopo**, the number of municipalities reporting compliance declined from 21 in 2023/24 to 18 in 2024/25. Although no municipalities reported explicit non-compliance in 2024/25, nine did not provide responses, weakening assurance over the true compliance position.

Mpumalanga reported a slight decline in compliance, from 17 municipalities in 2023/24 to 15 in 2024/25, with five municipalities reporting non-compliance. While all municipalities in the province responded, the increase in non-compliance suggests limitations in internal reporting processes and escalation mechanisms.

North West recorded the most severe regression. The number of municipalities reporting UIFWE notifications declined sharply from 14 in 2023/24 to only three in 2024/25, while nine municipalities reported non-compliance and 10 municipalities did not respond. The results reflect deep-rooted governance and reporting failures and align with the province's continued escalation of UIFWE balances.

In **Northern Cape**, the number of compliant municipalities declined from 18 in 2023/24 to 13 in 2024/25. Municipalities reporting non-compliance remained high, while non-responses increased from three to eight. These results point to weakening UIFWE reporting discipline and limited follow-through on statutory obligations.

In **Western Cape**, the number of compliant municipalities declined from 22 in 2023/24 to 16 in 2024/25. Although the province continues to perform comparatively better than several others, the declining trend highlights emerging risks around reporting consistency and follow-through on UIFWE obligations.

Overall assessment

The year-on-year comparison demonstrates a systemic deterioration in UIFWE notification practices, despite progress in policy adoption and control frameworks. This divergence indicates that while structural governance arrangements may exist, operational compliance with reporting requirements has weakened.

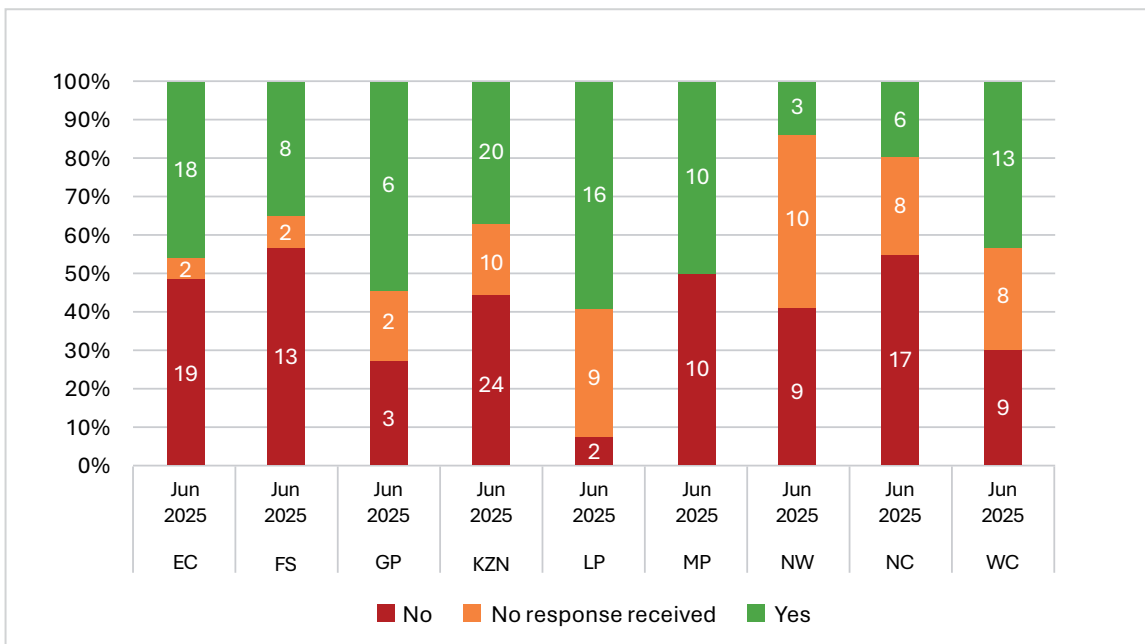
The failure to notify authorities of UIFWE incurred compromises the entire UIFWE life cycle, as unresolved items are not escalated for oversight, intervention or consequence management. Provinces with the most pronounced reporting regressions also tend to display higher UIFWE balances and slower resolution rates, highlighting a strong correlation between reporting failures and entrenched UIFWE.

The data suggests that municipalities are prioritising policy and control formalisation over execution discipline, resulting in governance frameworks that are not consistently applied in practice.

Municipalities that informed the mayor, the MEC and the AGSA of steps to prevent recurrence of UIFWE

An assessment of information submitted on whether municipalities informed the mayor, the MEC for local government, and the AGSA of steps to be taken to prevent the recurrence of reported UIFWE indicates a material regression between 2023/24 and 2024/25. Figure 20 illustrates the results of information submitted for 2024/25.

Figure 20: Number of municipalities that informed the mayor, MEC and AGSA of steps to be taken to prevent recurrence of UIFWE



In 2024/25, 100 municipalities reported that they informed the mayor, the MEC for local government and the AGSA of the preventative steps to be implemented after UIFWE was identified. This is a decline from 138 municipalities in 2023/24, reflecting a reduction of 38 municipalities complying with this key governance requirement.

At the same time, the number of municipalities reporting that preventative controls were not reported increased from 80 in 2023/24 to 106 in 2024/25. Fifty-one municipalities did not respond in 2024/25, compared to 39 non-responders in 2023/24. The combined increase in non-compliance and non-responses indicates a weakening emphasis on the preventative governance aspects of UIFWE management.

Communicating preventative steps to oversight and political leadership is a critical component of effective UIFWE management. Where such information is not disclosed, it becomes difficult to assess whether municipalities are addressing root causes or merely recording UIFWE without implementing corrective measures to prevent recurrence.

In **Eastern Cape**, the number of municipalities reporting that preventative steps were communicated to the authorities declined from 29 in 2023/24 to 18 in 2024/25. Over the same period, municipalities reporting non-compliance increased from 10 to 19, with two municipalities not responding in 2024/25. The decline indicates weakened follow-up after UIFWE identification and limited emphasis on addressing underlying causes.

Free State recorded a marginal increase, with eight municipalities reporting compliance in 2024/25, compared to six in 2023/24. However, 13 reported non-compliance in 2024/25, an increase from eight in 2023/24, while two municipalities did not respond. The results highlight uneven application of preventative UIFWE measures across the province.

In **Gauteng**, the number of municipalities reporting that preventative steps were communicated to the authorities declined from 10 in 2023/24 to six in 2024/25. Municipalities reporting non-compliance increased from zero to three, with two municipalities not responding. This decline is notable given the province's comparatively strong control and policy frameworks, indicating execution challenges at an operational level.

KwaZulu-Natal experienced a deterioration, with the number of municipalities reporting compliance declining from 32 in 2023/24 to 20 in 2024/25. The number of municipalities reporting non-compliance increased sharply from nine to 24, while 10 did not respond, compared to 13 that did not respond in the prior year. The trend suggests that while UIFWE may be identified, preventative actions are not being consistently formalised or reported.

In **Limpopo**, the number of municipalities reporting compliance declined slightly from 17 in 2023/24 to 16 in 2024/25. The number of municipalities reporting non-compliance declined from six to two, but nine did not respond, an increase from four the previous year. The increased non-response limits confidence in the effectiveness of UIFWE prevention in the province.

Mpumalanga recorded a decline in compliance, from 16 municipalities in 2023/24 to 10 in 2024/25. Municipalities reporting non-compliance increased from three to 10, and all municipalities in the province responded in 2024/25. The results indicate a shift away from preventative UIFWE governance despite relatively stable control environments.

North West presents a notably weak position. Only three municipalities reported that preventative steps were communicated in 2024/25, unchanged from the three in 2023/24. Municipalities reporting non-compliance remained high at nine, while 10 did not respond, indicating persistent governance and accountability failures.

In **Northern Cape**, the number of municipalities reporting preventative measures declined marginally from seven in 2023/24 to six in 2024/25. Municipalities reporting non-compliance decreased from 21 to 17, although eight municipalities did not respond in 2024/25. The data reflects slow progress in strengthening preventative responses to UIFWE.

In **Western Cape**, municipalities reporting compliance declined from 18 in 2023/24 to 13 in 2024/25. Municipalities reporting non-compliance increased from seven to nine, while eight did not respond, compared to five in the prior year. Although the province remains relatively stronger in other UIFWE indicators, the decline in preventative reporting reflects emerging risks.

Overall assessment

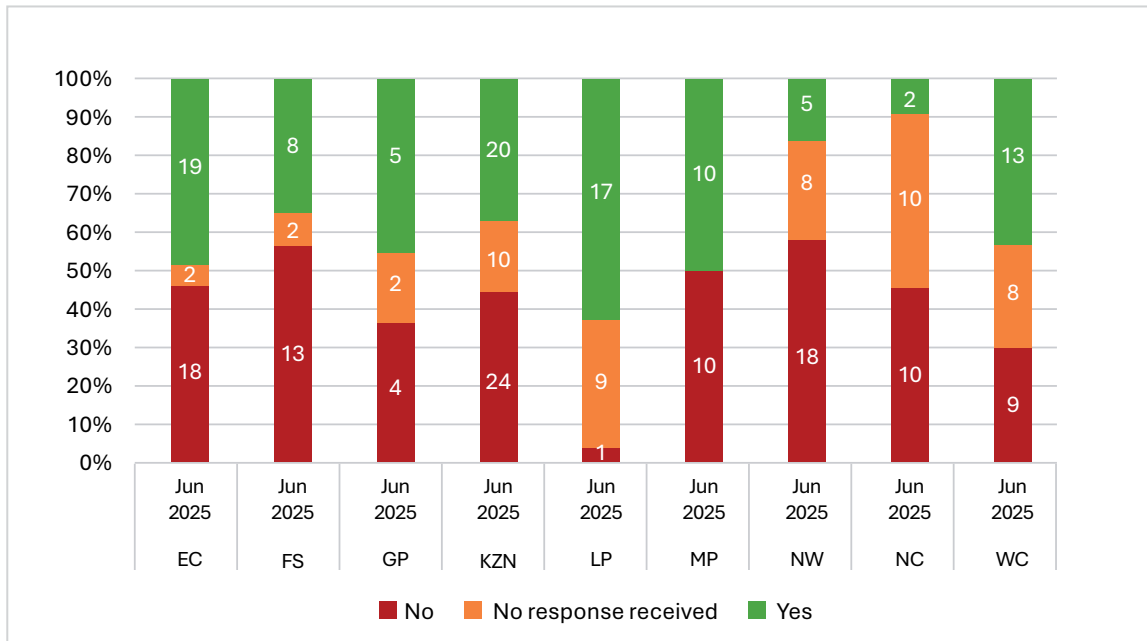
The comparison between 2023/24 and 2024/25 highlights a widespread decline in the communication of UIFWE preventative measures to political and oversight institutions. Unlike UIFWE identification or resolution controls, preventative action reporting shows consistent regression across most provinces. The data indicates that municipalities are increasingly focused on recording UIFWE after the fact, rather than institutionalising preventative actions to address root causes such as weaknesses in supply chain management, budgeting, contract management and financial oversight.

Where preventative steps are not reported, it limits the ability of oversight bodies to assess whether municipalities are learning from UIFWE incidents and strengthening internal controls accordingly. This contributes directly to the repeated occurrence of similar UIFWE categories across financial years.

Municipalities that informed the mayor, the MEC and the AGSA about persons under investigation for UIFWE

Between 2023/24 and 2024/25, there has been a marked and systemic decline in the number of municipalities informing the mayor, the MEC for local government and the AGSA of persons under investigation for reported UIFWE. Figure 21 shows the numbers for 2024/25.

Figure 21: Number of municipalities that informed the mayor, MEC and AGSA about persons under investigation for UIFWE



In 2024/25, only 99 municipalities reported informing the mayor, the MEC for local government and the AGSA of persons placed under investigation following the identification of UIFWE. This represents a substantial decline from 166 municipalities in 2023/24, a reduction of 67 municipalities demonstrating compliance with this critical reporting and accountability requirement.

Over the same period, the number of municipalities reporting that such information was not submitted to the authorities increased sharply from 52 in 2023/24 to 107 in 2024/25. Fifty-one municipalities did not respond in 2024/25, compared to 39 in 2023/24. The widening gap between identification of UIFWE and reporting of investigative follow-up reflects weakening consequence management practices across local government.

Disclosure of persons under investigation is a core element of UIFWE governance, as it provides assurance that confirmed UIFWE is being actively addressed beyond mere recording and reporting. Failure to inform oversight bodies of investigative actions undermines transparency, delays accountability processes and increases the risk that UIFWE cases remain unresolved for extended periods.

In **Eastern Cape**, the number of municipalities reporting that they had informed the mayor, the MEC and the AGSA of persons under investigation declined from 29 in 2023/24 to 19 in 2024/25. At the same time, the number of municipalities reporting non-compliance increased from 10 to 18, while two municipalities did not provide responses. The decline indicates reduced effectiveness in transitioning UIFWE matters from identification into formal investigation, raising concerns about delayed accountability across municipalities in the province.

Free State recorded a decline in compliance, with the number of municipalities reporting investigative disclosures decreasing from nine in 2023/24 to eight in 2024/25. The number of municipalities reporting non-compliance increased markedly from five to 13, while two municipalities did not respond. The results suggest growing constraints in initiating or reporting UIFWE investigations, despite improvements recorded in other governance indicators.

In **Gauteng**, compliance declined from 10 municipalities in 2023/24 to five in 2024/25. The number of municipalities reporting non-compliance increased to four, while two municipalities did not respond. This regression is notable given the province's relatively mature control frameworks and highlights a discrepancy between UIFWE detection mechanisms and the pursuit of accountability through investigation.

KwaZulu-Natal experienced a significant deterioration. The number of municipalities reporting that persons under investigation were disclosed declined from 36 in 2023/24 to 20 in 2024/25. Municipalities reporting non-compliance increased sharply from five to 24, while 10 municipalities did not respond in the current year. The results indicate systemic challenges in consequence management and prolonged delays in progressing UIFWE cases into investigation and disciplinary processes.

In **Limpopo**, the number of municipalities reporting compliance declined marginally from 19 in 2023/24 to 17 in 2024/25. The number of municipalities reporting non-compliance declined from four to one, suggesting some improvement in formal investigations. However, nine municipalities did not provide responses, largely offsetting improvements noted and weakening assurance over the true investigative status of UIFWE matters in the province.

Mpumalanga recorded a decline from 16 municipalities in 2023/24 to 10 in 2024/25. Municipalities reporting non-compliance increased substantially from three to 10, but all municipalities provided responses in 2024/25. The results indicate increased transparency in reporting but also widening gaps in the implementation of investigation processes.

North West recorded the most severe regression nationally. Only two municipalities reported that persons under investigation were disclosed to the authorities in 2024/25, compared to nine in 2023/24. The number of municipalities reporting non-compliance increased to 10, while another 10 did not respond. The results mirror broader governance and accountability breakdowns within the province and align with high and escalating UIFWE balances.

In **Northern Cape**, the number of municipalities reporting investigative disclosures declined sharply from 17 in 2023/24 to five in 2024/25. The number of municipalities reporting non-compliance increased from 11 to 18, while eight municipalities did not respond. This represents one of the most concerning provincial trends and points to weakened enforcement of consequence management frameworks.

In **Western Cape**, the number of municipalities reporting compliance declined from 21 in 2023/24 to 13 in 2024/25. The number of municipalities reporting non-compliance increased from four to nine, while eight did not respond, compared to five in the previous year. Although the province remains comparatively stronger in other UIFWE indicators, the decline in investigative reporting highlights emerging pressures on its capacity for consequence management.

Overall assessment

The comparison between 2023/24 and 2024/25 demonstrates a sector-wide weakening in the reporting of UIFWE investigations, cutting across provinces with both strong and weak governance profiles. The decline indicates that UIFWE is increasingly being identified and recorded, but without consistent progression toward investigation, disciplinary action or recovery.

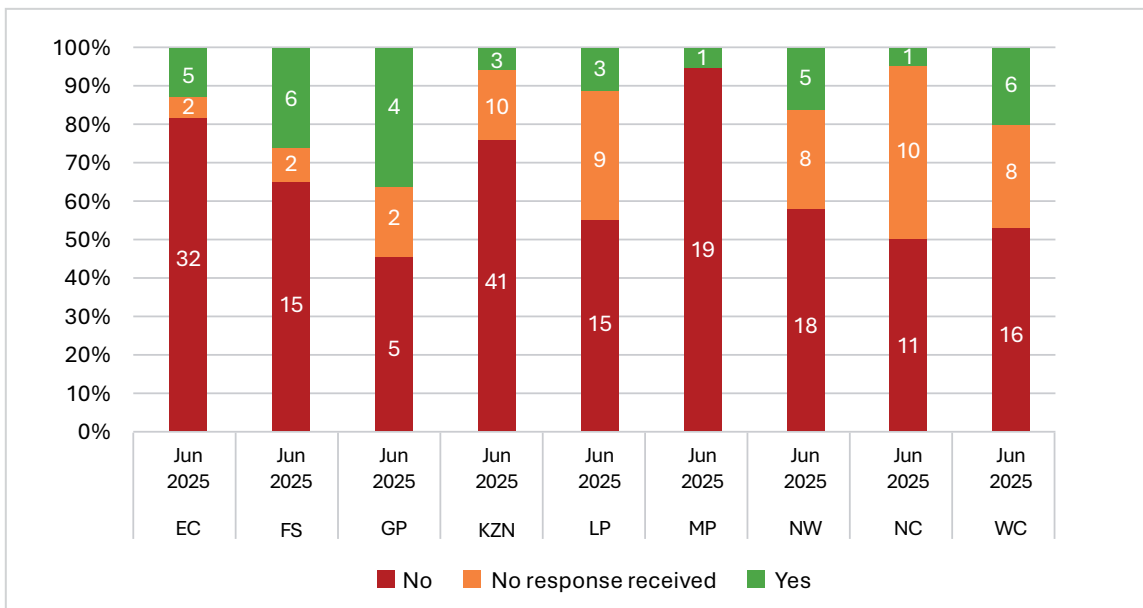
The data confirms that the existence of UIFWE policies and controls does not automatically translate into effective consequence management. Where investigative reporting is weak, UIFWE remains unresolved, accountability is deferred and similar expenditure patterns are repeatedly observed in subsequent financial years.

High non-response rates further obscure the status of investigations, limiting oversight institutions' ability to intervene early or assess compliance with legislative requirements.

Municipalities that reported to SAPS alleged irregular expenditure constituting a criminal offence that did not involve the accounting officer

An assessment of whether municipalities reported alleged irregular expenditure constituting a criminal offence, where the accounting officer was not involved, to SAPS reveals a continued and concerning deterioration between 2023/24 and 2024/25. Figure 22 illustrates the reported data for 2024/25.

Figure 22: Number of municipalities that reported to SAPS alleged irregular expenditure constituting a criminal offence that did not involve the accounting officer



In 2024/25, only 34 municipalities reported matters of this nature to SAPS, compared to 59 in 2023/24. In other words, 25 fewer municipalities actively pursued criminal accountability through law-enforcement channels. The decline occurred despite the improved UIFWE policy adoption and control frameworks reported above, indicating a breakdown at the enforcement stage of the consequence management cycle.

At the same time, 172 municipalities reported that no such criminal referrals were made in 2024/25, an increase from 160 in 2023/24. A further 51 municipalities did not respond in 2024/25, compared to 38 in the previous year. The combined increase in non-referrals and non-responses significantly weakens assurance that criminal conduct identified during the UIFWE process is being escalated appropriately.

Criminal referral of irregular expenditure is a critical deterrent of the UIFWE framework. Where suspected criminal conduct is not reported to SAPS, accountability is delayed or avoided entirely, increasing the likelihood of repeat offences and entrenching UIFWE as a recurring governance weakness rather than an exception subject to enforcement.

In **Eastern Cape**, the number of municipalities reporting criminal referrals to SAPS declined from 10 in 2023/24 to five in 2024/25. At the same time, the number of municipalities reporting no referrals increased from 29 to 32, while two municipalities did not respond. The decline suggests reduced use of criminal justice mechanisms to address UIFWE, despite ongoing challenges in procurement compliance and financial controls in the province.

Free State recorded an increase in the number of municipalities reporting referrals, from three in 2023/24 to six in 2024/25. This improvement indicates some strengthening in the escalation of criminal matters. However, 15 municipalities reported no referrals and two municipalities did not respond, indicating that criminal reporting remains confined to a small subset of municipalities and is not applied consistently across the province.

In **Gauteng**, the number of municipalities reporting referrals to SAPS declined from six in 2023/24 to four in 2024/25. While the reduction appears moderate in absolute terms, it is notable given the scale and complexity of procurement activity in the province. Five municipalities reported no referrals and two did not respond, signalling uneven enforcement of criminal consequence management.

KwaZulu-Natal showed a significant regression. The number of municipalities reporting criminal referrals declined sharply from 13 in 2023/24 to three in 2024/25. The number of municipalities reporting no referrals increased from 29 to 41, while 10 municipalities did not respond. The steep decline in referrals suggests that criminal escalation mechanisms are either not being applied or are failing at an institutional level, consistent with broader governance and control concerns in the province.

In **Limpopo**, the number of municipalities reporting referrals to the SAPS declined from eight in 2023/24 to three in 2024/25. At the same time, 15 municipalities reported no referrals and nine did not respond. The pattern indicates limited criminal escalation of UIFWE cases, despite continued identification of irregular expenditure within the province.

Mpumalanga recorded further decline, with only one municipality reporting criminal referrals in 2024/25, compared to three in 2023/24. Nineteen municipalities reported no referrals. All municipalities in the province responded in the current year. The results suggest improved reporting discipline but confirm that most UIFWE cases do not advance to the criminal investigation stage.

North West recorded minimal change. Only one municipality reported criminal referrals in both 2023/24 and 2024/25. Eleven municipalities reported no referrals, while 10 did not respond. The stagnation reflects persistent governance failures and weak enforcement of accountability mechanisms, consistent with the province's broader UIFWE profile.

In **Northern Cape**, the number of municipalities reporting referrals increased from two in 2023/24 to five in 2024/25, reflecting some progress. However, 18 municipalities reported no referrals, and eight did not respond. Although the province shows relative improvement, criminal referrals remain the exception rather than an embedded practice.

In **Western Cape**, the number of municipalities reporting criminal referrals declined from 13 in 2023/24 to six in 2024/25. At the same time, municipalities reporting that no referrals were made to the SAPS increased from 12 to 16, while eight did not respond. Although the province maintains relatively stronger control environments, the decline indicates reduced reliance on criminal enforcement as a UIFWE deterrent.

Overall assessment

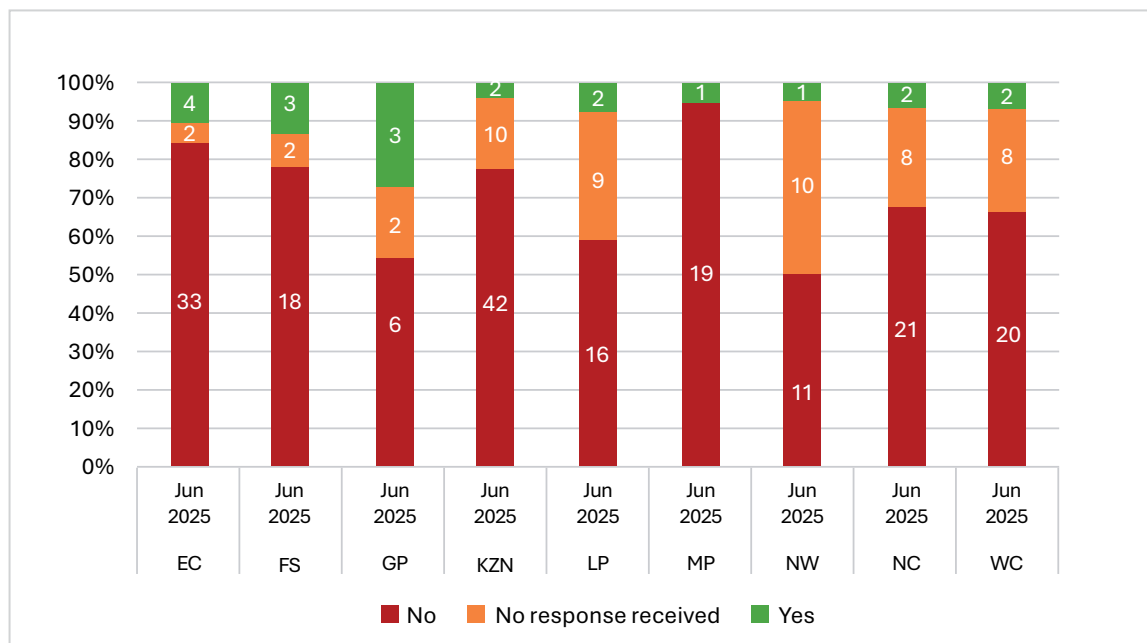
The comparison between 2023/24 and 2024/25 highlights a systemic weakening in the escalation of UIFWE matters to the SAPS, where the accounting officer was not implicated. Across most provinces, criminal referrals declined even as UIFWE balances and reporting structures remained in place.

The data indicates that municipalities are increasingly treating criminal irregular expenditure as an administrative matter rather than a law-enforcement issue. This approach undermines the credibility of the UIFWE framework and limits the deterrent effect of criminal accountability. Provinces with the lowest referral rates also tend to experience persistent UIFWE and slow consequence management. High non-response rates further reduce transparency and prevent oversight bodies from determining whether criminal matters exist but are not being disclosed.

Municipalities that reported to SAPS alleged irregular expenditure constituting a criminal offence involving the accounting officer

An assessment of whether municipalities reported alleged irregular expenditure constituting a criminal offence involving the accounting officer to SAPS indicates a continued and significant regression between 2023/24 and 2024/25, suggesting a weakening of consequence management at the senior management level. Figure 23 shows the data reported for 2024/25.

Figure 23: Number of municipalities that reported to SAPS alleged irregular expenditure constituting a criminal offence involving the accounting officer



In 2024/25, only 20 municipalities reported that such matters were referred to SAPS, compared to 37 municipalities in 2023/24. This means 17 fewer municipalities pursued criminal accountability where the accounting officer was directly implicated. The decline occurred despite the presence of UIFWE policies and resolution controls in many municipalities, indicating that escalation failures occur primarily during the enforcement phase.

At the same time, 186 municipalities reported that no such referrals were made in 2024/25, an increase from the 182 municipalities in 2023/24. Fifty-one municipalities did not respond in 2024/25, compared to 38 in the previous year. The increasing combination of non-reporting and non-responsiveness significantly undermines assurance that serious misconduct involving accounting officers is being addressed through appropriate criminal justice channels.

In **Eastern Cape**, the number of municipalities reporting alleged criminal irregular expenditure involving the accounting officer to SAPS declined from five in 2023/24 to four in 2024/25. Although the numerical reduction is limited, the provincial context remains concerning. Thirty-three municipalities reported no referrals, while two did not respond. The concentration of non-referrals suggests that criminal escalation involving senior officials remains the exception rather than the norm, weakening deterrence and accountability at the executive level.

Free State recorded a modest increase, with the number of municipalities reporting referrals rising from one in 2023/24 to three in 2024/25. While this movement reflects some progress, it must be viewed alongside the broader provincial context, where 18 municipalities reported no referrals and two did not respond. The limited number of cases escalated indicates that criminal reporting involving accounting officers remains constrained, despite persistent UIFWE challenges in the province.

In **Gauteng**, the number of municipalities reporting referrals declined from four in 2023/24 to three in 2024/25. At the same time, six municipalities reported no referrals and two did not respond. Given the scale of municipal operations and procurement activity in the province, the continued low level of criminal escalation involving accounting officers raises concerns about the effectiveness of consequence management for senior officials.

KwaZulu-Natal exhibited one of the most pronounced regressions. The number of municipalities reporting criminal referrals involving the accounting officer declined from seven in 2023/24 to two in 2024/25. A further 42 municipalities reported no referrals, while 10 did not respond. The sharp reduction highlights serious challenges in enforcing accountability at the accounting officer level and aligns with broader governance weaknesses observed in the province.

In **Limpopo**, the number of municipalities reporting referrals decreased from four in 2023/24 to two in 2024/25. At the same time, 16 municipalities reported no referrals, while nine did not respond. The limited escalation of cases involving accounting officers suggests delays or reluctance in progressing serious matters through criminal justice processes.

Mpumalanga recorded a further decline, with only one municipality reporting criminal referrals in 2024/25, compared to three in 2023/24. Nineteen municipalities reported no referrals. All municipalities responded in the current year. The full response rate confirms the reporting position but also reinforces the reality that criminal escalation involving accounting officers is rarely pursued in the province.

North West showed no improvement. Only one municipality reported criminal referrals involving the accounting officer in both 2023/24 and 2024/25. Meanwhile, 11 municipalities reported no referrals, and 10 municipalities did not respond. The lack of movement reflects entrenched governance weaknesses and ineffective enforcement of senior accountability in the province.

In **Northern Cape**, the number of municipalities reporting referrals remained unchanged at two, across both financial years. However, 21 municipalities reported no referrals and eight did not respond in 2024/25. The static position indicates that limited progress has been made

in strengthening consequence management at the senior management level, despite ongoing UIFWE challenges.

In **Western Cape**, the number of municipalities reporting criminal referrals declined markedly from 10 in 2023/24 to two in 2024/25. Twenty municipalities reported no referrals and eight did not respond. The sharp decline is notable given the province’s stronger overall control environment, indicating that criminal escalation involving accounting officers remains a sensitive area even in comparatively better-performing provinces.

Overall assessment

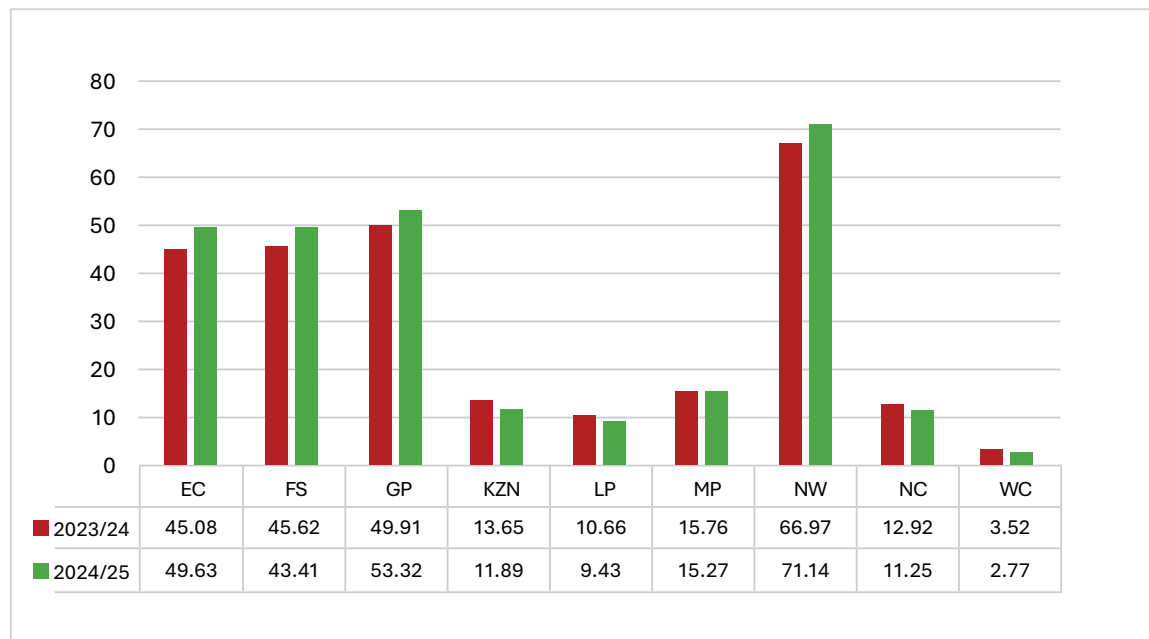
The comparison between 2023/24 and 2024/25 demonstrates a sector-wide reluctance to escalate alleged criminal irregular expenditure involving accounting officers to the SAPS. Across most provinces, criminal referrals declined or remained static, despite the continued identification of UIFWE and the existence of formal governance frameworks.

The data indicates that consequence management weakens significantly when accountability reaches the level of the accounting officer. This uneven application of enforcement undermines the credibility of the UIFWE framework and erodes confidence in municipal financial governance. High non-response rates further obscure the true extent of senior-level misconduct and limit effective oversight.

UIFWE balances as at 30 June 2025

A comparison of UIFWE balances reported for 2024/25 (unaudited amounts) and 2023/24 indicates that municipalities continue to face persistent challenges in preventing UIFWE and resolving historical balances. The national UIFWE balance increased from **R264.10 billion in 2023/24 to R268.13 billion in 2024/25**, reflecting a continued accumulation of outstanding UIFWE across local government, as shown in Figure 24.

Figure 24: UIFWE balances as at 30 June 2025 (unaudited amounts), as reported (R, billion)



The increase in the national balance confirms that, despite targeted interventions and guidance issued during 2024/25, the pace of resolving UIFWE balances remains slower than the rate at which new UIFWE is being incurred. The trends observed across provinces indicate uneven implementation of preventative controls, delays in the execution of council resolutions and weaknesses in consequence management frameworks. These factors collectively contribute to sustained year-on-year increases in UIFWE balances.

In **Eastern Cape**, UIFWE increased from R45.08 billion to R49.63 billion. The continued increase suggests that historical UIFWE remains largely unresolved and that municipalities continue to incur UIFWE. This trend points to weaknesses in expenditure control environments, limited enforcement of accountability and delays in concluding investigations and recovery processes. The upward movement aligns with governance concerns highlighted earlier in this report, particularly regarding senior management instability and internal control deficiencies.

Free State recorded a decrease in UIFWE from R45.62 billion to R43.41 billion. The reduction indicates some progress in addressing UIFWE, including the authorisation or write-off of prior-year balances. However, the remaining UIFWE balance remains significant, indicating that the province continues to face challenges in fully resolving entrenched cases and strengthening preventative controls across municipalities.

In **Gauteng**, UIFWE increased from R49.91 billion to R53.32 billion. The increase reflects continued non-compliance within procurement and expenditure management processes and slow progress in finalising long-outstanding UIFWE. The province remains a major contributor to the national UIFWE balance, driven largely by challenges in large metros and high-value contracts. The 2024/25 position confirms that corrective actions implemented to date have not yet resulted in a sustained reduction in UIFWE.

KwaZulu-Natal reported a reduction in UIFWE from R13.65 billion to R11.89 billion. The downward movement suggests improved implementation of council resolutions and progress in concluding UIFWE matters during 2024/25. Despite this improvement, UIFWE levels in the province remain high, and concerns persist around reporting quality, record-keeping and the consistency of consequence management processes across municipalities.

In **Limpopo**, UIFWE decreased from R10.66 billion to R9.43 billion. The reduction reflects incremental progress in resolving UIFWE; however, the scale of the balance indicates that supply chain management weaknesses, capacity constraints and gaps in preventative controls continue to expose municipalities to repeated UIFWE risks.

Mpumalanga recorded a marginal decrease from R15.76 billion to R15.27 billion. The limited movement between financial years indicates slow progress in addressing the underlying causes of UIFWE. The persistence of high balances suggests delays in investigations, limited recovery efforts and prolonged reliance on write-offs rather than accountability-driven resolutions.

In **North West**, UIFWE increased materially from R66.97 billion to R71.14 billion, maintaining the province's position as the highest contributor to the national UIFWE balance. The continued escalation reflects deep-rooted governance failures, prolonged vacancies in key financial positions, weak supply chain management controls and ineffective consequence management. The 2024/25 increase signals limited progress in addressing both historical and newly incurred UIFWE.

Northern Cape showed a reduction in UIFWE from R12.92 billion to R11.25 billion. While the reduction indicates some corrective action during 2024/25, the remaining balance remains high relative to municipal capacity. The trend reflects ongoing weaknesses in financial controls, delays in finalising UIFWE matters and inconsistent reporting practices.

Western Cape continued to report the lowest UIFWE balances nationally, decreasing from R3.52 billion to R2.77 billion. The sustained reduction reflects relatively mature internal control systems, stronger preventative measures and more consistent oversight during 2024/25. The trend demonstrates the impact of stable governance and disciplined financial management.

Overall assessment

A comparison of 2023/24 and 2024/25 confirms that UIFWE remains a systemic and persistent challenge across the municipal sector. Although improvements were recorded in some provinces during 2024/25, these gains were outweighed by significant increases in provinces with large existing UIFWE balances. The continued growth in the national UIFWE balance highlights structural weaknesses in governance, financial oversight and accountability mechanisms.

The analysis further indicates that a substantial portion of the 2024/25 UIFWE balance relates to historical cases that remain unresolved. Delays in investigations, prolonged disciplinary processes, limited recoverability assessments and slow implementation of council resolutions continue to undermine efforts to meaningfully reduce UIFWE.

Key matters requiring municipal action

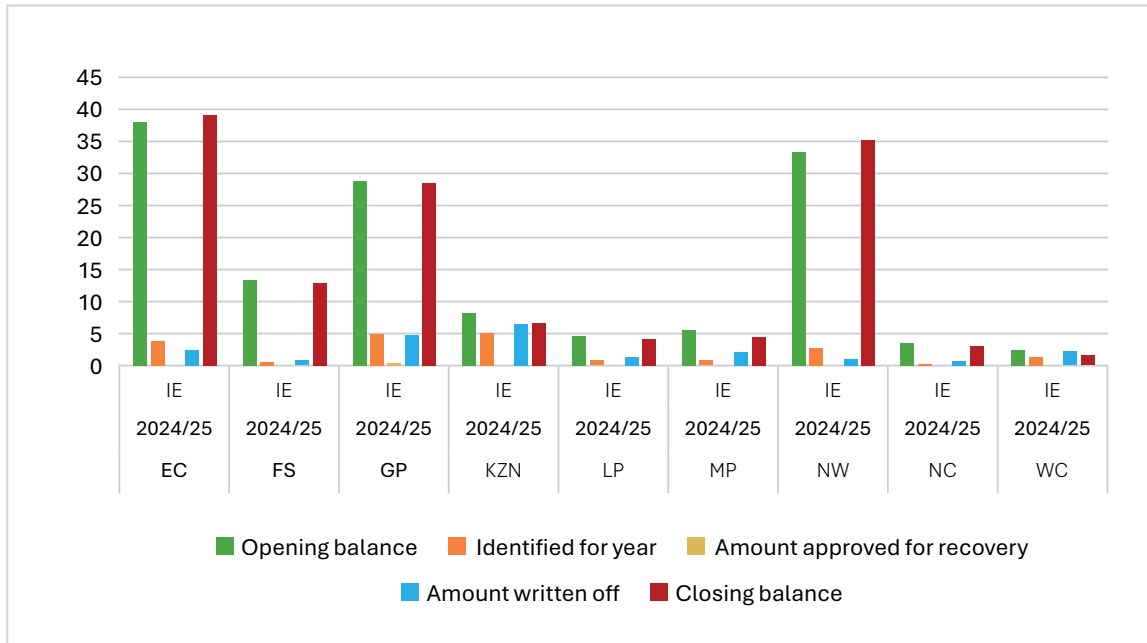
To address the UIFWE trends observed in 2024/25 and reverse the trajectory from 2023/24, municipalities must, at a minimum:

- Strengthen preventative controls across budgeting, supply chain management and expenditure management to limit UIFWE at the source.
- Ensure that council resolutions on UIFWE are implemented within clear timeframes.
- Embed consequence management into routine operations and enforce accountability consistently.
- Prioritise the resolution of long-outstanding UIFWE originating in 2023/24 and earlier financial years.
- Stabilise senior management and key governance structures to support effective oversight.
- Improve the accuracy, completeness and credibility of UIFWE reporting.
- Move away from routine write-offs toward recoveries and outcomes based on accountability.

Irregular expenditure

An analysis of irregular expenditure for 2024/25, as reported by municipalities, indicates that it remains entrenched across all provinces, notwithstanding reductions recorded in certain provinces. The combined provincial results show that most municipalities continue to carry forward significant opening balances, with in-year identification and limited corrective action being insufficient to reverse historical trends materially, as shown in Figure 25.

Figure 25: Overview of irregular expenditure for the 12 months ending 30 June 2025, as reported (R, billion)



For 2024/25, the reported balances of irregular expenditure derive mainly from opening balances from prior financial years, with new irregular expenditure identified during the year adding additional pressure. While some provinces recorded reductions through write-offs and limited recovery approvals, these were generally outweighed by new identifications or an insufficient scale of corrective action. The data confirms that irregular expenditure continues to reflect long-standing weaknesses in procurement practices, contract management and compliance with supply chain management prescripts, rather than isolated incidents.

Across provinces, approvals for recovery and authorisation of irregular expenditure remain minimal relative to total balances, reinforcing the view that consequence management processes are progressing slowly. The continued accumulation of irregular expenditure undermines fiscal discipline and highlights gaps in preventative controls, monitoring and enforcement at the municipal level.

In **Eastern Cape**, irregular expenditure increased from an opening balance of R37.76 billion to a closing balance of R39.21 billion in 2024/25. This increase was driven primarily by R4 billion identified during the year, with no irregular expenditure identified by the AGSA. Although R2.56 billion was written off, the scale of write-offs was insufficient to offset the new identifications, resulting in a net increase. Eastern Cape continues to experience challenges in complying with structural procurement, with limited recovery and authorisation outcomes.

Free State recorded a marginal reduction in irregular expenditure, with the balance decreasing from R13.47 billion to R13.13 billion by the end of 2024/25. The province identified R0.62 billion during the year, while writing off R0.96 billion. The reduction reflects some progress in addressing historical balances; however, the low level of recovery approvals indicates that irregular expenditure remains largely unresolved from a consequence management perspective.

In **Gauteng**, irregular expenditure declined slightly from R28.97 billion to R28.62 billion. The province identified R5.05 billion during the year, which was partially offset by R4.93 billion written off and R479.16 million approved for recovery. While the overall reduction is marginal, the level of in-year identification of irregular expenditure remains high, suggesting that underlying control weaknesses persist despite ongoing remedial efforts.

KwaZulu-Natal recorded a significant reduction in its irregular expenditure balance, declining from an opening balance of R8.26 billion to R6.79 billion at the end of 2024/25. The reduction was primarily attributable to R6.66 billion written off, despite R5.19 billion identified during the year. While this reflects progress in clearing historical balances, the continued high level of new irregular expenditure indicates that preventative measures remain weak.

In **Limpopo**, the irregular expenditure balance declined from R4.78 billion to R4.18 billion. The province identified R0.92 billion during the year and wrote off R1.52 billion, resulting in a modest net reduction. Recovery approvals remained negligible, suggesting that most irregular expenditure continues to be addressed through write-offs rather than recoveries.

Mpumalanga recorded a reduction from R5.74 billion to R4.56 billion by the end of 2024/25. Although R1.01 billion was identified during the year, R2.19 billion was written off, contributing to the net decrease. The province demonstrates progress in reducing balances; however, reliance on write-offs highlights the need for stronger preventative controls to limit the incurrence of new irregular expenditure.

In **North West**, irregular expenditure increased from R33.57 billion to R35.28 billion. The increase was driven by R2.87 billion identified during the year, with R1.16 billion written off and no meaningful recovery or authorisation recorded. The continued growth of irregular expenditure in the province confirms persistent governance and compliance failures.

Northern Cape reflected a reduction in irregular expenditure from R3.62 billion to R3.15 billion. The decline was achieved through R0.89 billion written off, with R0.41 billion identified during the year. While the reduction is positive, the limited level of recovery approvals indicates that consequence management outcomes remain weak.

In **Western Cape**, irregular expenditure declined from R2.58 billion to R1.73 billion. This reduction was primarily attributable to R2.36 billion written off, despite R1.50 billion identified during the year. Although the province continues to reflect comparatively lower balances than other provinces, recurring identifications highlight ongoing areas of non-compliance requiring management attention.

Overall assessment

The analysis of irregular expenditure for 2024/25 indicates that, while several provinces recorded reductions in closing balances, these reductions were predominantly driven by write-offs rather than recoveries or preventative improvements. High levels of new irregular expenditure identified during the year remain a common feature across provinces, indicating that root causes have not been adequately addressed.

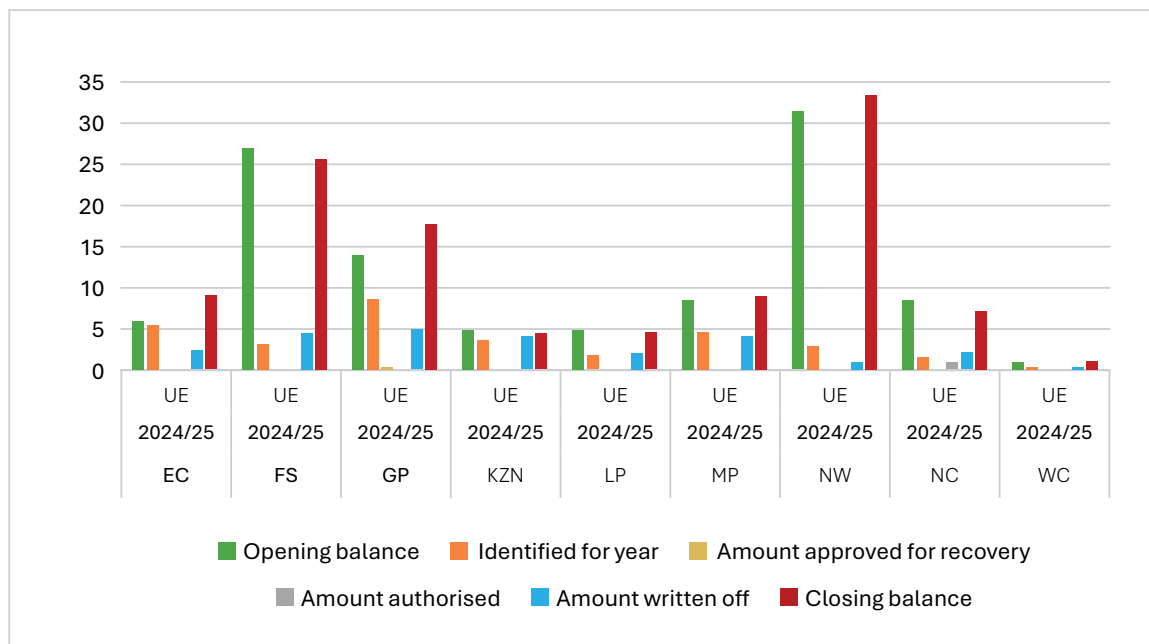
The relatively low levels of recovery approvals further suggest that irregular expenditure is often resolved administratively rather than through decisive consequence management. Provinces with the largest balances continue to exhibit slower progress in reducing irregular expenditure, reinforcing the link between weak controls, limited enforcement and persistent non-compliance.

Unauthorised expenditure

An analysis of unauthorised expenditure for 2024/25, as reported by municipalities, indicates that it remains a growing risk across several provinces, with overall balances driven largely by historical carry-overs and continued in-year overspending against approved budgets.

For 2024/25, unauthorised expenditure balances across most provinces were influenced by substantial opening balances from 2023/24, combined with unauthorised expenditure identified during the year. While certain provinces recorded reductions through write-offs, these reductions were frequently offset by new unauthorised expenditure, resulting in elevated closing balances, as shown in Figure 26.

Figure 26: Overview of unauthorised expenditure for the 12 months ending 30 June 2025, as reported (R, billion)



The data confirms that unauthorised expenditure continues to reflect structural weaknesses in budget planning, expenditure monitoring and in-year budget control, rather than once-off deviations. Limited approvals for recovery and authorisation further indicate that many municipalities remain dependent on retrospective corrective actions instead of preventative budget discipline.

In **Eastern Cape**, unauthorised expenditure increased materially from an opening balance of R5.89 billion to a closing balance of R8.97 billion in 2024/25. This increase was driven by R5.36 billion identified during the year, offset only partially by R2.28 billion written off. No meaningful recovery approvals or authorisations were recorded. The sharp rise highlights ongoing challenges in expenditure control and budget adherence.

Free State recorded a reduction in unauthorised expenditure, with the balance decreasing from R26.81 billion to R25.46 billion. During the year, R3.07 billion was identified, while R4.42 billion was written off. Although the closing balance was reduced, the continued high level of unauthorised expenditure reflects entrenched budget management weaknesses and limited corrective planning.

In **Gauteng**, unauthorised expenditure increased from R13.87 billion to R17.56 billion. This was driven by R8.56 billion identified during the year, with only R4.86 billion written off and negligible recovery approvals. The increase indicates that, despite previous reductions, spending pressures and budget overruns remain prevalent across metropolitan and local municipalities within the province.

KwaZulu-Natal recorded a modest reduction in unauthorised expenditure, with the balance declining from R4.78 billion to R4.35 billion. The province identified R3.56 billion during the year and wrote off R3.99 billion. While the net reduction is positive, the continued scale of in-year unauthorised expenditure points to weaknesses in budget monitoring and spending controls.

In **Limpopo**, unauthorised expenditure declined from R4.80 billion to R4.47 billion. This reduction resulted from R1.67 billion identified during the year, offset by R1.99 billion written off. Although progress is evident, the reliance on write-offs rather than preventative controls suggests that budget reconciliation remains reactive rather than proactive.

Mpumalanga experienced an increase in unauthorised expenditure, with the balance rising from R8.39 billion to R8.86 billion. The province identified R4.55 billion during the year, while R4.08 billion was written off. The marginal decline achieved through write-offs was offset by new unauthorised expenditure, reflecting persistent challenges in expenditure tracking and budget execution.

In **North West**, unauthorised expenditure increased from R31.26 billion to R33.22 billion. A total of R2.88 billion was identified during the year and R0.92 billion was written off, resulting in an increase in the closing balance, confirming ongoing weaknesses in budget discipline and expenditure containment.

Northern Cape recorded a notable reduction in unauthorised expenditure, declining from R8.42 billion to R7.10 billion. The province identified R1.54 billion during the year and wrote off R2.04 billion. The reduction indicates some improvement; however, continued in-year identification suggests that risks remain of budget overspending.

Western Cape reflected a slight increase in unauthorised expenditure, with the balance rising from R889.40 million to R984.62 million. This was driven by R236.49 million identified during the year, offset by R141.27 million written off. Although the amounts are lower relative to other provinces, there is still consistent overspending against approved budgets.

Overall assessment

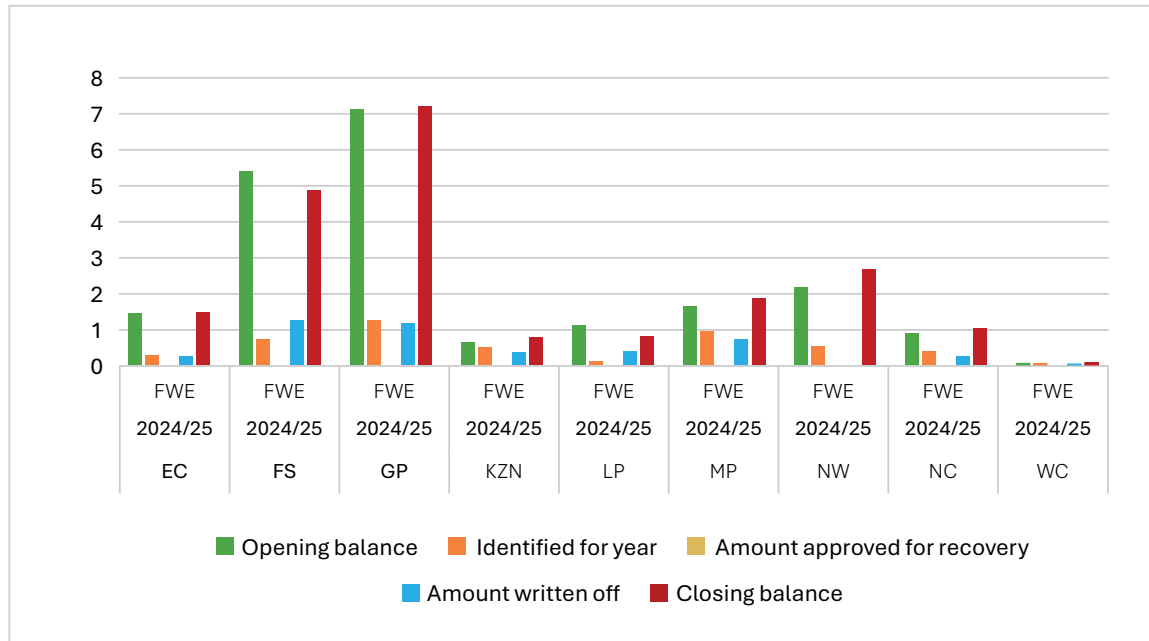
The analysis of unauthorised expenditure for 2024/25 indicates that it remains structurally embedded within the municipal sector, despite some provinces achieving marginal reductions. Reductions were largely achieved through write-offs rather than improved budget execution or recovery processes.

High levels of in-year unauthorised expenditure suggest weaknesses in expenditure monitoring, cash flow forecasting and budget revision processes. The limited use of recovery and authorisation mechanisms further reflects slow progress in implementing consequences for the incurrence of unauthorised expenditure.

Fruitless and wasteful expenditure

An analysis of the fruitless and wasteful expenditure (FWE) for 2024/25, as reported by municipalities, shows that FWE remains a persistent governance concern, albeit at levels lower than irregular and unauthorised expenditure. The data indicates that historical balances continue to carry forward, with new FWE identified during the year, offset only partially by write-offs and limited recovery actions, as shown in Figure 27.

Figure 27: Overview of fruitless and wasteful expenditure for the 12 months ending 30 June 2025, as reported (R, billion)



For 2024/25, provincial FWE balances were largely made up of opening balances from 2023/24, combined with continued in-year identification. While most provinces recorded write-offs during the year, these actions were generally insufficient to eliminate accumulated balances. Amounts approved for recovery and authorised during the year were minimal, confirming that FWE is predominantly addressed through accounting write-offs rather than recovery or preventative intervention.

The persistence of FWE reflects weaknesses in expenditure controls, contract management and operational decision-making, including penalties, interest, cancelled contracts and avoidable costs. Although the absolute figures are smaller relative to other UIFWE categories, FWE remains a key indicator of ineffective controls and lost opportunities to preserve public resources.

In **Eastern Cape**, FWE increased marginally from R1.43 billion to R1.45 billion. During the year, R0.26 billion was newly identified, with R0.23 billion written off. No amounts were approved for recovery or authorised. The slight increase reflects that in-year identifications continue to offset corrective actions, pointing to ongoing weaknesses in expenditure management.

Free State recorded a reduction in FWE, with the balance declining from R5.34 billion to R4.82 billion. The province identified R0.71 billion during the year and wrote off R1.22 billion, resulting in a net decrease. While the reduction is positive, the scale of historical FWE remains high, indicating long-standing control deficiencies.

In **Gauteng**, FWE increased slightly from R7.07 billion to R7.14 billion. Although R1.15 billion was written off, this was largely offset by R1.22 billion identified during the year. No significant recoveries or authorisations were recorded, highlighting persistent operational inefficiencies despite relatively mature control frameworks.

KwaZulu-Natal reflected an increase in FWE from R0.62 billion to R0.76 billion. The increase was driven by R0.47 billion identified during the year, offset partially by R0.33 billion written off. The pattern indicates continued avoidable costs incurred during service delivery and procurement.

In **Limpopo**, FWE declined from R1.08 billion to R0.78 billion. The province identified R0.08 billion during the year and wrote off R0.38 billion, resulting in a meaningful reduction. This indicates some progress in addressing historical balances, although reliance on write-offs remains evident.

Mpumalanga experienced an increase in FWE from R1.63 billion to R1.85 billion. While R0.69 billion was written off during the year, R0.91 billion was newly identified. This trend confirms that preventative controls remain ineffective in eliminating the root causes of FWE.

In **North West**, FWE increased from R2.15 billion to R2.65 billion. The increase was driven by R0.51 billion identified during the year, with almost no offsetting write-offs. The continued growth in the expenditure points to ongoing operational inefficiencies and weak cost controls.

Northern Cape recorded an increase in FWE from R0.88 billion to R1.01 billion. During the year, R0.37 billion was identified and R0.24 billion was written off. Although the province's FWE levels remain modest relative to other provinces, the upward trend signals persistent avoidable expenditure.

In **Western Cape**, FWE increased slightly from R0.05 billion to R0.06 billion. The province identified R0.04 billion during the year and wrote off R0.03 billion. While absolute values remain low, recurring identification of FWE suggests the need for continued vigilance in operational expenditure management.

Overall assessment

The analysis of FWE for 2024/25 shows that, although some provinces achieved reductions, most either maintained or increased their closing balances. Reductions achieved were primarily the result of write-offs rather than recovery or strengthened preventative controls.

The limited use of recovery approvals and authorisations indicates that FWE is generally treated as an unavoidable loss rather than an area for accountability and corrective action. Persistent in-year identification confirms that root causes, such as poor contract planning, weak monitoring and avoidable penalty costs, have not been fully addressed.

Conclusion

- **Municipalities with a council-approved UIFWE policy**

While progress has been made in expanding the adoption of council-approved UIFWE policies, compliance is not yet universal. Municipalities without approved policies continue to face the heightened risk of uncontrolled UIFWE, delayed decision-making and inconsistent accountability mechanisms. Strengthening UIFWE policy frameworks, ensuring council approval and embedding implementation at an operational level remain critical to improving UIFWE outcomes and reinforcing financial discipline across municipalities.

- **Municipalities with controls ensuring the timely implementation of council resolutions on the recoverability/write-off of UIFWE**

The 2024/25 financial year, assessed against the 2023/24 position, demonstrates meaningful but incomplete progress in establishing controls to implement UIFWE resolutions without undue delay. While more municipalities report having such controls in place, gaps in coverage and effectiveness remain. Municipalities that fail to operationalise council decisions compromise accountability and allow UIFWE to persist as a recurring governance issue. Strengthening implementation controls, ensuring management accountability and embedding regular monitoring of UIFWE resolution processes remain critical to reducing UIFWE balances and restoring financial discipline in future financial years.

- **Municipalities that informed the mayor, the MEC and the AGSA of UIFWE incurred**

There has been a significant decline in compliance with UIFWE notification requirements from 2023/24 to 2024/25. Failure to inform the mayor, the MEC and the AGSA of UIFWE incurred materially undermines transparency, accountability and effective oversight. Re-establishing robust UIFWE reporting practices remains essential to restoring financial discipline within local government. Without consistent and timely notification, UIFWE will continue to accumulate, weakening confidence in municipal financial governance and increasing long-term fiscal risk.

- **Municipalities that informed the mayor, the MEC and the AGSA of steps to be taken to prevent recurrence of UIFWE**

There has been a significant weakening in the reporting of UIFWE preventative measures taken. The decline in communication to the mayor, the MEC for local government and the AGSA reflects limited institutional focus on preventing recurrence and addressing root causes. Strengthening preventative UIFWE practices requires municipalities not only to identify and resolve UIFWE, but also to document, implement and report corrective actions clearly. Without sustained emphasis on prevention, UIFWE will continue to recur, undermining financial discipline and eroding the effectiveness of governance frameworks across the local government sector.

- **Municipalities that informed the mayor, the MEC and the AGSA about persons under investigation for UIFWE**

The pronounced deterioration in the reporting of persons under investigation for UIFWE indicates that municipalities are increasingly failing to demonstrate that UIFWE cases progress beyond identification into formal accountability processes. Strengthening UIFWE governance requires a renewed focus on consequence management discipline, including the timely initiation, documentation and reporting of investigations. Without consistent reporting to the mayor, the MEC for local government and the AGSA, UIFWE will continue to recur, historical balances will persist and confidence in municipal financial management will continue to erode.

- **Municipalities that reported to SAPS alleged irregular expenditure constituting a criminal offence that did not involve the accounting officer**

There has been a significant retreat from criminal enforcement as part of UIFWE consequence management. The failure to consistently report alleged criminal irregular expenditure to SAPS weakens accountability, delays justice processes and increases the risk of recurring misconduct. To restore integrity to UIFWE governance, municipalities must ensure that suspected criminal conduct, regardless of the official involved, is reported to SAPS without delay. Without credible criminal escalation, UIFWE will continue to recur, enforcement will remain uneven and financial discipline across the municipal sector will continue to erode.

- **Municipalities that reported to SAPS alleged irregular expenditure constituting a criminal offence involving the accounting officer**

The sustained decline in the reporting to SAPS of alleged criminal irregular expenditure involving accounting officers reflects a weakening of criminal escalation at the senior management level and a critical governance risk. Effective UIFWE management requires that accountability be applied consistently, regardless of seniority. Failure to report alleged criminal conduct involving accounting officers undermines deterrence, weakens public trust and allows governance failures to persist. Strengthening criminal referral practices for senior-level misconduct remains essential to restoring discipline, transparency and credibility across the municipal sector.

- **UIFWE balances as at 30 June 2025**

Irregular expenditure: Some provinces achieved reductions in reported balances; however, reliance on write-offs and continued in-year identification of irregular expenditure points to ongoing weaknesses in procurement compliance, contract oversight and preventative controls. Sustainable reduction of irregular expenditure will require municipalities to strengthen supply chain management controls, improve planning and contract management processes, and consistently apply consequence management measures, including recovery and enforcement where appropriate. Without addressing the underlying causes, irregular expenditure will continue to recur, undermining efforts to improve fiscal discipline and accountability at the municipal level.

Unauthorised expenditure: While certain provinces have made progress in reducing balances, overall trends indicate that unauthorised expenditure remains driven by recurring budget overruns and reactive corrective measures. Sustainable reduction of unauthorised expenditure will require municipalities to strengthen in-year budget monitoring, improve expenditure containment measures and enforce accountability for deviations from approved budgets. Without decisive improvements in budget discipline and financial oversight, unauthorised expenditure will continue to accumulate, undermining fiscal credibility and effective service delivery at the municipal level.

Fruitless and wasteful expenditure: Absolute values are lower than those of other UIFWE categories; however, recurring identification and reliance on write-offs indicate ongoing inefficiencies and avoidable costs across municipalities. Sustainable reduction of FWE requires strengthened expenditure controls, improved contract and project management, and a greater focus on prevention rather than correction. Without consistent management attention and accountability, FWE will continue to erode limited municipal resources and undermine value for money in service delivery.

Although several municipalities have improved policy adoption and control frameworks, these developments have not translated into consistent enforcement, credible consequence management or sustained reductions in UIFWE balances.

The data demonstrates that UIFWE is frequently identified and recorded but seldom progresses through investigation, recovery, authorisation or criminal accountability processes. In 2024/25, reporting discipline deteriorated materially across key oversight requirements, including notification to political leadership, disclosure of investigations and escalation of criminal matters to law-enforcement authorities. This disconnect confirms that UIFWE management has, in many cases, become an administrative compliance exercise rather than a tool to enforce accountability and deter future non-compliance.

Historical UIFWE balances continue to dominate provincial and national totals, indicating prolonged delays in finalisation and limited commitment to resolving long-outstanding matters. Where reductions in balances were achieved, these were largely driven by write-offs rather than recoveries or corrective enforcement, weakening the deterrent effect of the UIFWE framework.

The limited escalation of criminal matters, particularly where accounting officers are implicated, further undermines confidence in the fairness and consistency of consequence management.

If these weaknesses persist, UIFWE will continue to place sustained pressure on municipal finances, crowd out resources for service delivery and erode public trust in municipal financial management. Meaningful improvement requires a decisive shift from procedural compliance toward firm enforcement, credible accountability and sustained leadership oversight at both municipal and provincial levels.

Recommendations for provincial treasuries

Provincial treasuries must strengthen their role from compliance monitoring to active enforcement and coordinated intervention. Oversight mechanisms should prioritise measurable outcomes over the mere existence of policies or controls. Key recommendations are the following:

- Provincial treasuries should require municipalities with material UIFWE balances to submit time-bound and costed UIFWE resolution plans that are formally monitored and enforced.
- Targeted conditions should be applied to transfers where municipalities fail to investigate, resolve or report UIFWE in line with MFMA requirements.
- Provincial treasuries should institute quarterly reviews that demand documented proof of investigations, recoveries, write-offs and criminal referrals.
- Persistent high-risk municipalities should receive focused technical intervention, combined with clear accountability expectations and escalation protocols.
- Non-compliance that is repeated or deliberate should be escalated through coordinated action with the National Treasury.

Recommendations for municipalities

Municipalities must refocus UIFWE management on accountability, prevention and final resolution. UIFWE should be treated as a governance failure requiring decisive corrective action rather than routine annual disclosure. Key recommendations are the following:

- Municipalities should ensure that all UIFWE investigations are initiated and finalised within clearly defined and enforceable timeframes.
- Council and disciplinary board resolutions on recoverability, write-off and disciplinary action must be implemented promptly and monitored by senior management.
- UIFWE notifications, investigation statuses and criminal matters must be consistently reported to the mayor, the MEC for local government and the AGSA as required by law.
- Preventative controls within budgeting, supply chain management and contract oversight should be strengthened to reduce repeat occurrences.
- Accountability measures must be applied consistently, including in matters involving accounting officers and senior management, to restore credibility and deterrence.

11. Consequence management

This section assesses consequence management in municipalities for 2024/25, focusing on the handling of financial misconduct cases in line with the requirements of the MFMA. It analyses trends reported by municipalities and provincial treasuries across all nine provinces, comparing case volumes, common misconduct categories, investigative progress and disciplinary outcomes with those of the previous financial year. Consequence management is a central pillar of financial governance. Chapter 15 of the MFMA obliges municipalities to investigate allegations of financial misconduct and, where warranted, institute disciplinary proceedings. Furthermore, the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (2014) require the establishment of disciplinary boards to independently investigate allegations against officials and recommend appropriate action. By assessing compliance with these legislative obligations, this section highlights both improvements and persistent weaknesses in disciplinary governance and municipal enforcement.

The comparison draws on qualitative information provided by municipalities and provincial treasuries and reflects National Treasury and provincial observations on the status of cases, common misconduct types, and the nature of disciplinary action and support provided.

Municipalities with established disciplinary boards

The number of municipalities with established disciplinary boards increased by 21 per cent, from 147 in 2023/24 to 178 in 2024/25, indicating increased compliance with the financial misconduct regulations. However, the number of municipalities without disciplinary boards also increased, from 49 in 2023/24 to 51 in 2024/25, as more municipalities responded on the evaluation than in the previous financial year. Table 16 provides a national summary of disciplinary boards and financial misconduct in municipalities.

Table 16: National summary of financial misconduct in municipalities, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	147	178
	No	49	51
	No response provided	61	28
Number of financial misconduct allegations reported		1 116	614
Number of financial misconduct cases investigated by disciplinary board		601	544
Number of officials charged with financial misconduct		268	263
Number of officials charged with financial offences		198	313
Number of councillors charged with financial offences		14	14
Number of officials against whom disciplinary actions were taken relating to financial misconduct		255	236

The number of financial misconduct allegations reported decreased in 2024/25 to 614 from 1 116 in 2023/24. This suggests a lower rate of financial misconduct detected and reported in municipalities. In addition, some municipalities still fail to report using the National Treasury reporting platforms, while some are under-reporting.

Similarly, the number of financial misconduct cases investigated by disciplinary boards has decreased. In 2024/25, 544 financial misconduct cases were investigated compared with 601 cases in 2023/24. The number of officials charged with financial misconduct stayed much the same, with 263 officials charged in 2024/25 compared with 268 in 2023/24. In contrast, the number of officials charged with financial offences increased by 56 per cent in 2024/25, from 198 officials in 2023/24 to 313 officials in 2024/25.

The number of councillors charged with financial misconduct remained unchanged at 14 in both 2023/24 and 2024/25. The number of officials against whom disciplinary action was taken for financial misconduct decreased from 255 in 2023/24 to 236 in 2024/25. This decline is an indication of various negative factors, including delays in instituting or proceeding with disciplinary cases, weak enforcement of policies within municipalities and possibly a lack of understanding of disciplinary processes by municipalities.

Eastern Cape

Table 17: Financial misconduct summary for Eastern Cape, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	35	32
	No	3	6
	No response provided	1	1
Number of financial misconduct allegations reported		71	76
Number of financial misconduct cases investigated by disciplinary board		71	69
Number of officials charged with financial misconduct		29	26
Number of officials charged with financial offences		22	21
Number of councillors charged with financial offences		1	1
Number of officials against whom disciplinary actions were taken relating to financial misconduct		28	31

- In 2024/25, 32 of the 39 municipalities in the province had established disciplinary boards, down from 35 in 2023/24. The new municipalities that established disciplinary boards in 2024/25 were Amahlathi, Great Kei and Koukamma local municipalities (LMs). Buffalo City Metropolitan Municipality did not respond on the evaluation.
- The number of financial misconduct allegations reported increased from 71 in 2023/24 to 76 in 2024/25. However, the number of financial misconduct cases investigated by the disciplinary board decreased from 71 to 65 cases over the same period.

- The number of officials charged with financial misconduct decreased marginally from 29 in 2023/24 to 26 in 2024/25. Similarly, the number of officials charged with financial offences decreased by 5 per cent, from 22 officials in 2023/24 to 21 officials in 2024/25. The number of councillors charged with financial offences has remained constant, with only one councillor from Matatiele LM charged for a financial offence. The number of officials against whom disciplinary action was taken for financial misconduct increased to 31 in 2024/25 from 28 officials in 2023/24. The affected local municipalities were Mhlontlo, Nyandeni and Port St Johns.
- The majority of financial misconduct cases reported in the province concerned breaches of supply chain legislation, including unmanaged deviations, duplicate payments, payments made into incorrect accounts and overspending on budget votes, coupled with unapproved use of petrol cards and municipal assets.
- Most of the instituted disciplinary actions have not yet been finalised: many of the reported allegations are still under investigation while some are at the hearing stage. Some cases have been finalised, with dismissal as the imposed sanction.

Free State

Table 18: Financial misconduct summary for Free State, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	9	15
	No	5	7
	No response provided	9	1
Number of financial misconduct allegations reported		20	54
Number of financial misconduct cases investigated by disciplinary board		20	56
Number of officials charged with financial misconduct		18	39
Number of officials charged with financial offences		13	78
Number of councillors charged with financial offences		10	3
Number of officials against whom disciplinary actions were taken relating to financial misconduct		14	37

- In 2024/25, 15 of the 23 municipalities in the province (65 per cent) had established disciplinary boards, up from nine municipalities in 2023/24. Matjhabeng LM and Metsimaholo LM established disciplinary boards during the period under review, while municipalities that lacked disciplinary boards were Lejweleputswa District Municipality (DM), Nketoana LM, Letsemeng LM, Mafube LM, Tokologo LM, Ngwathe LM and Masilonyana LM. Only one municipality (Nata LM) did not respond on the evaluation.
- The number of financial misconduct allegations reported increased in 2024/25 to 54 from 20 in 2023/24. The number of financial misconduct cases investigated by the disciplinary boards also increased, from 20 in 2023/24 to 56 in 2024/25.
- Thirty-nine officials were charged with financial misconduct in 2024/25, up from 18 officials in 2023/24. Similarly, the number of officials charged with financial offences increased significantly, from 13 to 78.

- The number of councillors charged with financial offences decreased, from 10 in 2023/24 to three in 2024/25. The three councillors charged were from Ngwathe LM, Nketoana LM and Moqhaka LM. The number of officials against whom disciplinary action was taken for financial misconduct increased to 37 in 2024/25 from 14 officials in 2023/24. The officials were employed by Moqhaka LM and Setsoto LM.
- The majority of the financial misconduct allegations reported in the province concerned breaches of supply chain legislation, interest on late payments, and overpayments and overspending on budget votes.
- Most of the instituted disciplinary actions have not yet been finalised. Many of the reported allegations are still under investigation while some are pending investigation outcomes. Some cases have been finalised, with dismissal as the imposed sanction.

Gauteng

Table 19: Financial misconduct summary for Gauteng, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	7	8
	No	3	2
	No response provided	1	1
Number of financial misconduct allegations reported		114	156
Number of financial misconduct cases investigated by disciplinary board		105	138
Number of officials charged with financial misconduct		29	4
Number of officials charged with financial offences		23	18
Number of councillors charged with financial offences		0	0
Number of officials against whom disciplinary actions were taken relating to financial misconduct		26	4

- In 2024/25, eight of the 11 municipalities in the province (73 per cent) had established disciplinary boards, up from seven in 2023/24. The new municipality with a disciplinary board was Lesedi LM, while those that lack disciplinary boards were West Rand DM and Merafong City LM. Only one municipality (Emfuleni LM) did not respond on the evaluation.
- The number of financial misconduct allegations reported increased in 2024/25 to 156 from 114 in 2023/24. The number of financial misconduct cases investigated by the disciplinary boards also increased, from 105 in 2023/24 to 138 in 2024/25.
- Four officials were charged with financial misconduct in 2024/25, down from 29 in 2023/24. Similarly, the number of officials charged with financial offences decreased from 23 in 2023/24 to 18 in 2024/25. The 18 officials were from Mogale City LM and Sedibeng DM.
- In both 2023/24 and 2024/25, no councillor was charged with a financial offence. Disciplinary action for financial misconduct was taken against four officials in 2024/25, down from 26 officials in 2023/24. All officials were from Mogale City LM.
- The majority of financial misconduct allegations reported in the province concerned breaches of supply chain legislation, unmanaged deviations, interest on late payments, duplicate payments and overspending on budget votes. Unauthorised spending occurred at lower rates.

- Most of the instituted disciplinary actions have not been finalised. Many of the reported allegations are still under investigation and only a small number of cases have been finalised. Some cases have been finalised, with dismissal as the imposed sanction.

KwaZulu-Natal

Table 20: Financial misconduct summary for KwaZulu-Natal, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	25	35
	No	12	14
	No response provided	17	5
Number of financial misconduct allegations reported		90	40
Number of financial misconduct cases investigated by disciplinary board		98	43
Number of officials charged with financial misconduct		44	32
Number of officials charged with financial offences		45	58
Number of councillors charged with financial offences		1	0
Number of officials against whom disciplinary actions were taken relating to financial misconduct		55	29

- In 2024/25, 35 of the 54 municipalities in the province (65 per cent) had established disciplinary boards, up from 25 in 2023/24. Newcastle LM and Harry Gwala DM established disciplinary boards during the period under review, while those that lacked disciplinary boards were Ray Nkonyeni LM, KwaDukuza LM, King Cetshwayo DM, uMsinga LM, Mkhambathini LM, Dannhauser LM, Umkhanyakude DM, Umuziwabantu LM, Umvoti LM, uPhongolo LM, Mpofana LM, uMhlabuyalingana LM, Umdoni LM and Endumeni LM. Five municipalities (Jozini LM, iLembe DM, Amajuba DM, uMshwathi LM and Nongoma LM) did not respond on the evaluation.
- Forty financial misconduct allegations were reported in 2024/25, down from 90 in 2023/24. The number of financial misconduct cases investigated by the disciplinary boards also decreased.
- In 2024/25, 43 financial misconduct cases were investigated, down from 98 cases in 2023/24, indicating that a backlog of cases were attended to in the past when cases were investigated at a faster pace. The number of officials charged with financial misconduct also decreased, from 44 in 2023/24 to 32 in 2024/25. However, the number of officials charged with financial offences increased by more than 29 per cent, from 45 in 2023/24 to 58 in 2024/25.
- In 2024/25, no councillor was charged with financial offences, compared with one in 2023/24. The number of officials against whom disciplinary action was taken for financial misconduct decreased to 29 in 2024/25 from 55 officials in 2023/24. The officials are employed by KwaDukuza LM and Harry Gwala DM.
- Most of the financial misconduct cases reported in the province concern breaches of supply chain legislation, interest on late payments and penalties for cancelled services. Unauthorised spending appears in limited cases.

- Most of the instituted disciplinary actions have not been finalised. Many of the reported allegations are still under investigation, while some are pending investigation outcomes. Some cases have been finalised, with dismissal as the imposed sanction.

Limpopo

Table 21: Financial misconduct summary for Limpopo, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	14	17
	No	2	1
	No response provided	11	9
Number of financial misconduct allegations reported		146	125
Number of financial misconduct cases investigated by disciplinary board		140	97
Number of officials charged with financial misconduct		82	50
Number of officials charged with financial offences		47	19
Number of councillors charged with financial offences		1	0
Number of officials against whom disciplinary actions were taken relating to financial misconduct		85	40

- In 2024/25, 17 of the 27 municipalities in the province (63 per cent) had established disciplinary boards, up from 14 in 2023/24. Blouberg LM and Bela-Bela LM established disciplinary boards in 2024/25, while the number of municipalities that lacked a disciplinary board decreased from two to one, namely Sekhukhune DM. In 2024/25, nine municipalities did not respond on the evaluation, namely Lepelle-Nkumpi LM, Musina LM, Fetakgomo Tubatse LM, Ephraim Mogale LM, Elias Motsoaledi LM, Vhembe DM, Modimolle-Mookgophong LM, Mopani DM and Thabazimbi LM.
- The number of financial misconduct allegations reported decreased from 146 in 2023/24 to 125 in 2024/25. Over the same period, there was also a decrease in the number of financial misconduct cases investigated by disciplinary boards, from 140 to 97, and a decrease in the number of officials charged with financial misconduct, from 82 to 50 officials.
- The number of officials charged with financial offences decreased by more than 59 per cent, from 47 in 2023/24 to 19 officials in 2024/25.
- No councillor was charged with financial offences in 2024/25, compared with one councillor in 2023/24. The number of officials against whom disciplinary action was taken for financial misconduct decreased from 85 in 2023/24 to 40 in 2024/25. The affected municipalities are Mogalakwena LM and Makhuduthamaga LM.
- The majority of the financial misconduct cases reported in the province concern breaches of supply chain legislation as a result of weak supply chain management (SCM) controls, interest on late payments, payments into incorrect bank accounts, duplicate payments and unauthorised expenditure involving overspending and spending on unbudgeted items.
- Most of the instituted disciplinary actions are awaiting final sanctions. There are also a number of matters waiting to proceed with disciplinary hearings. Some cases have been finalised with dismissal as the imposed sanction.

Mpumalanga

Table 22: Financial misconduct summary for Mpumalanga, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	18	17
	No	2	3
	No response provided	0	0
Number of financial misconduct allegations reported		32	47
Number of financial misconduct cases investigated by disciplinary board		33	31
Number of officials charged with financial misconduct		26	36
Number of officials charged with financial offences		20	44
Number of councillors charged with financial offences		0	0
Number of officials against whom disciplinary actions were taken relating to financial misconduct		14	40

- In 2024/25, 17 of the 20 municipalities in the province (85 per cent) had established disciplinary boards, down from 18 in 2023/24. The three municipalities with no disciplinary boards were Gert Sibande DM, Emakhazeni LM and Steve Tshwete LM.
- Forty-seven financial misconduct allegations were reported in 2024/25, up from 32 in 2023/24. The number of financial misconduct cases investigated by disciplinary boards decreased slightly, from 33 to 31, while the number of officials charged with financial misconduct increased from 26 to 36.
- Similarly, the number of officials charged with financial offences more than doubled, from 20 in 2023/24 to 44 in 2024/25.
- The number of councillors charged with financial offences remained at zero for both 2023/24 and 2024/25. The number of officials against whom disciplinary action was taken for financial misconduct increased from 14 in 2023/24 to 40 in 2024/25.
- The majority of the financial misconduct reported in the province concerned breaches of supply chain legislation including poor document management, interest on late payments, overpayments and overspending on budget votes.
- Most of the instituted disciplinary actions have not yet been finalised. Many of the reported allegations are still under investigation, while some are pending investigation outcomes. Some cases have been finalised, with dismissal as the imposed sanction.

North West

Table 23: Financial misconduct summary for North West, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	6	12
	No	9	6
	No response provided	7	4
Number of financial misconduct allegations reported		605	30
Number of financial misconduct cases investigated by disciplinary board		103	31
Number of officials charged with financial misconduct		10	25
Number of officials charged with financial offences		2	11
Number of councillors charged with financial offences		0	1
Number of officials against whom disciplinary actions were taken relating to financial misconduct		2	16

- In 2024/25, 12 of the 22 municipalities in the province (54 per cent) had established disciplinary boards, up from the six in 2023/24. Maquassi Hills LM and Madibeng LM established disciplinary boards in 2024/25, while the number of municipalities that lacked disciplinary boards decreased to six from nine in 2023/24. Municipalities that do not have a disciplinary board include Ditsobotla LM and Mamusa LM. Four municipalities did not respond on the evaluation in 2024/25, including Ngaka Modiri Molema DM and Dr Kenneth Kaunda DM.
- The number of financial misconduct allegations reported decreased drastically, from 605 in 2023/24 to 30 in 2024/25. The number of financial misconduct cases investigated by disciplinary boards also decreased, from 103 to 31.
- The number of officials charged with financial misconduct increased from 10 in 2023/24 to 25 in 2024/25. Officials charged were from Bojanala Platinum DM and City of Matlosana LM.
- The number of officials charged with financial offences increased from two in 2023/24 to 11 in 2024/25.
- One councillor at City of Matlosana LM was charged with financial offences in 2024/2025 compared with zero in 2023/2024.
- Disciplinary action for financial misconduct was taken against 16 officials in 2024/25, up from two in 2023/24.
- The majority of the financial misconduct cases reported in the province concerned breaches of supply chain legislation or procurement breaches, interest on late payments and cancelled services. Unauthorised expenditure occurred in a few municipalities in 2024/25, but the amounts were material, indicating a substantial financial impact despite the limited instances.
- Most of the instituted disciplinary actions have not progressed as no sanctions have been issued. Some cases have been finalised with dismissal as the imposed sanction. Many cases remain pending as investigations are under way.

Northern Cape

Table 24: Financial misconduct summary for Northern Cape, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	13	19
	No	10	9
	No response provided	8	3
Number of financial misconduct allegations reported		25	22
Number of financial misconduct cases investigated by disciplinary board		18	19
Number of officials charged with financial misconduct		19	15
Number of officials charged with financial offences		19	31
Number of councillors charged with financial offences		1	7
Number of officials against whom disciplinary actions were taken relating to financial misconduct		19	13

- In 2024/25, 19 of the 31 municipalities in the province (61 per cent) had established disciplinary boards, up from 13 in 2023/24. Hantam LM and Dawid Kruiper LM established disciplinary boards in 2024/25. The number of municipalities that lack disciplinary boards decreased by one to nine in 2024/25. Three municipalities did not respond on the evaluation in 2024/25.
- Twenty-two financial misconduct allegations were reported in 2024/25, down from 25 in 2023/24. The number of financial misconduct cases investigated by disciplinary boards increased by one to 19 in 2024/25. The number of officials charged with financial misconduct decreased from 19 in 2023/24 to 15 in 2024/25. The number of officials charged with financial offences increased by more than 63 per cent, from 19 in 2023/24 to 31 in 2024/25.
- The number of councillors charged with financial offences increased from one in 2023/24 to seven at Siyancuma LM in 2024/25. Disciplinary action for financial misconduct was taken against 13 officials in 2024/25, down from 19 in 2023/24.
- The majority of the financial misconduct cases reported in the province concerned breaches of supply chain legislation, procurement breaches or poor budget discipline.
- Most of the instituted disciplinary actions have not progressed. Some cases have been finalised with dismissal as the imposed sanction. Many cases remain pending as investigations are under way.

Western Cape

Table 25: Financial misconduct summary for Western Cape, 2023/24–2024/25

Focus area		2023/24	2024/25
Number of municipalities with disciplinary boards	Yes	20	23
	No	3	3
	No response provided	7	4
Number of financial misconduct allegations reported		13	64
Number of financial misconduct cases investigated by disciplinary board		13	60
Number of officials charged with financial misconduct		11	36
Number of officials charged with financial offences		7	33
Number of councillors charged with financial offences		0	2
Number of officials against whom disciplinary actions were taken relating to financial misconduct		12	26

- In 2024/25, 23 of the 30 municipalities in the province (76 per cent) had established disciplinary boards, up from 20 in 2023/24. Hessequa LM and Bergrivier LM established disciplinary boards in 2024/25. Langeberg LM, Prince Albert LM and Cape Winelands DM lacked disciplinary boards. Kannaland LM, Matzikama LM, Cederberg LM and Bitou LM did not respond on the evaluation.
- The number of financial misconduct allegations reported increased from 13 in 2023/24 to 64 in 2024/25. The number of financial misconduct cases investigated by disciplinary boards also increased, from 13 to 60. Most of these investigations were conducted by Saldanha Bay LM and Beaufort West LM.
- Thirty-six officials were charged with financial misconduct in 2024/25, up from 11 in 2023/24. The charges were laid mostly at Cape Agulhas LM and Beaufort West LM.
- The number of officials charged with financial offences also increased, from seven in 2023/24 to 33 in 2024/25. The officials charged were at Swellendam LM and Knysna LM. The number of councillors charged with financial offences rose from zero in 2023/24 to two councillors in 2024/25 at Beaufort West LM. Disciplinary action for financial misconduct was taken against 26 officials in 2024/25, up from 12 in 2023/24.
- The majority of the financial misconduct cases reported in the province concern breaches of supply chain legislation, unmanaged deviations, unauthorised spending relating to overspending, and fruitless and wasteful spending mostly in the form of interest on late payments and duplicate payments.
- Most of the instituted disciplinary actions have not yet been finalised. Many of the reported allegations are still under investigation, while some are pending investigation outcomes. Some cases have been finalised with dismissal as the imposed sanction.

Conclusion

Comparing financial misconduct for 2024/25 against the previous year reveals both progress and persistent challenges facing municipalities in strengthening financial governance. While some municipalities recorded improvements in the establishment of disciplinary boards, timely investigations and finalisation of financial misconduct cases, others continued to exhibit weaknesses in consequence management, including not having disciplinary boards and delays in investigating allegations of financial misconduct.

These findings underscore the need for sustained oversight by the National Treasury and provincial treasuries, including improved internal oversight and effective functioning of disciplinary boards within municipalities to ensure accountability as required by the MFMA. Continuous monitoring and targeted support will remain critical to promoting a culture of compliance and reducing financial misconduct across the local government sphere. Procurement and SCM breaches, payment failures (late-interest, duplicate or wrong-account payments) and unauthorised spending remain the dominant forms of financial misconduct. While provincial and national support – training, templates, advisory participation and monitoring – have helped (re)establish disciplinary boards and initiate more investigations, a significant number of matters remain unresolved at the investigation or hearing stage.

Recommendations for provincial treasuries

- **Eastern Cape:** Prioritise capacity support for investigative teams and fast-track backlog cases through mobile/provincial prosecution/investigation task teams; reinforce board appointment continuity.
- **Free State:** Focus on creditor-payments process reviews and strengthen payment controls; require monthly progress reports on disciplinary matters.
- **Gauteng:** Scale up template use and advisory support to convert investigations into finalisable case files; promote peer mentoring between metro and district municipalities.
- **KwaZulu-Natal:** Continue extensive training but add targeted investigative capacity building and enforce timelines for hearings.
- **Limpopo:** Strengthen SCM documentation practices and provide concentrated support to municipalities with weak record-keeping to accelerate investigations.
- **Mpumalanga:** Improve municipal public accounts committee (MPAC) engagement and referral mechanisms so that allegations are promptly packaged for investigation; prioritise recovery orders where appropriate.
- **North West:** Use formal monitoring letters more assertively to enforce progress and consider temporary secondments of investigators from the provincial treasury to municipalities.
- **Northern Cape:** Deploy targeted advisory visits to municipalities with weak boards and support case file assembly for timely hearings.
- **Western Cape:** Continue monitoring and follow-up practice and share best-practice toolkits with other provinces; focus on rapid finalisation and recovery.

Recommendations for municipalities

To improve compliance with the MFMA and strengthen accountability in relation to financial misconduct, municipalities should prioritise the following actions:

- **Strengthen the functioning of disciplinary boards.** Municipalities must ensure that disciplinary boards are fully established, properly constituted and operational. Boards should meet regularly, review misconduct cases promptly and provide recommendations in line with MFMA Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- **Ensure timely investigation and finalisation of cases.** All allegations of financial misconduct must be investigated without delay, and disciplinary processes should be concluded within reasonable timeframes. Municipal managers should implement tracking systems to monitor case progression and ensure compliance with prescribed timelines.
- **Improve record-keeping and reporting.** Municipalities should maintain complete, accurate and up-to-date records of all financial misconduct cases. Quarterly and annual reports submitted to provincial treasuries and the National Treasury must be comprehensive, accurate, consistent and compliant with MFMA reporting requirements.
- **Enhance internal controls and preventative measures.** Internal control weaknesses that contribute to financial misconduct must be identified during investigations and addressed through corrective action plans. Municipalities should regularly review internal processes to prevent recurrences.
- **Provide targeted training and capacity building.** Officials responsible for financial management, SCM and human resources should receive ongoing training on the MFMA, its regulations and disciplinary procedures to ensure competent implementation of consequence management.
- **Enforce accountability at all levels.** Municipalities must take decisive action where officials and councillors fail to comply with the MFMA, including initiating disciplinary, civil or criminal proceedings where applicable. Consequence management should be applied consistently, without fear or favour.
- **Strengthen oversight by councils and audit committees.** Councils, MPACs and audit committees should intensify their oversight roles by regularly assessing progress on financial misconduct cases, monitoring the implementation of recommendations and holding management accountable for non-performance.

12. Supply chain management

Introduction

The financial stability and operational effectiveness of South Africa's municipalities depend on efficient and compliant supply chain management (SCM) procedures. The MFMA serves as a pillar for implementation. Section 217 of the Constitution, which mandates fair, equitable, transparent, competitive and cost-effective procurement, is embedded in all procurement activities through the MFMA's SCM framework. Strict adherence to these principles is essential because SCM directly supports infrastructure maintenance and service delivery. Maintaining compliance requires appropriate regulations, robust procedures, constant oversight and the ability to manage risks such as fraud, corruption and irregular expenditure.

This chapter assesses municipal SCM practices for the 12 months ending 30 June 2025. It considers whether municipalities had an approved procurement plan for the current financial year, which is vital for ensuring that procurement activities align with both budgetary allocations and service delivery objectives. It examines whether standard operating procedures have been formally approved and effectively implemented to promote consistency and compliance.

The chapter also assesses spending on water tankers to supplement water supply, given that failure to provide water has been highlighted as one of the most critical shortcomings of municipalities. It then discusses the misuse of Municipal SCM Regulation 32 (use of a contract procured by another organ of state) and Regulation 36 (deviations). This misuse, which is an issue that has been raised by the Auditor-General of South Africa, mostly stems from poor planning by municipalities.

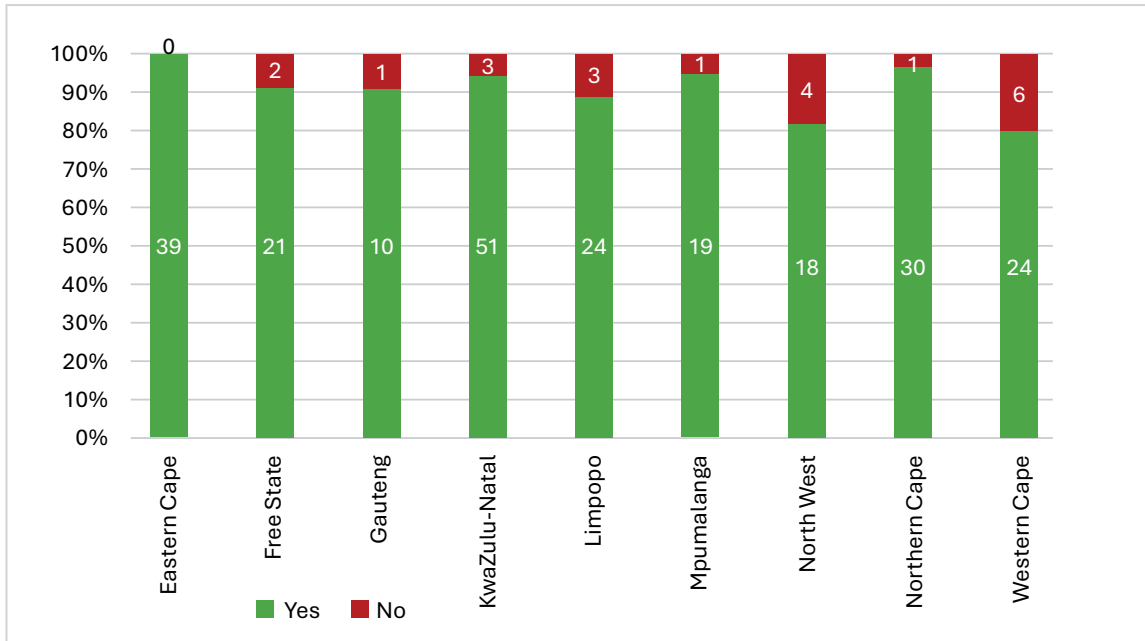
By examining these areas, this chapter offers a differentiated view of SCM compliance across municipalities. It identifies areas of successful compliance as well as gaps requiring focused intervention. The goal is to support municipalities in improving their SCM practices so that they can effectively carry out their mandates and uphold the MFMA's financial accountability and good governance principles.

Municipalities with SCM-compliant annual procurement plans

In 2024/25, 236 of the 257 municipalities in the country reported having an annual procurement plan in place, as required by the MFMA, up from 217 municipalities in 2023/24. Figure 28 provides a breakdown by province of municipalities with and without an annual procurement plan.

The data reveals a generally high level of compliance across provinces, with only 21 municipalities reporting that they do not have an approved plan. Notably, Eastern Cape leads in the number of compliant municipalities, with all 37 municipalities there reporting that they have an annual procurement plan. Gauteng, Northern Cape and Mpumalanga indicated a high compliance rate, with only one municipality in each province being non-compliant.

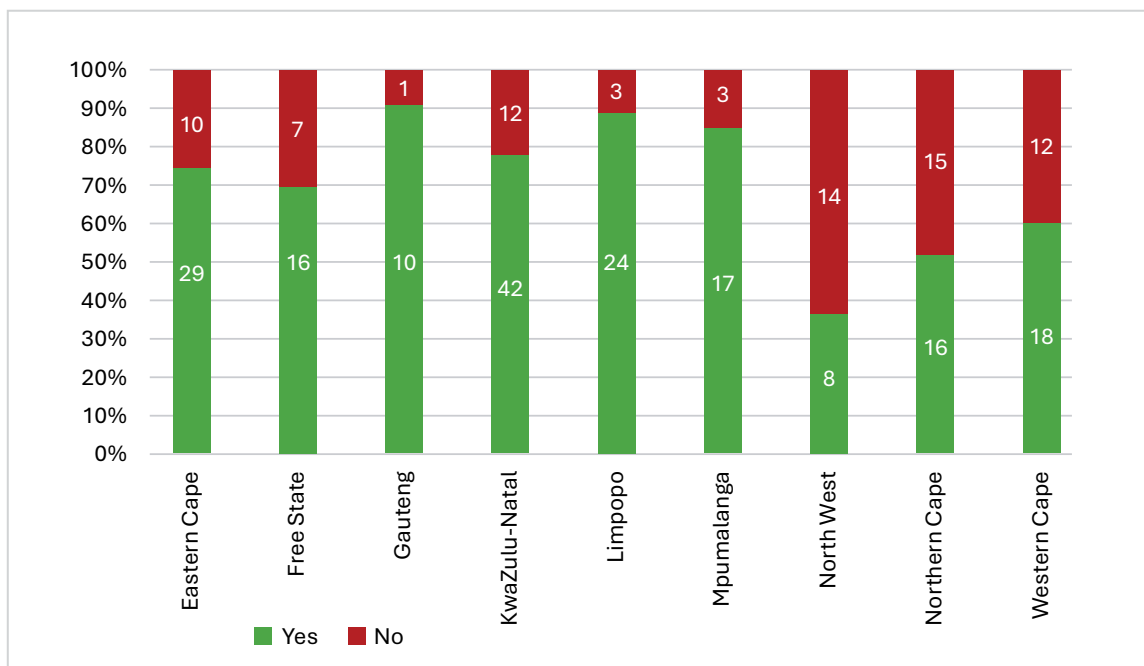
Figure 28: Municipalities with and without an annual procurement plan, by province



Municipalities with SCM-compliant standard operating procedures

As of 30 September 2024, 180 of the 257 municipalities reported having a compliant standard operating procedure, as required by the MFMA. Meanwhile, 77 reported not having a SCM-compliant standard operating procedure. Figure 29 provides a breakdown by province of municipalities with and without an SCM-compliant standard operating procedure.

Figure 29: Municipalities with and without a standard operating procedure, by province

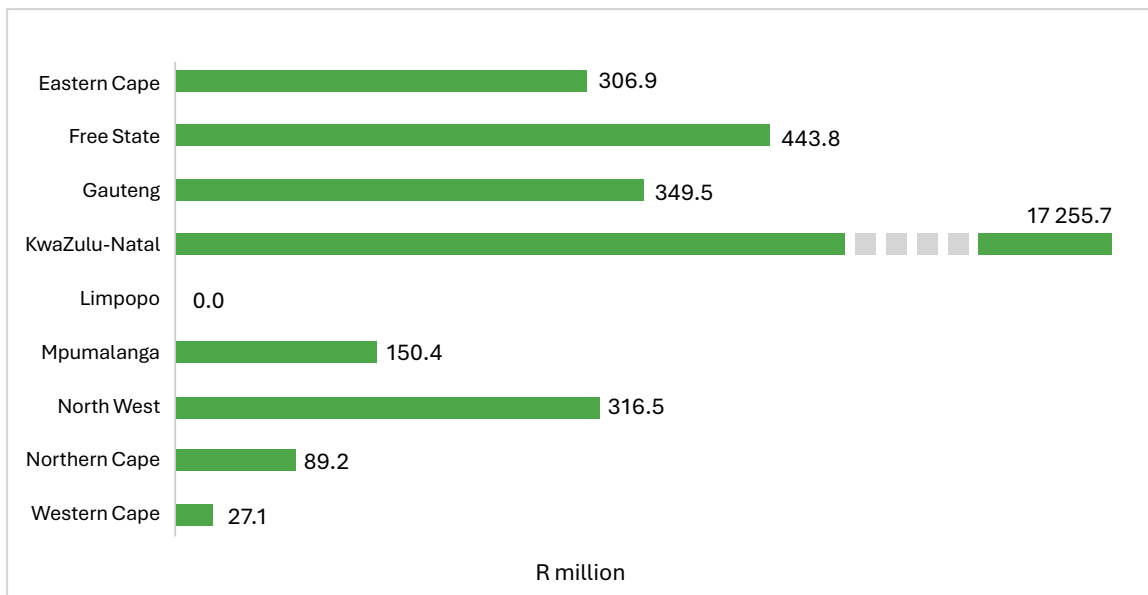


The data reveals a generally high level of SCM compliance across provinces. Notably, Gauteng, Limpopo and Mpumalanga have the highest number of compliant municipalities. On the other hand, North West and Northern Cape reported a high number of non-compliant municipalities. These instances of non-compliance highlight potential governance or resource challenges in meeting MFMA requirements. Addressing these gaps is essential to ensure full transparency and clarify SCM policy adherence across all municipalities. While the overall compliance rate is encouraging, further effort is required to address non-compliance and ensure that all municipalities meet the MFMA’s financial management standards.

Municipalities that spent on water tanker services

In 2024/25, 232 municipalities reported having spent about R19 billion on water tanker services. Figure 30 shows the amount that municipalities in each province spent on water tanker services.

Figure 30: Municipal spending on water tanker services, by province



Note: Due to its much higher value, the bar for KwaZulu-Natal has been truncated and is not drawn to scale. It is not directly comparable in length to the other bars.

Most municipalities in most provinces have used water tanker services. KwaZulu-Natal reported the highest spending at about R17.3 billion, driven by one municipality, which recorded total spending of about R16 billion. Meanwhile, Free State and Gauteng spent about R443.8 million and R349.5 million, respectively.

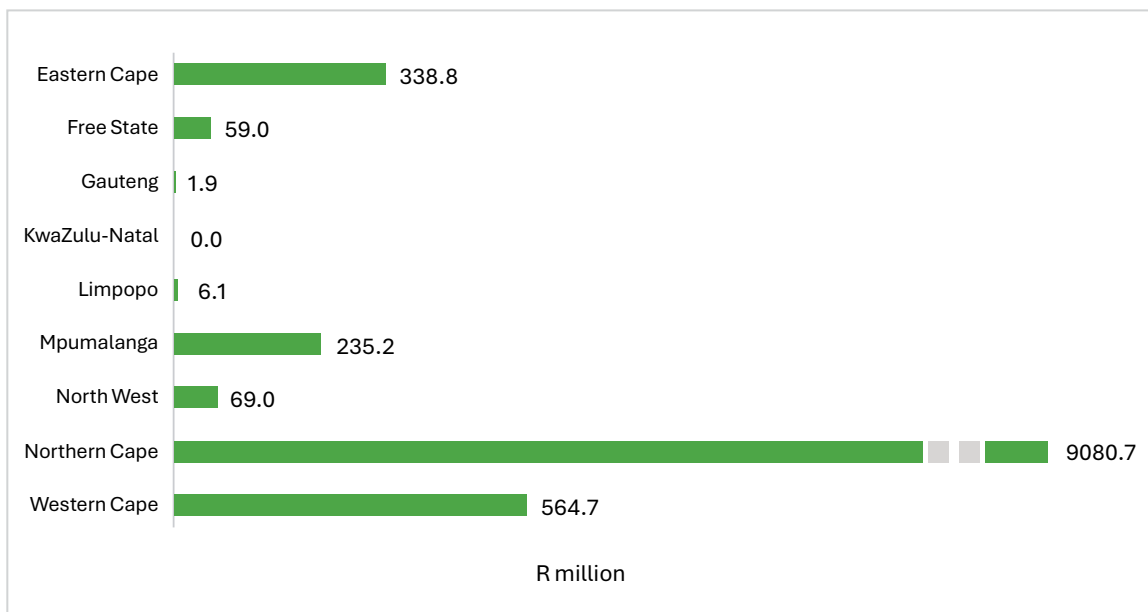
However, none of the municipalities in Limpopo reported any spending on water tanker services. Given how drought-prone Limpopo is, this might indicate incomplete reporting. This lack of data prevents a full assessment of spending on water tanker services. Addressing these gaps in reporting is crucial to ensure transparency and accountability. Overall, while the data indicates significant progress in municipalities reporting spending on water tanker services, there remains room for improvement so that that all municipalities are compliant and reporting is complete and accurate.

Municipalities that spent on Regulation 32

Regulation 32 allows a municipality to procure goods or services through a contract secured by another organ of state, provided that the original contract was competitively awarded, remains valid, delivers demonstrable value for money, and is used with the requisite approvals and consents.

As of 30 September 2024, 208 municipalities reported spending amounting to about R10 billion. Figure 31 shows the amount that municipalities in each province have spent using Regulation 32.

Figure 31: Municipal spending using Regulation 32, by province



Note: Due to its much higher value, the bar for Northern Cape has been truncated and is not drawn to scale. It is not directly comparable in length to the other bars.

Northern Cape reported the highest procurement related to Regulation 32 at about R9.1 billion, followed by Western Cape and Eastern Cape at about R564.7 million and R338.8 million, respectively. KwaZulu-Natal and Gauteng reported the lowest procurement related to Regulation 32, at about zero and R2 billion, respectively.

Regulation 32 is meant to streamline procurement, not bypass competitive bidding. Tracking its use helps ensure municipalities do not abuse it to avoid normal SCM processes or to award contracts irregularly. A concerted effort is still required to improve data completeness to fully achieve the MFMA’s objectives.

Municipalities that spent using Regulation 36

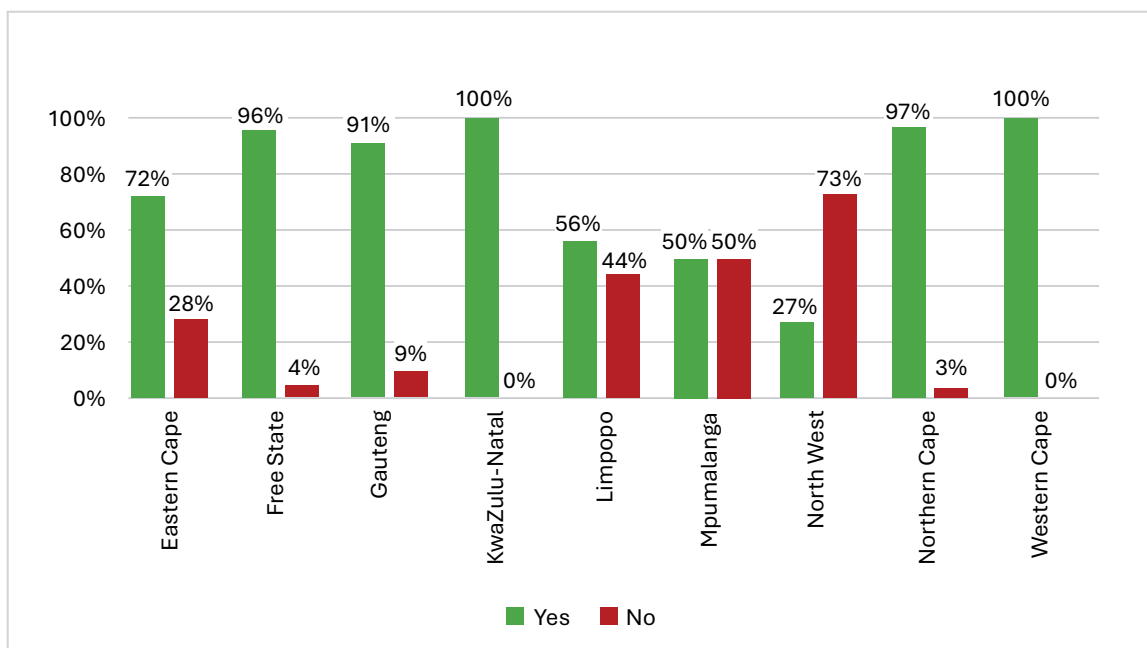
While Regulation 32 provides a way to leverage existing competitively awarded contracts, Regulation 36 allows the accounting officer of a municipality to dispense with official procurement processes under limited, specific circumstances, namely:

- (i) In an emergency.
- (ii) If the goods/services are available from a single provider only.

- (iii) For acquiring special works of art or historical objects where specifications are difficult to compile.
- (iv) For the acquisition of animals for zoos.
- (v) In any other exceptional case where it is impractical or impossible to follow official procurement processes.

In 2024/25, all 257 municipalities were evaluated for adherence to SCM Regulation 36. Of these, 205 municipalities made use of the provisions outlined in Regulation 36, while 52 municipalities reported that they did not.

Figure 32: Municipal expenditure using Regulation 36, by province



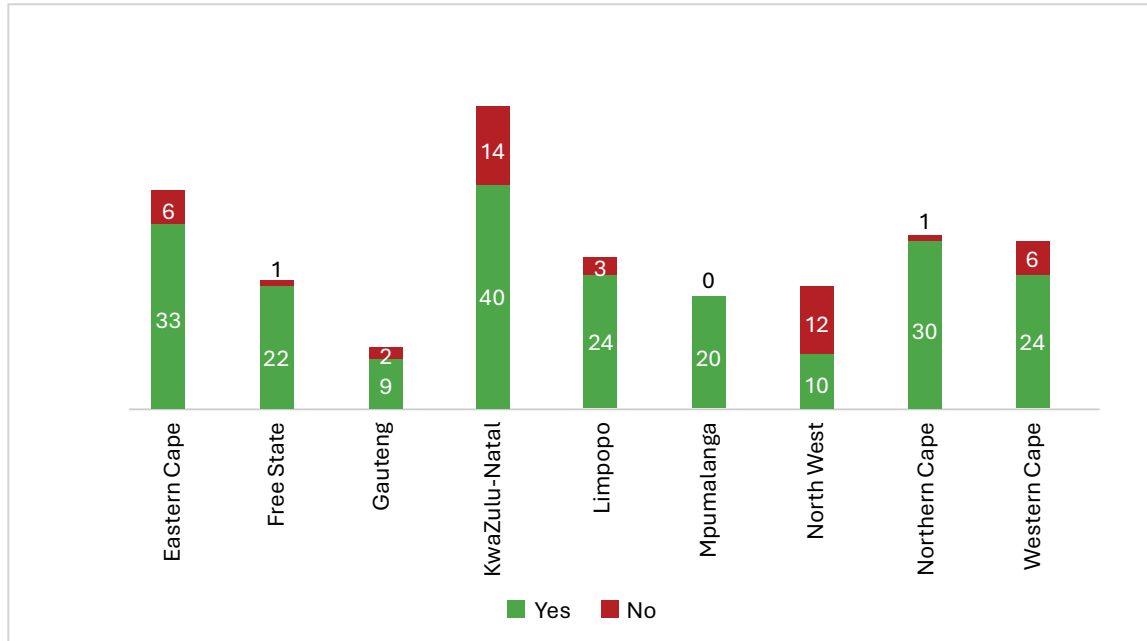
Significant deviations under Regulation 36(v) include an amount of R8.33 billion for Western Cape and R2.93 billion for Free State.

Significant deviations are concentrated in a limited number of municipalities, which suggests potential risks in procurement planning. North West appears to display possible overuse of deviations. Additionally, several municipalities reported R0 or no data, indicating deficiencies in reporting.

Municipalities with approved SCM policies

In 2024/25, 212 municipalities reported having approved SCM policies adopted by their respective councils. In contrast, 45 municipalities did not have fully approved SCM policies, as required by the MFMA. Figure 33 provides a provincial breakdown of municipalities with approved policies and those without.

Figure 33: Municipalities with and without SCM policies adopted by council



The data reveals a generally high level of SCM compliance across provinces. Notably, all the municipalities in Mpumalanga have had their SCM policies approved and adopted by the council. Northern Cape has shown improved compliance, with 30 municipalities now compliant compared with 20 in the previous financial year. However, in North West, less than half of municipalities (10) have had their SCM policies approved and adopted by the council.

Addressing these gaps – that is, municipalities without approved and adopted SCM policies – is essential to ensure full transparency and clarify SCM policy adherence across all municipalities. While the overall compliance rate is encouraging, further effort is required to address data inconsistencies and reporting compliance by municipalities to ensure they all meet the MFMA’s financial management standards.

Conclusion

The assessment of SCM compliance across municipalities for 2024/25 shows meaningful progress but also highlights persistent weaknesses that require targeted intervention. Most municipalities demonstrated improvement in core compliance areas, including the adoption of annual procurement plans and SCM policies, and the increased use of standard operating procedures. These improvements support better planning, accountability and alignment with the MFMA and section 217 of the Constitution.

However, the findings also reveal ongoing challenges that undermine sound financial governance. A significant number of municipalities continue to rely heavily on deviations under Regulation 36 and on the use of contracts from other organs of state under Regulation 32. In many cases, this reliance is linked to poor procurement planning, inadequate market research, weak contract management and incomplete or inaccurate reporting. The concentration of deviation spending in a small number of municipalities also indicates systemic risks and possible governance failures that must be urgently addressed.

The analysis of water tanker expenditure and Regulation 32 use highlights notable gaps in reporting, with several municipalities failing to provide complete or accurate information. This limits the ability of oversight structures to assess value for money and detect irregular procurement patterns. Strengthening data quality, improving reporting systems and enhancing oversight remain essential.

Despite evidence of progress, the uneven levels of compliance across provinces show that more must be done to support municipalities, especially smaller and rural ones, with the planning, skills and controls needed to manage procurement effectively. Internal audit units, audit committees, provincial treasuries and the National Treasury all have a critical role to play in guiding and monitoring improvements.

The findings demonstrate that municipalities are moving in the right direction, but more consistent and coordinated efforts are needed to embed good SCM practices, reduce reliance on deviations, improve reporting accuracy and uphold the MFMA's principles of transparency, competitiveness and cost-effectiveness. Strengthening governance, accountability and capacity across is key to ensure that SCM processes support sustainable service delivery and meet the expectations of communities.

Recommendations for treasuries

- **Provide targeted support to high-risk municipalities:** Provincial treasuries should assist municipalities with unusually high deviation spend by reviewing deviation files, contracts and irregular expenditure risks.
- **Strengthen capacity in rural and smaller municipalities:** National and provincial treasuries should provide coaching and technical support on SCM legislation, procurement planning and contract management.
- **Provide targeted demand management and specification training:** The National Treasury and provincial treasuries should train SCM officials in market analysis, terms of reference development and demand planning to prevent failed or delayed tenders.
- **Introduce compliance checklists for SCM governance:** The National Treasury should issue standardised checklists to help municipalities test alignment between their SCM processes and current legislation.

Recommendations for municipalities

- **Improve data quality submitted to the National Treasury and provincial treasuries:** Municipalities should ensure all SCM data on Muni eMonitor, the financial management capability maturity model and GoMuni is accurate, complete and submitted within required timelines.
- **Strengthen procurement planning across municipalities:** Municipalities should prepare credible annual procurement plans aligned to their integrated development plan, service delivery and budget implementation plan, and budget to avoid unnecessary deviations and expired contracts.
- **Improve forecasting and early initiation of tenders:** Municipalities should begin procurement processes early, including timely re-tendering, to reduce reliance on Regulations 32 and 36.

- **Ensure SCM policies and standard operating procedures are updated and adopted:** Municipalities must develop, review and formally adopt compliant SCM policies and standard operating procedures each year to meet MFMA and treasury guidance.
- **Reduce misuse of Regulations 32 and 36:** Municipalities should apply these regulations strictly for legitimate cases only, supported by proper motivations and full documentation.
- **Strengthen contract management practices:** Municipalities must maintain accurate, monthly updated contract registers to prevent contract lapses that lead to avoidable emergency procurement.
- **Improve bid committee functionality:** Municipalities should ensure bid committees meet regularly and evaluate tenders timeously to avoid delays that trigger deviations.
- **Increase oversight and reporting to councils:** Municipal managers must present quarterly SCM compliance reports to councils, including deviations, Regulation 32 use and contract expiry risks.
- **Use internal audit and audit committees proactively:** These structures should review SCM weaknesses, flag repeat deviations and ensure implementation of corrective actions.
- **Improve controls for water tanker procurement:** Municipalities should implement transparent, competitive processes for water tanker services, including pricing checks and route monitoring.
- **Promote accountability for non-compliance:** Officials responsible for repeated deviations, poor planning or misuse of Regulations 32 and 36 should face appropriate consequences, as outlined in the MFMA.

13. Audit action plans for findings raised in the 2023/24 audit

The effectiveness of an audit action plan is measured by the successful implementation of timely and appropriate actions that prevent the recurrence of audit findings in subsequent audits. Proper planning and the effective application of appropriate actions to address the root causes of findings raised by the Auditor-General of South Africa (AGSA) should improve audit outcomes. However, one of the most significant trends in municipal audit outcomes reported by the AGSA is the recurrence of issues raised year after year in audits.

The National Treasury has developed a web-enabled audit action plan system to increase efficiency in municipal reporting and accelerate the provision of real-time assistance to municipalities. Efficient reviews of audit action plans by provincial treasuries and the National Treasury can also serve as an early warning system to detect possible bottlenecks and challenges in resolving audit findings.

Section 131 of the MFMA requires municipalities to address issues raised by the AGSA in the annual audit report of municipalities. These remedial measures are captured in municipalities' audit action plans. The web-enabled audit action plan system tracks the progress made by municipalities in addressing external audit findings and allows for monitoring of the review of the proposed actions and the implementation of approved actions.

Usage of the audit action plan system

As of 30 June 2025, 209 of the 257 municipalities were using the online system, while 48 were not (Table 26). Although the total number of municipalities using the system remained the same as the previous year (209 municipalities), there were movements within provinces. All municipalities in Eastern Cape, Mpumalanga, Limpopo and North West provinces are using the system.

Table 26: Municipalities not using the audit action plan system, 30 June 2025

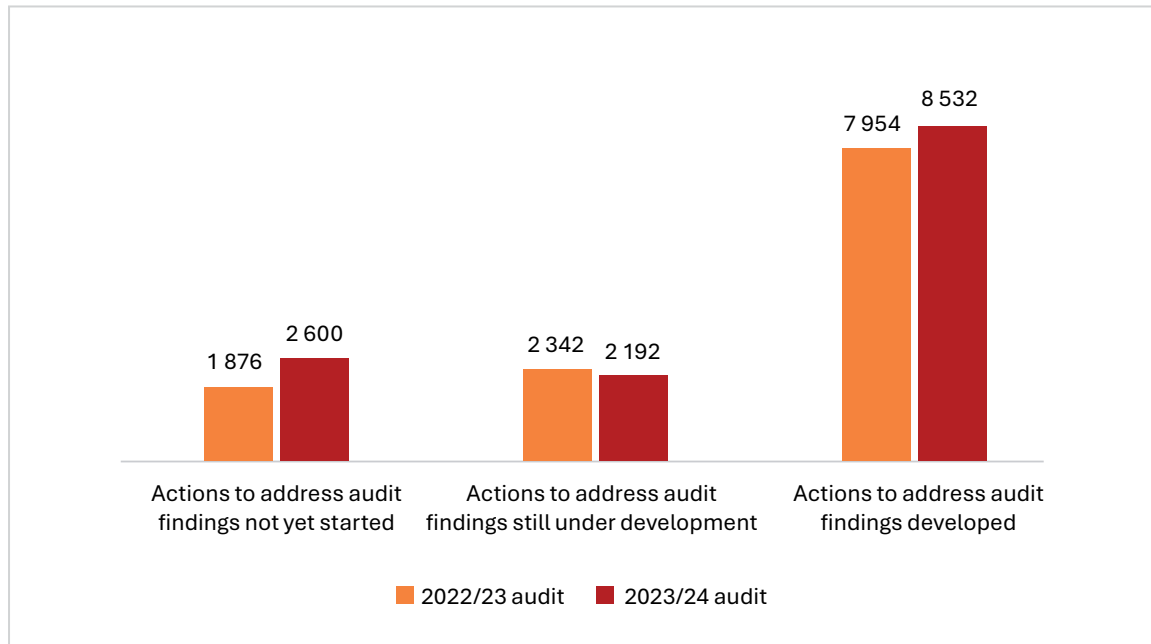
Province	Municipality
Free State (4)	Mafube LM, Nala LM, Dihlabeng LM, Letsemeng LM
Gauteng (1)	Sedibeng DM
KwaZulu-Natal (39)	Dannhauser LM, eMadlangeni LM, Harry Gwala DM, Dr Nkosazana Dlamini Zuma LM, Greater Kokstad LM, Ubuhle LM, Umzimkhulu LM, iLembe DM, KwaDukuza LM, Maphumulo LM, Mthonjaneni LM, uMfolozi LM, Ugu DM, Ray Nkonyeni LM, Umdoni LM, Umuziwabantu LM, Umzumbi LM, uMgungundlovu DM, Impendle LM, Mkhambathini LM, Mpofana LM, Richmond LM, uMngeni LM, uMshwathi LM, uMkhanyakude DM, Inkosi Mtubatuba LM, Jozini LM, uMhlabuyalingana LM, Endumeni LM, Nquthu LM, uMsinga LM, Umvoti LM, Inkosi Langalibalele LM, Okhahlamba LM, Zululand DM, eDumbe LM, Nongoma LM, Ulundi LM, uPhongolo LM
Northern Cape (1)	Siyancuma LM
Western Cape (3)	Stellenbosch LM, Theewaterskloof LM, Cederberg LM

LM = local municipality; DM = district municipality

Development of audit action plans on the system

Figure 34 illustrates the progress of municipalities in developing action plans to address the AGSA’s findings.

Figure 34: Development of audit action plans, 30 June 2025



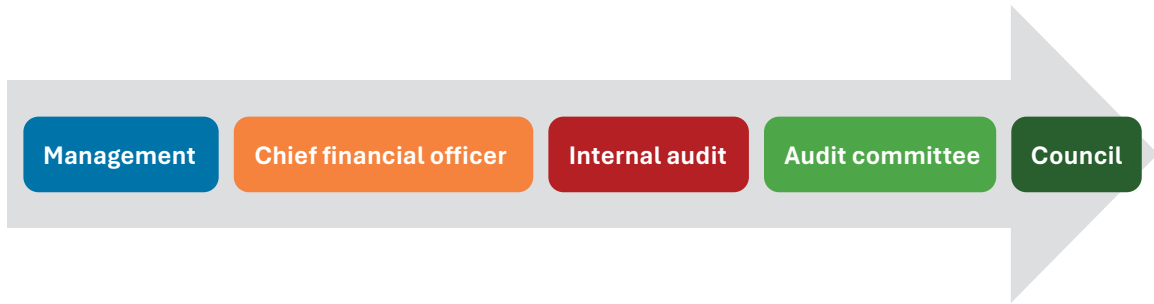
Although the number of action plans developed to address audit findings increased from 7 954 for the 2022/23 audit to 8 532 for the 2023/24 audit, a large number of municipalities were still developing or had not yet started developing action plans.

The municipalities with the highest number of audit action plans not yet started were all in Free State: Tokologo Local Municipality (LM) with 261 findings, Mohokare LM with 199 findings, Maluti-A-Phofung LM with 178 findings and Mangaung Metropolitan Municipality with 86 findings.

The three municipalities with the highest number of audit action plans still under development as at 30 June 2025 were Nketoana LM in Free State with 280 findings, Laingsburg LM in Western Cape with 139 findings and !Kheis LM in Northern Cape with 118 findings.

Approval/assurance of actions developed to address audit findings

Developing audit action plans follows a process of approvals before implementation. The approvals process by the various assuring role players is illustrated in the following diagram:



For the 2023/24 audit, 21 per cent of developed audit action plans had only been through management approval, while 33 per cent of plans were at the final stage of assurance provided by council. Figure 35 illustrates the share of plans at the various stages of approval and assurance.

Figure 35: Approval/assurance of audit action plans developed, 2023/24 audit

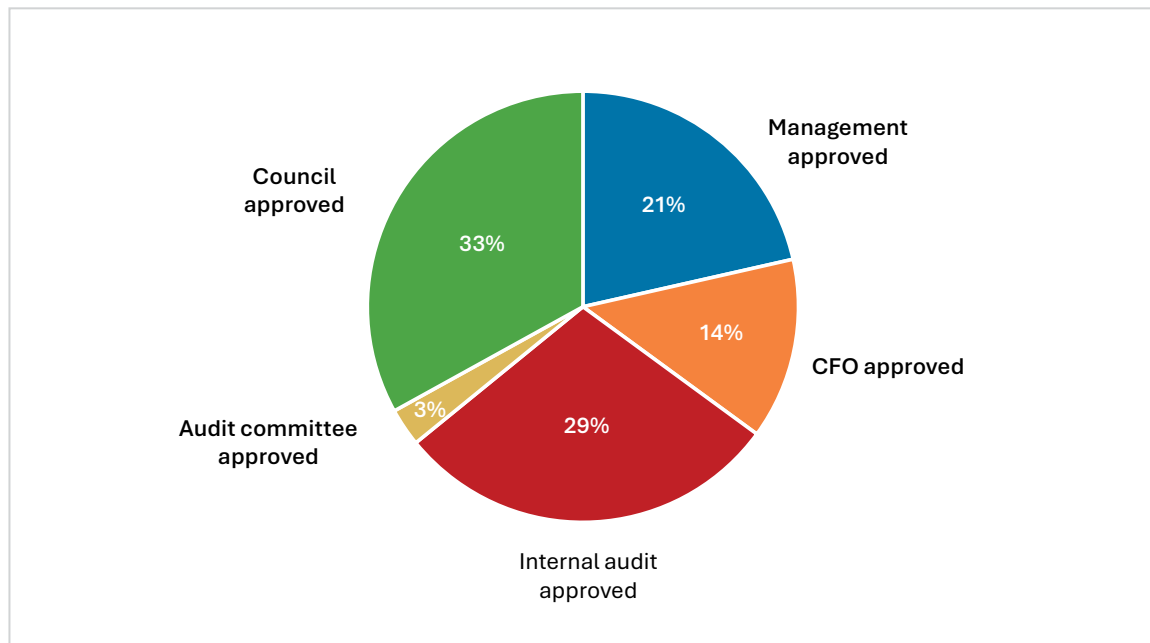


Table 27 shows the progress by municipalities, per province, in developing audit action plans to address AGSA findings. The information is taken from the audit action plan system as at 30 June 2025 and 30 June 2024.

Table 27: Progress in developing audit action plans by province

Province	Audit findings not yet started	Audit findings under development	Audit findings developed	Management approved	CFO approved	Internal audit approved	Audit committee approved	Council approved
EC: 2023/24	186	395	1 465	441	627	173	42	182
EC: 2024/25	131	288	1 705	300	250	286	155	714
FS: 2023/24	453	691	647	296	232	98	19	2
FS: 2024/25	899	772	678	441	171	65	1	0
GP: 2023/24	35	40	658	172	71	167	7	241
GP: 2024/25	84	131	505	133	22	263	0	87
KZN: 2023/24	65	299	447	58	66	160	1	162
KZN: 2024/25	53	171	419	44	49	218	0	108
LP: 2023/24	7	24	1 353	105	34	312	142	760
LP: 2024/25	29	83	1 179	13	49	344	73	700
MP: 2023/24	20	1	1 076	47	166	394	5	464
MP: 2024/25	37	28	1 052	88	52	230	1	681
NW: 2023/24	198	278	1 452	181	498	531	9	233
NW: 2024/25	311	116	1 848	468	313	826	3	238
NC: 2023/24	838	439	622	79	373	169	1	0
NC: 2024/25	860	357	911	189	184	247	1	290
WC: 2023/24	74	175	234	93	122	11	0	8
WC: 2024/25	196	245	235	155	70	1	9	0

Provinces with the highest number of audit findings for which they had yet to develop audit action plans or for which plans were in progress on the web-enabled audit action plan system as at 30 June 2025 were Free State (1 671 findings) and Northern Cape (1 217 findings).

For **Eastern Cape**, action plans for 80 per cent of the 2023/24 audit findings uploaded on the system were developed. However, only 41 per cent of these developed action plans progressed to the stage of council approval/assurance. The possibility of recurring findings is high as matters raised by the AGSA in the previous audit may not have been (adequately) addressed. This also raises concerns regarding the level of improvement in internal controls.

For **Free State**, action plans for 71 per cent of the findings uploaded on the system were either not yet started or still under development. Action plans had only been developed for 29 per cent of the 2023/24 audit findings uploaded on the system. Furthermore, none of the actions developed reached the stage of council approval/assurance. The majority of the findings stagnated at the stage of management or chief financial officer (CFO) approval. There appears to be a regression in

prioritising the resolution of matters raised by the AGSA, coupled with the large number of negative audit findings for municipalities in this province.

For **Gauteng**, the number of audit action plans developed to address AGSA findings decreased from 90 per cent for the 2022/23 audit to 70 per cent for the 2023/24 audit. Only 17 per cent of the developed action plans for the 2023/24 audit had reached the stage of council approval. The majority of the action plans are still at the stages of management approval (26 per cent) and internal audit assurance (52 per cent).

For **KwaZulu-Natal**, the number of municipalities using the system dropped from 27 in 2023/24 to 15 in 2024/25. Thirty-nine municipalities in the province were not using the system in 2024/2025. Action plans were developed for 65 per cent of the 2023/24 audit findings uploaded on the system. Of these plans, only 26 per cent reached the stage of council approval/assurance. The majority of the developed action plans have stagnated at audit committee approval/assurance. This raises concerns about the oversight by council on addressing AGSA findings.

Limpopo continues to report a high number of audit findings that have been developed into audit action plans (1 179 for the 2023/24 audit). This represents a decrease from the previous year, from 98 per cent in the 2022/2023 audit to 91 per cent in the 2023/24 audit. However, only 59 per cent progressed to the stage of council approval/assurance, indicating weaknesses in the review and approval processes.

For **Mpumalanga**, 94 per cent of the audit findings loaded on the system for the 2023/24 audit were developed into audit action plans, down from 98 per cent in the previous year. Furthermore, 65 per cent of the developed audit action plans reached the stage of council approval/assurance, up from 43 per cent for the 2022/23 audit.

For **North West**, 81 per cent of the audit findings on the system for the 2023/24 audit were developed into audit action plans, an improvement from 71 per cent in the prior year. However, there appear to be challenges in processing the action plans through to council, with only 13 per cent approved/assured by council. Most action plans are in the stages between management approval and internal audit assurance, with 45 per cent of plans having been assured by internal audit.

For **Northern Cape**, only 43 per cent of the audit findings on the system for the 2023/24 audit were developed into audit action plans. Low levels of review persist, with 32 per cent of plans having reached the stage of council approval/assurance. This, however, is an improvement on the 2022/23 audit, where council did not approve any audit action plans in the province.

For **Western Cape**, the percentage of action plans that were not yet started or still under development increased from 52 per cent for the 2022/23 audit to 65 per cent for the 2023/24 audit. Furthermore, the percentage of audit findings developed into action plans decreased from 48 per cent to 35 per cent. In addition, none of the developed action plans reached the stage of council approval/assurance. Most findings only reached the stages of management or CFO approval. This suggests a regression in prioritising the resolution of matters raised by the AGSA.

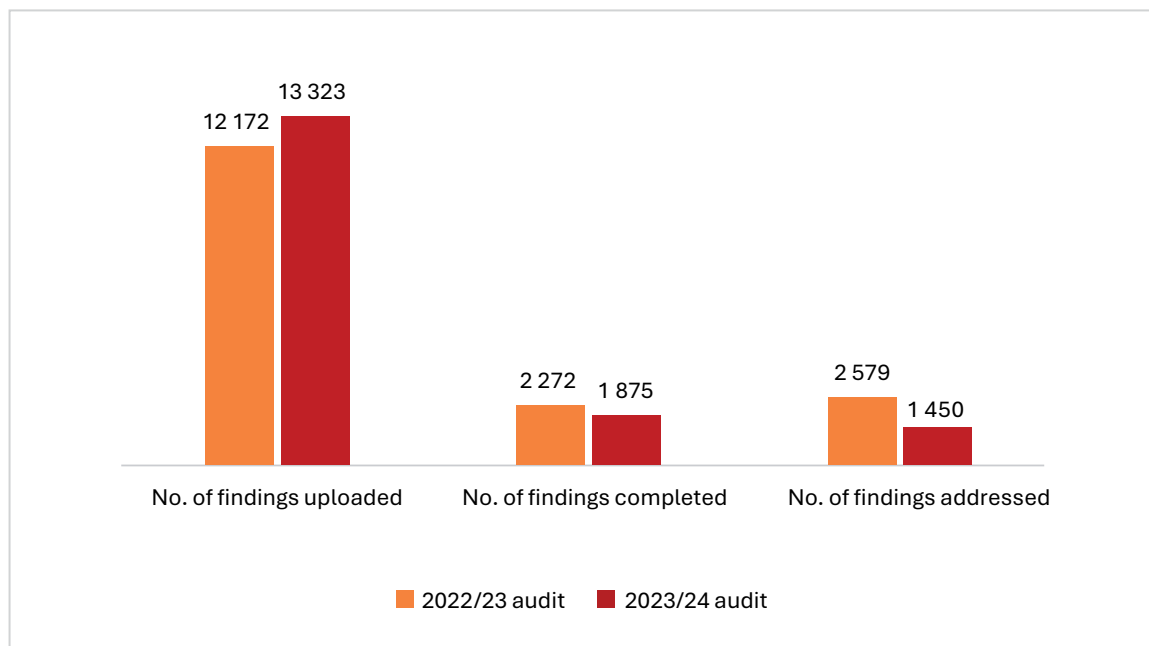
Common challenges identified across provinces are the low levels of approval/assurance of developed action plans taken to council. Targeted interventions are necessary to ensure municipalities fully engage with the audit action plan system in order to adequately and effectively address AGSA findings, improve audit outcomes and improve compliance with the MFMA.

Implementation of audit action plans

The underuse of the system is reflected in the low number of findings indicated on the system as having been addressed.

Figure 36 provides a national comparative trend analysis of the number of audit findings loaded onto the system versus the number of findings completed and indicated as addressed.

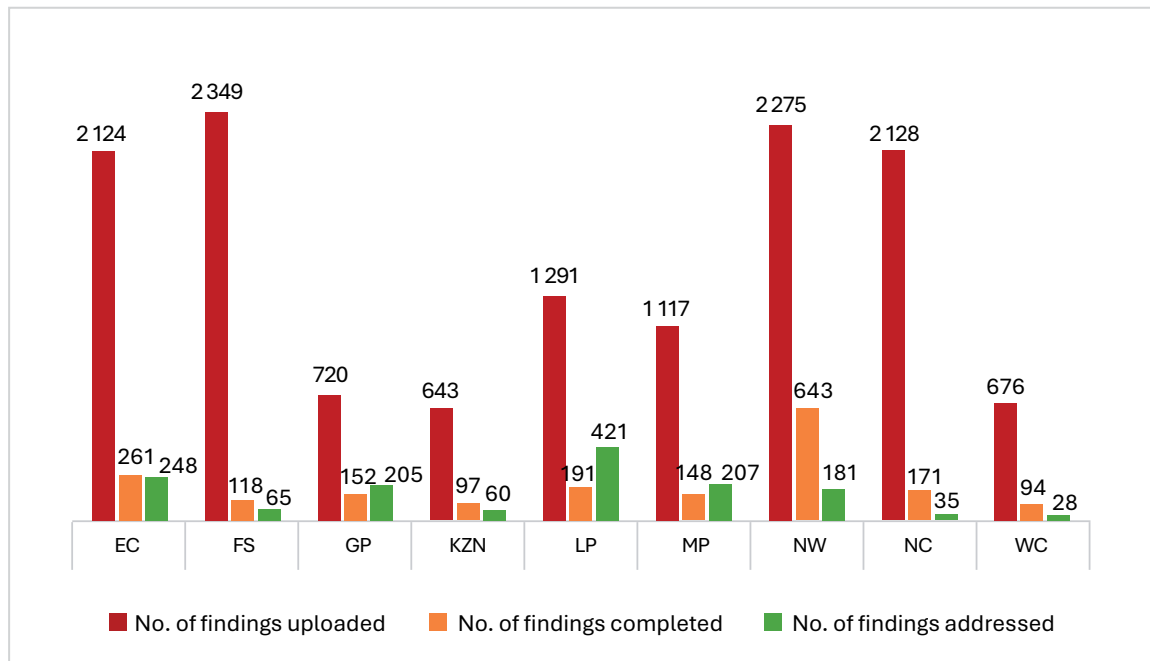
Figure 36: Audit action plan trend analysis



A total of 13 323 findings from the 2023/24 audit have been uploaded on the system for the development and implementation of audit action plans. Only 14 per cent of findings were reflected as having been completed, meaning that the municipal official responsible for resolving the finding indicated that the actions to address the finding had been implemented. A total of 11 per cent of findings had been reviewed by internal audit and assurance was provided that the finding was addressed. The share of findings completed (19 per cent) and addressed (21 per cent) has decreased in comparison to the 2022/23 audit.

The distribution of findings uploaded, completed and addressed per province for the 2023/24 audit is reflected in Figure 37.

Figure 37: Number of findings uploaded, completed and addressed per province, 2023/24 audit



Although there has been an overall increase in the number of findings uploaded on the system, there has been a marked decrease in the number of findings completed and addressed compared with the previous financial year.

Municipalities with the highest number of audit findings where the implementation of action plans had not yet started or was still in progress at the end of 2024/25 were Tokologo LM (Free State) with 278 action plans, Maluti-A-Phofung LM (Free State) with 217 action plans, Mohokare LM (Free State) with 194 action plans, Laingsburg LM (Western Cape) with 137 action plans and Phokwane LM (Northern Cape) with 134 action plans.

The provinces with the highest number of findings addressed were Limpopo with 421, Eastern Cape with 248 and Mpumalanga with 207, indicating steady adoption of the audit action plan system as a tracking tool to resolve audit findings. However, the number of findings addressed remains low compared to the number of audit findings raised and uploaded onto the system.

Conversely, the provinces with the lowest number of findings addressed were KwaZulu-Natal with 60, Northern Cape with 35 and Western Cape with 28. These low numbers point to substantial backlogs, with many action plans not yet started or still under development at the end of 2024/25. This may indicate potential weaknesses in financial oversight and enforcement of audit action plan implementation.

Conclusion

The data above highlights significant disparities across provinces in the development and implementation of audit action plans to resolve audit findings. Provinces demonstrate limited progress on the system beyond the development of the plans and need to improve on their audit

resolution processes. The overall results indicate that targeted interventions are necessary in KwaZulu-Natal, Free State, Northern Cape and Western Cape to ensure municipalities fully engage with the audit action plan system and improve compliance with the MFMA.

The data on the system also highlights critical challenges in audit action plan development and implementation, including low levels of management approval, inadequate internal audit review and slow progress in addressing AGSA findings. The underuse of the system is evident in the total number of findings uploaded compared to the low number of findings addressed. This suggests that municipalities may still be relying on outdated systems such as Excel spreadsheets or other internal mechanisms instead of using the web-enabled system as prescribed by the National Treasury. Municipalities that reported the highest number of unresolved findings at the end of 2024/25 require urgent intervention.

To strengthen compliance with the MFMA, provincial treasuries and municipalities must take decisive action to improve the use of the audit action plan system. While Limpopo, Eastern Cape and Mpumalanga lead in system adoption, Free State, Northern Cape, KwaZulu-Natal and North West have, for the second consecutive year, signalled the need for significant improvements in capturing, reviewing and finalising their audit action plans. Targeted interventions such as capacity-building programmes, strict enforcement of compliance measures and technical support from provincial treasuries and the National Treasury are necessary to ensure that all municipalities effectively address their audit findings and prevent the recurrence of the same issues.

Recommendations for provincial treasuries

- **Enforce the mandatory use of the web-enabled audit action plan system:** Provincial treasuries must issue formal directives to municipalities emphasising compliance with the system, and refuse to accept and review audit action plans in any other format.
- **Conduct provincial training and capacity-building workshops:** Provincial treasuries should provide hands-on refresher training (where necessary) to municipal officials on developing, reviewing and tracking audit action plans effectively within the system.
- **Implement regular audit action plan reviews:** Provincial treasuries should conduct assessments twice a month of the quality and completeness of audit action plans uploaded by municipalities and follow up where no progress is noted.
- **Introduce a monitoring and reporting framework:** Provincial treasuries must develop a structured monitoring system to track municipal progress in addressing AGSA findings.
- **Provide direct technical support and system assistance:** Dedicated audit action plan support teams should be assigned to municipalities facing implementation challenges.
- **Enhance accountability measures for non-compliant municipalities:** Provincial treasuries should escalate non-compliance to councils and municipal public accounts committees to enforce corrective action.
- **Ensure internal audit and management review compliance:** Provincial treasuries must actively monitor whether internal audit units and municipal management are reviewing and approving developed action plans and engage with municipalities where stagnation is noted.
- **Align audit action plan implementation with financial recovery plans:** Municipalities in financial distress should be required to integrate audit action planning into their broader financial turnaround strategies.

Recommendations for municipalities

- **Prioritise the full adoption of the web-enabled audit action plan system:** Municipalities must ensure that all audit findings are uploaded and tracked on the system.
- **Ensure timeous development of action plans for all findings:** Municipal officials must take immediate action to capture and develop responses to AGSA findings to prevent delays in implementation.
- **Increase internal audit unit involvement in reviewing action plans:** Internal audit units should actively verify the completeness and adequacy of action plans before submission for management approval.
- **Strengthen municipal leadership oversight:** Municipal councils and municipal public accounts committees should regularly review the progress of audit action plans and hold accounting officers accountable for implementation.
- **Enforce strict deadlines for audit action plan approvals:** Accounting officers must ensure that all developed action plans are reviewed and approved within a set timeframe to facilitate timely execution.
- **Enhance interdepartmental collaboration on audit findings:** All municipal departments must work collectively to address financial and non-financial findings to improve audit outcomes.
- **Increase tracking and updating of action plans on the system:** Municipalities should regularly update the status of audit findings, using the web-enabled system as a live document to reflect real-time progress.
- **Implement corrective measures for recurring findings:** Municipalities must analyse the root causes of recurring AGSA findings and implement sustainable solutions to prevent future occurrences.
- **Improve consequence management for non-compliance:** Disciplinary action should be taken against officials who fail to resolve recurring audit findings.
- **Leverage external technical support where needed:** Municipalities struggling with implementation should seek assistance from provincial treasuries, the National Treasury and external audit specialists to improve their processes.

14. Internal audit and audit committee reviews

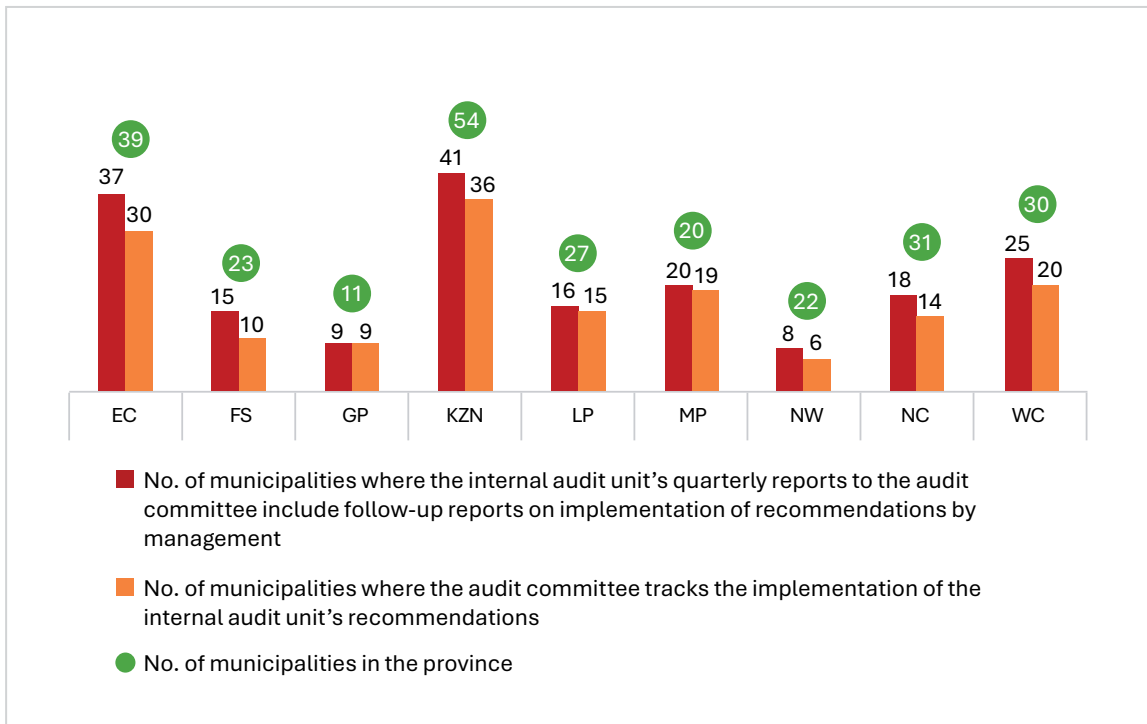
In terms of section 216(1)(c) of the Constitution, national legislation must prescribe uniform treasury norms and standards to ensure both transparency and expenditure control in all spheres of government. Section 165 of the MFMA requires each municipality and municipal entity to have an internal audit unit. The unit assists the accounting officer and the audit committee in effectively discharging their responsibilities. It advises the accounting officer and reports to the audit committee on the implementation of the internal audit plan and matters relating to internal audit; internal controls; accounting procedures and practices; risk and risk management; performance management; loss control; and compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation. It also performs other duties assigned to it by the accounting officer.

As such, the internal audit function plays a critical role in supporting the accountability ecosystem for local government, providing independent, risk-based and objective assurance, advice, insight and foresight. MFMA Circular 65 provides guidance for the establishment of internal audit units within municipalities as prescribed in Chapter 14 of the MFMA.

Monitoring the implementation of internal audit recommendations

The implementation of internal audit recommendations is a critical component of strengthening governance, risk management and compliance within municipalities. These recommendations aim to address control weaknesses, improve operational efficiency and ensure adherence to legislative requirements. Effective implementation demonstrates management's commitment to accountability and continuous improvement, while delays or non-implementation can expose municipalities to financial, operational and reputational risks. Monitoring progress on these recommendations is essential for audit committees and oversight structures to ensure identified issues are resolved and sustainable controls are in place.

Figure 38 shows a trend analysis of quarterly reporting by internal audit units to the audit committee on management's implementation of recommendations, as well as the audit committee's tracking of implementation.

Figure 38: Oversight and tracking of internal audit recommendations

For 2024/25, 189 municipalities (73 per cent) reported that their internal audit units submitted quarterly reports to the audit committee on the implementation of their recommendations. Twelve municipalities (5 per cent) reported that their internal audit units did not report such information to their audit committee, while 56 municipalities (22 per cent) did not respond to the evaluation.

Of the 12 municipalities with non-reporting internal audit units, five were in Free State, two each in KwaZulu-Natal, North West and Northern Cape and one in Western Cape. The 56 municipalities that did not respond to the evaluation are spread across all provinces, with most of the non-responses emanating from North West (55 per cent), Limpopo (41 per cent) and Northern Cape (35 per cent).

A total of 159 municipalities (62 per cent) reported that their audit committees tracked the implementation of internal audit's recommendations. Nineteen (7 per cent) municipalities reported that their audit committees did not track the recommendations, while 79 municipalities (31 per cent) did not respond to the evaluation.

Of the 19 municipalities that did not report on the implementation of the internal audit recommendations to the audit committee, six each were in Free State and KwaZulu-Natal, two each in Eastern Cape, Northern Cape and Western Cape and one in North West. The 79 municipalities that did not respond to the evaluation are spread across all provinces, with many of the non-responses emanating from North West (68 per cent), Northern Cape (48 per cent) and Limpopo (44 per cent).

Provincial analysis

Eastern Cape

In Eastern Cape, 37 municipalities (95 per cent) indicated that their internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. Although OR Tambo District Municipality (DM) and Elundini Local Municipality (LM) did not respond to the evaluation, overall there is a trend of strong compliance. This suggests that Eastern Cape municipalities generally prioritise follow-up reporting, which is essential for effective governance and accountability.

Audit committees in the province actively track the implementation of internal audit recommendations, reflecting strong oversight practices. However, gaps remain in municipalities such as Port St Johns LM, Mhlontlo LM, Koukamma LM, OR Tambo DM, Elundini LM and Kouga LM, which did not confirm tracking, while Great Kei LM and Umzimvubu LM explicitly reported that the audit committee does not track the implementation of recommendations. This indicates that, although tracking is widely practised, a few municipalities still lack consistent monitoring, which could undermine accountability and timely implementation of audit recommendations.

Free State

In Free State, most municipalities (65 per cent) indicated that internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. However, five municipalities (Nketoana LM, Lejweleputswa DM, Dihlabeng LM, Kopanong LM and Tokologo LM) indicated that they do not report such information to the audit committee. Matjhabeng LM, Nala LM and Masilonyana LM did not respond to the evaluation. This suggests that while most municipalities actively monitor implementation, a few still lack consistent follow-up processes.

There are challenges relating to audit committee tracking of recommendations, with only 43 per cent of municipalities reporting that tracking takes place. The following municipalities reported that they do not track implementation: Ngwathe LM, Moqhaka LM, Mafube LM, Letsemeng LM, Tokologo LM and Fezile Dabi DM. Nketoana LM, Matjhabeng LM, Nala LM, Lejweleputswa DM, Kopanong LM and Masilonyana LM did not respond to the evaluation. This indicates that audit committee oversight remains a challenge in several municipalities, potentially weakening governance and accountability.

Gauteng

In Gauteng, compliance with internal audit governance requirements is generally strong. All responding municipalities (82 per cent) reported that their internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations, and that the committee tracks the implementation of these recommendations. Although Midvaal LM and Lesedi LM did not respond to the evaluation, Gauteng municipalities generally demonstrate strong oversight and accountability.

KwaZulu-Natal

In KwaZulu-Natal, 41 municipalities (76 per cent) reported that their internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. Only two municipalities do not report such information to the audit committee (Umvoti LM and Abaqulusi

LM). Eleven municipalities did not respond to the evaluation (Amajuba DM, Dannhauser LM, iLembe DM, Jozini LM, Mpofana LM, Msunduzi LM, Nongoma LM, Nquthu LM, uMgungundlovu DM, uMshwathi LM and uPhongolo LM).

Thirty-six municipalities (67 per cent) confirmed active tracking of internal audit recommendations, while six municipalities (Umvoti LM, uMuziwabantu LM, Abaqulusi LM, Umkhanyakude DM, Inkosi Langalibalele LM and Richmond LM) reported that they do not track implementation. uMngeni LM did not respond to the evaluation. This data suggests that oversight and reporting is a challenge in some municipalities.

Limpopo

In Limpopo, only 16 municipalities (59 per cent) indicated that internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. None of the municipalities indicated that they do not report on the recommendations; however, 11 municipalities did not respond to the evaluation (they are Musina LM, Mopani DM, Greater Tzaneen LM, Lepelle-Nkumpi LM, Thabazimbi LM, Makhado LM, Bela Bela LM, Maruleng LM, Ephraim Mogale LM, Elias Motsoaledi LM and Molemole LM).

Fifteen of the 16 municipalities that reported indicated that the audit committee tracks the implementation of recommendations. Blouberg LM did not respond to the evaluation. It is difficult to assess the effectiveness and oversight of internal audit and audit committees as many municipalities did not complete the evaluation. Overall, reporting appears to be a significant challenge in Limpopo.

Mpumalanga

In Mpumalanga, compliance with internal audit governance requirements appears to be strong. All 20 municipalities responded to the evaluation and reported that the internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. Nineteen of the 20 municipalities reported that the audit committee tracks the implementation of these recommendations. The exception was Thaba Chweu LM, which did not respond to the evaluation.

North West

In North West, only eight municipalities (36 per cent) indicated that internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. Two municipalities (Ditsobotla LM and JB Marks LM) indicated that they do not report on the recommendations. Twelve municipalities did not respond to the evaluation (Bojanala Platinum DM, Dr Kenneth Kaunda DM, Dr Ruth Segomotsi Mompati DM, Lekwa-Teemane LM, Madibeng LM, Mahikeng LM, Maquassi Hills LM, Naledi LM, Ngaka Modiri Molema DM, Ramotshere Moiloa LM, Ratlou LM and Tswaing LM).

Six municipalities (27 per cent) confirmed active tracking of internal audit recommendations. Kagisano-Molopi LM does not report on the recommendations to the audit committee. Ditsobotla LM, JB Marks LM and Kgetlengrivier LM did not complete the evaluation. It is difficult to assess the effectiveness and oversight of internal audit and audit committees in the province given that many municipalities did not complete the evaluation. Overall, reporting appears to be a significant challenge in North West.

Northern Cape

In Northern Cape, only 18 municipalities (58 per cent) indicated that internal audit quarterly reports to the audit committee include follow-ups on the implementation of recommendations. Two municipalities (Emthanjeni LM and Frances Baard DM) indicated that they do not report on the recommendations. Eleven municipalities did not respond to the evaluation (Dikgatlong LM, Gamagara LM, Hantam LM, Joe Morolong LM, Kareeberg LM, Magareng LM, Renosterberg LM, Richtersveld LM, Siyancuma LM, Tsantsabane LM and Ubuntu LM).

Fourteen municipalities (45 per cent) confirmed active tracking of internal audit recommendations, while two municipalities (Emthanjeni LM and Frances Baard DM) reported that the audit committee does not track implementation. !Kheis LM, Nama Khoi LM, Phokwane LM and Thembelihle LM did not respond to the evaluation. It is difficult to assess the effectiveness and oversight of internal audit and audit committees given that many municipalities did not complete the evaluation. Overall, reporting appears to be a significant challenge in this province.

Western Cape

In Western Cape, 25 municipalities (83 per cent) reported that their internal audit quarterly reports to the audit committee included follow-ups on the implementation of recommendations. Only Hessequa LM indicated that they do not report such information to the audit committee. Four municipalities did not respond (Cederberg LM, Garden Route DM, Matzikama LM and Overstrand LM).

Twenty municipalities (67 per cent) confirmed active tracking of internal audit recommendations, while two reported that they do not (Knysna LM and Prince Albert LM). Beaufort West LM, Kannaland LM, Laingsburg LM and Saldanha Bay LM did not respond to the evaluation. This suggests that, in some municipalities, oversight and reporting are a challenge in the province.

Conclusion

The analysis highlights significant disparities in the implementation and monitoring of internal audit recommendations across municipalities. While provinces such as Mpumalanga, Gauteng and Eastern Cape demonstrate strong compliance and oversight, others – particularly North West, Northern Cape and Limpopo – show persistent gaps in reporting and tracking of recommendations. These shortcomings undermine governance, accountability and risk management, exposing municipalities to financial and reputational risks. The high percentage of non-responses indicates systemic challenges in evaluation processes and a need for stronger enforcement and support mechanisms.

Recommendations for provincial treasuries

- **Provide targeted support for high-risk provinces** with significant declines in audit functionality and non-reporting (Limpopo, Northern Cape, North West) in the form of focused interventions, including training and resource allocation.
- **Standardise oversight mechanisms:** Provincial treasuries should enforce uniform reporting templates and timelines for internal audit compliance, conduct quarterly provincial reviews to validate municipal submissions and notify MECs for Finance of gaps that need to be addressed.
- **Build capacity:** Implement provincial training programmes for internal auditors and audit committee members to strengthen governance and risk management and encourage knowledge-sharing forums across municipalities within the province.
- **Improve data completeness** by tracking lack of reporting on provincial dashboards. Also consider linking municipal internal audit performance to provincial support and funding allocations.
- **Strengthen provincial oversight:** Provincial audit committees should review municipal audit reports and provide consolidated feedback to the National Treasury. Provincial consequence management frameworks should be introduced for municipalities failing to implement audit recommendations.

Recommendations for municipalities

- **Strengthen internal audit units:** As far as possible, all municipalities must establish and maintain fully functional internal audit units. Address “partial” or “no” functionalities by providing targeted capacity building and technical support.
- **Improve reporting completeness:** Municipalities with outstanding or blank submissions should prioritise timely reporting.
- **Enhance implementation of audit recommendations:** Internal audit must consistently include follow-ups on recommendations in quarterly reports to audit committees, as well as monitoring progress and escalating unresolved issues to senior management.
- **Adopt hybrid audit models where needed:** Municipalities facing capacity constraints should consider co-sourced or shared service arrangements to strengthen audit coverage. Agreements for shared services should be formalised to optimise resources for smaller municipalities.
- **Embed accountability:** Audit committees must actively track implementation of internal audit recommendations and report progress to municipal councils. Consequence management must be introduced for non-compliance or persistent non-reporting.

15. The use of consultants to prepare annual financial statements

The MFMA sets clear expectations for municipalities to maintain internal capacity for financial management and reduce reliance on external consultants. Key provisions include:

Section 62(1)(c): “The accounting officer of a municipality must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.” This underscores the responsibility to build internal capacity for preparing annual financial statements (AFS) rather than outsourcing this function.

Section 78(1): “When a municipality decides to provide a municipal service through an external mechanism, it must first assess the capacity of the municipality to provide the service internally.” While primarily about service delivery, this principle also applies to financial functions – consultants should only be used where internal capacity is demonstrably insufficient.

Section 83(1): “The accounting officer must ensure that the municipality has and maintains the necessary capacity to perform its functions.”

Regulation 5 of the Municipal Cost Containment Regulations stipulates the criteria for the use of consultants. A municipality or municipal entity may only appoint consultants if an assessment confirms it does not have the requisite skills or resources in its full-time employment to perform the function. It also states that when consultants are appointed, the accounting officer should develop a reduction strategy to reduce reliance on consultants.

Figure 39 provides a comparative analysis of municipalities that are using consultants for the preparation of the 2024/25 AFS against whether they have capable officials employed and whether they have a strategy in place to reduce reliance on consultants.

Figure 39: Use of consultants to prepare annual financial statements

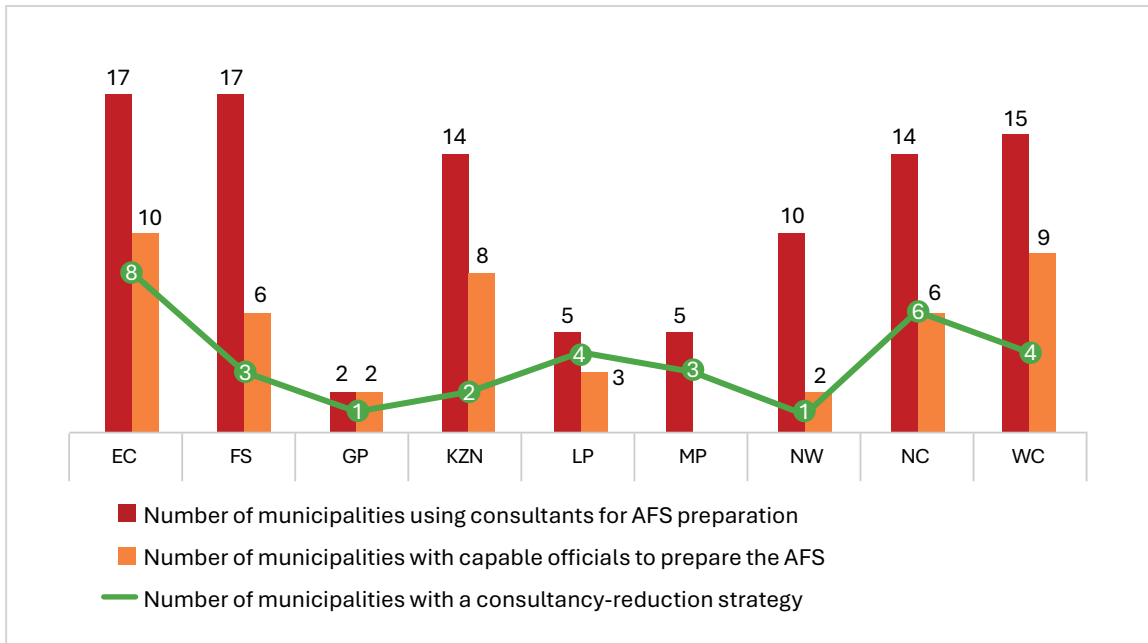


Table 28 shows the provincial breakdown of municipal budgeted expenditure on consultants to prepare AFS.

Table 28: Amount to be spent per province on consultants for AFS preparation

Province	Amount
Eastern Cape	R31.7 million
Free State	R45 million
Gauteng	R5.9 million
KwaZulu-Natal	R20.6 million
Limpopo	R36.5 million
Mpumalanga	R23 million
North West	R92.2 million
Northern Cape	R25.7 million
Western Cape	R5.3 million
Total	R286.3 million

A total of 99 municipalities indicated that they would be using consultants to compile the 2024/25 AFS. About 46 per cent of the municipalities using consultants indicated that they have officials that are capable of preparing the AFS and 32 municipalities (32 per cent) indicated that they have consultancy reduction plans in place.

The national analysis indicates that 39 per cent of municipalities countrywide will be using consultants to prepare AFS, at a cost amounting to R286.3 million. About 74 per cent of municipalities (17 municipalities) in Free State are using consultants to prepare AFS, at a cost of R45 million, followed by 45 per cent of municipalities in both Northern Cape (14 municipalities), at a cost of R25.7 million, and North West (10 municipalities), at a cost of R92.2 million. North West has reported the highest consultancy spend on AFS preparation in the country. Eastern Cape reported that 44 per cent of its municipalities (17 municipalities) use consultants, at a cost of R31.7 million. Although 50 per cent of municipalities (15 municipalities) in Western Cape are using consultants, this cost only amounts to R5.3 million – the lowest spend in the country.

All municipalities in Mpumalanga that are using consultants for AFS preparation indicated that they do not have capable officials to do the work. However, 100 per cent of the municipalities using consultants in Gauteng indicated that they have officials that are capable of preparing the AFS. About 60 per cent of municipalities in Limpopo and Western Cape using consultants have capable officials, followed closely by 59 per cent of municipalities in Eastern Cape and 57 per cent of municipalities in KwaZulu-Natal.

There are still municipalities countrywide that are using consultants without having consultancy-reduction strategies in place. This pattern raises critical concerns about cost-effectiveness, sustainability and compliance with MFMA requirements for skills transfer, underscoring the need for targeted interventions to strengthen internal capacity and reduce long-term dependency on consultants.

Provincial analysis

Eastern Cape

In Eastern Cape, 17 municipalities reported that they will be using consultants to prepare AFS in 2024/25, at a cost of R31.7 million: Dr AB Xuma Local Municipality (LM), Elundini LM, Emalahleni LM, Enoch Mgijima LM, Inxuba Yethemba LM, Joe Gqabi District Municipality (DM), Makana LM, Matatiele LM, Ndlambe LM, Ngqushwa LM, Nyandeni LM, Port St Johns LM, Sakhisizwe LM, Senqu LM, Sundays River Valley LM, Umzimvubu LM and Walter Sisulu LM. Ten municipalities reported having capable officials but still used consultants: Ndlambe LM, Ngqushwa LM, Nyandeni LM, Walter Sisulu LM, Joe Gqabi DM, Elundini LM, Emalahleni LM, Umzimvubu LM, Port St Johns LM and Matatiele LM.

Only eight municipalities (Ngqushwa LM, Walter Sisulu LM, Joe Gqabi DM, Sakhisizwe LM, Senqu LM, Dr AB Xuma LM, Emalahleni LM and Enoch Mgijima LM) have approved reduction strategies in place.

Enoch Mgijima LM, Makana LM, Dr AB Xuma LM and Inxuba Yethemba LM collectively reported that they will spend R13 million on consultants, while Senqu LM and Umzimvubu LM recorded the lowest spend on consultants at R100 000 each.

Free State

Seventeen municipalities in Free State reported that they will be using consultants for AFS preparation in 2024/25, at a cost of R45 million: Nketoana LM, Ngwathe LM, Moqhaka LM, Phumelela LM, Mohokare LM, Setsoto LM, Masilonyana LM, Tokologo LM, Dihlabeng LM, Metsimaholo LM,

Tswelopele LM, Xhariep DM, Kopanong LM, Mangaung MM, Mantsopa LM, Mafube LM and Letsemeng LM.

Six municipalities reported having capable officials but still used consultants: Moqhaka LM, Nketoana LM, Tswelopele LM, Mantsopa LM, Mangaung MM and Letsemeng LM. None of these municipalities have consultancy-reduction strategies in place. Furthermore, Nketoana LM and Mangaung MM alone will spend R6.8 million and R5.5 million respectively on consultants for AFS preparation, despite reporting that they have internal capacity.

Gauteng

Gauteng reported that only two municipalities (Rand West City LM and Emfuleni LM) will be using consultants for AFS preparation in 2024/25, amounting to R5.92 million. Both municipalities have capable officials but prefer external expertise. Emfuleni LM did not report that they have a consultancy-reduction strategy in place.

KwaZulu-Natal

Fourteen municipalities in KwaZulu-Natal reported that they will be using consultants for AFS preparation in 2024/25, at a total cost of R20.6 million: Umdoni LM, Umkhanyakude DM, Inkosi Mtubatuba LM, Mthonjaneni LM, uMsinga LM, AbaQulusi LM, Umuziwabantu LM, Inkosi Langalibalele LM, Greater Kokstad LM, uMfolozi LM, Endumeni LM, eDumbe LM, Nquthu LM and Big 5 Hlabisa LM.

Eight municipalities reported having capable officials but still used consultants: uMsinga LM, Umkhanyakude DM, AbaQulusi LM, Umdoni LM, uMfolozi LM, Endumeni LM, Inkosi Langalibalele LM and Greater Kokstad LM. Only AbaQulusi LM and Mthonjaneni LM indicated that they have consultancy-reduction strategies in place. Big 5 Hlabisa LM and Umkhanyakude DM reported that they would be spending R6 million and R3.9 million respectively on consultants for AFS preparation.

Limpopo

In Limpopo, five municipalities reported that they would be using consultants for AFS preparation in 2024/25, at a cost of R36.5 million: Polokwane LM, Greater Giyani LM, Ba-Phalaborwa LM, Blouberg LM and Makhado LM. The largest contributor to this spend was Polokwane LM, at R30.5 million. It is unclear if this was correctly reported by the municipality. Only Ba-Phalaborwa LM and Blouberg LM indicated that they do not have capable officials for AFS preparation.

The only municipalities that reported having consultancy-reduction strategies in place are Greater Giyani LM, Blouberg LM, Polokwane LM and Makhado LM.

Mpumalanga

Mpumalanga reported that five municipalities would be using consultants for AFS preparation in 2024/25, at a cost of R23 million: Dr Pixley Ka Isaka Seme LM, Dipaleseng LM, Dr JS Moroka LM, Emakhazeni LM and Lekwa LM. The biggest contributors to this amount were Dr JS Moroka LM and Lekwa LM, reporting R12.5 million and R5.3 million respectively.

Emakhazeni LM, Dr JS Moroka LM and Dr Pixley Ka Isaka Seme LM reported that they have consultancy-reduction strategies in place. None of the municipalities reported having capable officials while still using consultants, suggesting genuine capacity gaps.

North West

North West reported that 10 municipalities would be using consultants for AFS preparation in 2024/25, amounting to 92.2 million – the highest in the country: Moses Kotane LM, Greater Taung LM, Kagisano-Molopo LM, Ditsobotla LM, Dr Ruth Segomotsi Mompoti DM, City of Matlosana, Lekwa-Teemane LM, Madibeng LM, Mamusa LM and Kgetlengrivier LM. The biggest contributors to this amount were Madibeng LM, with R27.5 million, Dr Ruth Segomotsi Mompoti DM, with R15 million, and City of Matlosana, with R13 million.

Two municipalities reported having capable officials but still used consultants: Kagisano-Molopo LM and Madibeng LM. Only Moses Kotane LM reported having a consultancy-reduction strategy in place.

Northern Cape

Northern Cape reported that 14 municipalities would be using consultants for AFS preparation in 2024/25, at a total cost of R25.7 million: Nama Khoi LM, Pixley ka Seme DM, Phokwane LM, Umsobomvu LM, Karoo Hoogland LM, Kai !Garib LM, Kamiesberg LM, Joe Morolong LM, Hantam LM, Siyathemba LM, Thembelihle LM, Emthanjeni LM, Ga-Segonyana LM and Khai-Ma LM. The biggest contributors to this amount were Ga-Segonyana LM, Kai !Garib LM and Phokwane LM, collectively reporting R15.9 million.

Six municipalities reported having capable officials but still used consultants: Joe Morolong LM, Hantam LM, Kai !Garib LM, Siyathemba LM, Thembelihle LM and Umsobomvu LM. Of these, only Joe Morolong LM, Hantam LM and Umsobomvu LM indicated that they have consultancy-reduction strategies in place.

Western Cape

Western Cape reported that 15 municipalities would be using consultants for AFS preparation in 2024/25: Oudtshoorn LM, Overberg DM, George LM, Hessequa LM, Kannaland LM, Swellendam LM, Theewaterskloof LM, Beaufort West LM, Prince Albert LM, Bergrivier LM, Cape Agulhas LM, Garden Route DM, Knysna LM, Laingsburg LM and Langeberg LM. However, the total spend only amounts to R5.3 million, which is the lowest in the country.

Nine municipalities reported having capable officials but still used consultants: Hessequa LM, Oudtshoorn LM, Bergrivier LM, Beaufort West LM, Cape Agulhas LM, Garden Route DM, Knysna LM, Langeberg LM and George LM. Four municipalities reported that they have consultancy-reduction strategies in place: Overberg DM, Theewaterskloof LM, Bergrivier LM and Beaufort West LM.

Conclusion

Municipalities' continued reliance on consultants to prepare AFS reflects systemic weaknesses in internal capacity and governance. Despite clear legislative requirements under the MFMA and Cost Containment Regulations, many municipalities engage consultants even when they have capable officials, resulting in significant financial outlays – R286.3 million nationally for 2024/25. This trend raises concerns about sustainability, cost-effectiveness, and compliance with skills-transfer obligations.

To address these challenges, municipalities must prioritise building internal capacity through structured training, recruitment of qualified finance professionals and embedding enforceable provisions in all consultant contracts to ensure skills transfer. Provincial treasuries should strengthen oversight by enforcing compliance, standardising service-level agreements and implementing consequence management for non-compliance. Targeted interventions in high-spending provinces, coupled with peer-learning initiatives, are critical for reducing dependency on consultants and ensuring long-term financial resilience.

Ultimately, reducing reliance on consultants is not merely a cost-saving measure; it is essential for improving accountability, enhancing municipal financial management and achieving sustainable governance outcomes.

Recommendations for provincial treasuries

- **Enforce compliance with MFMA and Cost Containment Regulations:**
 - Monitor municipal spending on consultants and enforce compliance with cost-containment policies.
 - Issue directives requiring municipalities to justify consultant appointments through documented capacity assessments.
- **Standardised service-level agreements and reporting**
 - Develop provincial templates for consultant contracts that include mandatory skills transfer clauses.
 - Require quarterly reporting on internal capacity building and reduced reliance on consultants.
- **Targeted support for high-spending provinces**
 - Implement focused interventions in provinces such as North West, Free State, Limpopo and Eastern Cape to address weak internal capacity and excessive spending on consultants.
 - Deploy provincial task teams to assist municipalities in implementing consultant-reduction strategies.
- **Capacity-building programmes**
 - Establish provincial training hubs for municipal finance officials, focusing on AFS preparation, standards of generally recognised accounting practice (GRAP) compliance and audit readiness.
 - Facilitate peer-learning platforms where municipalities with strong internal capacity (such as Gauteng and Western Cape) mentor weaker municipalities.

- **Performance monitoring and consequence management**
 - Link municipal performance on consultant reduction and skills transfer to provincial oversight reports and funding allocations.
 - Apply sanctions for persistent non-compliance, including withholding discretionary grants or escalating issues to MECs for Finance.

Recommendations for municipalities

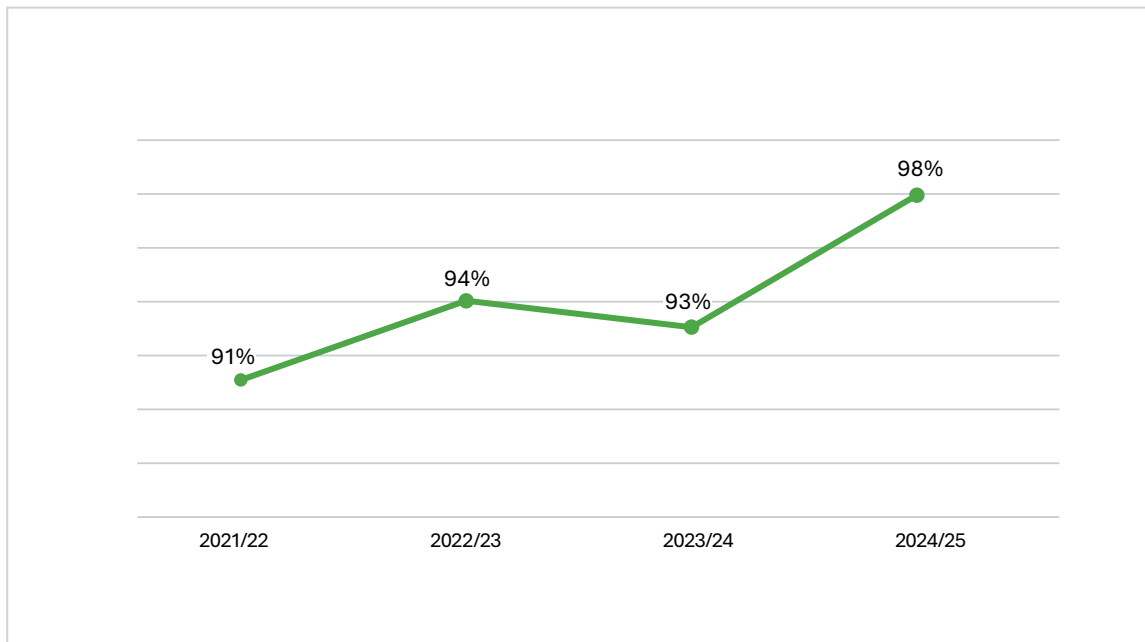
- **Adopt formal plans to reduce reliance on consultants** for AFS preparation, aligned with MFMA and Cost Containment Regulations.
- **Develop and implement consultancy-reduction strategies.** Strategies should include timelines, measurable targets and monitoring mechanisms.
- **Embed skills transfer in service-level agreements**
 - Ensure all consultant contracts include clear, enforceable skills-transfer provisions, with deliverables such as training sessions, documentation handover and on-the-job coaching.
 - Monitor compliance through quarterly progress reports.
- **Strengthen internal capacity**
 - Prioritise recruitment and retention of qualified finance professionals.
 - Implement structured training programmes for municipal officials on GRAP, financial reporting and audit readiness.
- **Improve oversight and accountability**
 - Ensure proper contract management and performance monitoring of consultants by accounting officers.
 - Introduce consequence management for officials who fail to implement reduction strategies or enforce skills-transfer clauses.
- **Cost control and value for money**
 - Benchmark consultant fees and negotiate cost-effective contracts.
 - Avoid long-term engagements without clear exit strategies and capacity-building outcomes.

16. Submission of 2024/25 annual financial statements

Section 126(1)(a) of the MFMA requires the accounting officer of a municipality to prepare the annual financial statements (AFS) within two months of the end of the financial year and to submit them to the Auditor-General of South Africa (AGSA) for auditing.

Figure 40 depicts a four-year trend for municipal AFS submissions to the AGSA by the legislated deadline (31 August).

Figure 40: Four-year trend for AFS submissions by legislated deadline



Compliance has improved, with a reported submission rate of 98 per cent in 2024/25, up from 91 per cent in 2021/22. This improvement is attributed to positive responses by accounting officers to material irregularities issued by the AGSA, as well as the Minister of Finance writing to seven municipalities that repeatedly did not submit their statements by the legislated deadline. These seven included five municipalities in Free State (Masilonyana LM, Kopanong LM, Mafube LM, Mohokare LM and Maluti-A-Phofung LM), one in Limpopo (Makhado LM) and one in Northern Cape (Ubuntu LM). In his correspondence, the minister indicated his intention to withhold funding from the municipalities if they did not submit the 2024/25 AFS by the legislated deadline. All municipalities that the minister wrote to submitted their statements timeously, except for Maluti-A-Phofung LM. The Minister of Finance is now considering punitive actions against this municipality.

Five municipalities did not submit their 2024/25 AFS for audit by the legislated deadline of 31 August 2025 (Maluti-A-Phofung LM and Nala LM in Free State, !Kheis LM and Phokwane LM in Northern Cape and Naledi LM in North West). The delayed submissions were attributed to technical issues with financial systems, capacity constraints and late appointment of consultants.

Maluti-A-Phofung LM indicated 30 September 2025 as its anticipated submission date. The submission dates of the other municipalities were still to be confirmed.

The accounting officers of those municipalities that did not submit the 2024/25 AFS timeously are guilty of financial misconduct in terms of the MFMA and must be investigated in terms of Chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Support provided to municipalities by the National Treasury

The National Treasury has developed a Strategy to Address Municipal Performance Failures, which contains a plan of action to address concerns raised by the AGSA and government. Steps taken include:

- The web-enabled audit action plan system was developed and rolled out in 2022.
- The web-based Financial Management Capability Maturity Model (FMCMM) was developed and rolled out in 2022.
- The web-enabled Muni eMonitor and MFMA calendar system was developed and rolled out in 2023. These tools aim to help municipalities and municipal entities comply with the MFMA and its supporting regulations, and to monitor and report on this compliance.
- All revenue-related work and initiatives are carried out under the auspices of the Municipal Revenue Management Improvement Programme.
- An Unauthorised, Irregular, Fruitless and Wasteful Expenditure Reduction Strategy (UIFWE Reduction Strategy) was issued.
- Various MFMA circulars were issued providing clear guidance and standards for financial management and reporting aimed at reducing instances of UIFWE, including focusing on consequence management.
- Training programmes were held to enhance the capacity of financial officers, municipal public accounts committees (MPACs), disciplinary boards and other relevant municipal officials through targeted training sessions.
- Direct support and oversight was provided by implementing support programmes in municipalities identified with high levels of UIFWE.
- Support was provided to the South African Local Government Association to capacitate councillors. There are also plans to establish a National MPAC Chairs Forum.
- The Consequence Management and Accountability (CMA) Framework was issued, which outlines several key processes and procedures for consequence management by municipalities and municipal entities.
- The process to amend the MFMA to enhance financial management and governance is at an advanced stage.
- The President assented to the Public Procurement Act (2024) on 18 July 2024.
- During the current phase of the Municipal Finance Improvement Programme (MFIP), specialist advisors were assigned to municipalities, the National Treasury and provincial treasuries.
- Training was provided to municipalities and municipal entities on standards of generally recognised accounting practice (GRAP), and their interpretation and application, as well as advice on readiness in preparing AFS.

- An MFMA Coordinators meeting is hosted twice a year (in September and March) with various stakeholders.
- Chief Financial Officer (CFO) Forums are held bi-annually for non-delegated municipalities.
- Ongoing support is provided through the local government financial management grant, which is designed to help municipalities augment their own resources to promote and support reforms in financial management and build capacity to implement the MFMA.

The National Treasury is also developing a Capability Development Programme alongside a cohesive strategy aimed at bolstering local government. This strategy is designed to enhance financial management and service delivery and will be undertaken in collaboration with the Department of Cooperative Governance and Traditional Affairs, the South African Local Government Association and various other institutions.

Most recently, in response to the AGSA's call for government departments to collaborate in supporting municipalities, an interministerial committee was established in conjunction with Department of Cooperative Governance and Traditional Affairs. The committee will be responsible for monitoring various activities and review processes towards improving audit outcomes for municipalities with weak internal controls, qualified, adverse and disclaimer audit findings. The National Treasury is participating in this initiative to ensure a holistic response to municipal failures.

Support provided to municipalities by provincial treasuries

Below is a summary of support provided by provincial treasuries to municipalities on preparing their 2024/25 AFS.

Eastern Cape Provincial Treasury

- Conducted AFS and audit-readiness engagements.
- Reviewed draft statements before submission to the AGSA.
- Conducted GRAP compliance training.
- Reviewed municipal AFS plans.
- Held monthly AFS sessions on common audit findings.
- Reviewed the audit file for select municipalities.
- Participated in audit committee and audit steering committee meetings.
- Delivered a virtual workshop on GRAP standards, AFS preparation and AFS tools.
- Conducted an in-person workshop for all chief audit executives and internal audit officers on the use of AFS review tools in all six districts.
- Held MFMA audit technical committee meetings with the AGSA to discuss issues of dispute or interpretation.
- Developed an audit-tracking register, which was updated weekly during the audit.
- Conducted quarterly engagements at Sarah Baartman DM to review the AFS compilation plans and monitor submissions.
- Reviewed the asset register at Elundini LM and the interim AFS at Nyandeni LM.
- Provided hands-on support at Koukamma LM on the salary control account, interest billing, bad debt calculations and other work in progress.

Free State Provincial Treasury

- Performed high-level review of draft AFS of municipalities and sent feedback.
- Continuously monitored the implementation of the AFS preparation plan.
- At Masilonyana, AFS implementation plans were monitored to ensure that the municipality met the legislated submission dateline and that there was reasonable segregation of duties in the compilation and review of financial information.

Gauteng Provincial Treasury

- Assessed Rand West City LM's readiness for AFS preparation and developed timelines with milestones and deadlines. The provincial treasury also provided support to ensure GRAP compliance.
- Held a weekly updated session at Emfuleni LM for outstanding reports.

KwaZulu-Natal Provincial Treasury

- Due to capacity constraints, the provincial treasury provides support to a limited number of municipalities after conducting an analysis at the start of the financial year.
- Provided AFS review support.
- Reviewed draft AFS.
- Provided Jozini LM with financial management support, which included a review of the fixed assets register.
- Coordinated support provided by the National Treasury on MFIP, focusing on assets management.

Limpopo Provincial Treasury

- Reviewed the audit file (where available) to ensure completeness of the supporting schedules.
- Held a special CFO forum at Lephalale LM to assess AFS readiness and provide further technical guidance on the accounting treatment for a borehole water inventory.
- Visited municipalities to review the progress made in AFS compilation in line with the AFS plan.
- Visited municipalities during AFS preparation to provide onsite support.
- Reviewed the draft AFS prior to submission to the AGSA.

Mpumalanga Provincial Treasury

- Monitored implementation of the AFS project plan.
- Reviewed the AFS before submission to the AGSA.
- Issued a circular on year-end preparation.

North West Provincial Treasury

- Provided training at Mamusa LM on the review of financial statements.
- Monitored the implementation of the AFS plan to ensure adherence to timelines.
- Reviewed the interim financial statements.
- Reviewed and monitored the AFS plan.
- Reviewed the draft AFS and provided feedback.

Northern Cape Provincial Treasury

- Reviewed the AFS process plan.
- Reviewed the 2024/25 draft AFS.
- Analysed the reconciliation of the submitted pre-audited data strings with the AFS.
- Attended AFS preparation progress meetings, where invited.
- Attended weekly sessions at Kai !Garib LM on the preparation of the AFS.
- Conducted an AFS preparation and audit-readiness assessment.
- Attended audit steering committee meetings to give input and advice when the need arose.
- Attended audit and risk committee meetings when invited.
- Reviewed and made recommendations on the interim financial statements for correction during the submission of the AFS.
- Reviewed the audit action plan and provided recommendations.
- Provided the AFS checklist, and analysed and reviewed the interim financial statements and the draft AFS 2024/25 for Ga-Segonyana LM. Attended audit committee meetings to track progress and ensure that the municipality was able to submit the AFS on 31 August 2025.
- Helped address prior period errors at Kamiesberg LM.

Western Cape Provincial Treasury

- Reviewed the unaudited AFS when submitted by municipalities.
- Held an annual GRAP update workshop.
- Provided technical assistance/advice when requested by municipalities.
- Conducted GRAP checklist reviews.
- Held an AFS consistency workshop.
- Provided support to improve audit readiness.
- Performed high-level reviews of draft AFS prior to submission to the AGSA.

Conclusion

The 2024/25 MFMA compliance cycle reflects notable progress in municipal financial governance, with 98 per cent of municipalities submitting their AFS by the legislated deadline. This improvement underscores the effectiveness of intensified oversight and targeted support from the National Treasury and provincial treasuries.

Despite these gains, challenges persist, particularly in municipalities facing ICT constraints, capacity shortages and delayed consultant appointments. The five municipalities that failed to meet the legislated deadline for AFS submission to the AGSA must be held accountable under Chapter 15 of the MFMA to reinforce the importance of consequence management.

The National Treasury's multifaceted support, including training, technical assistance and intergovernmental collaboration, has strengthened financial reporting. Provincial treasuries have complemented these efforts through hands-on engagements, readiness assessments and audit preparation support tailored to local needs.

To sustain and build on this momentum, it is essential to:

- Enhance real-time monitoring of AFS submissions
- Expand technical support to struggling municipalities
- Institutionalise pre-audit reviews and dry runs
- Strengthen internal controls and reduce reliance on consultants
- Enforce accountability for non-compliance.

The coordinated efforts of all stakeholders – municipalities, treasuries, the South African Local Government Association, the Department of Cooperative Governance and Traditional Affairs, and the AGSA – are vital for achieving credible financial reporting and improved audit outcomes. Continued commitment to capacity building, governance reform and proactive oversight will ensure municipalities meet their financial obligations and contribute to sound public financial management.

Recommendations for provincial treasuries

- **Enhance monitoring of municipality progress towards meeting AFS submission deadlines:** Implement real-time tracking and early warning systems to identify municipalities at risk of missing submission deadlines.
- **Increase technical assistance for struggling municipalities:** Assign dedicated financial specialists to municipalities with poor audit outcomes or repeated non-compliance to improve reporting quality.
- **Strengthen audit preparation oversight:** Conduct pre-audit reviews of AFS to identify errors and non-compliance before submission to the AGSA.
- **Improve training for municipal financial officers:** Offer regular GRAP, MFMA and financial reporting workshops to upskill municipal officials and reduce the risk of audit findings.
- **Develop provincial AFS readiness support teams:** Deploy provincial treasury officials to assist municipalities in drafting quality AFS, ensuring adherence to audit recommendations and financial reporting standards.
- **Mandate AFS dry runs:** Require municipalities to submit draft financial statements for review before the final deadline to ensure errors are proactively addressed.
- **Enhance coordination with the AGSA and National Treasury:** Strengthen intergovernmental collaboration to provide structured financial management interventions in municipalities with chronic financial challenges.
- **Enforce financial recovery plans for high-risk municipalities:** Introduce mandatory financial recovery interventions for municipalities that consistently fail to submit AFS on time or receive adverse audit findings.
- **Encourage municipalities to complete Muni eMonitor evaluations on time:** Ensure that municipalities submit their evaluations by the due dates to allow for effective monitoring and intervention where needed.
- **Request bi-weekly progress updates on AFS submissions:** Require municipalities to report their progress on outstanding AFS submissions every two weeks to track improvements and identify ongoing challenges.
- **Provide direct assistance to municipalities facing submission challenges:** Identify and address issues causing delays in AFS submission, offering technical and administrative support where required.

- **Follow up on outstanding AFS submissions:** Engage with municipalities that have not yet submitted their AFS to the AGSA and provide necessary support to ensure compliance.
- **Support municipalities in developing action plans for AFS preparation:** Assist municipalities in creating structured AFS preparation plans and strengthening internal controls to ensure timely and accurate submissions in the future.

Recommendations for municipalities

- **Complete all overdue Muni eMonitor evaluations:** Ensure that all outstanding evaluations are submitted on the system for accurate compliance tracking and provincial oversight.
- **Report weekly to the provincial treasury on AFS submission progress:** Maintain regular communication with the provincial treasury, providing updates on the AFS and challenges faced.
- **Implement strong internal controls and review mechanisms:** Establish financial management controls and oversight procedures to ensure that AFS are credible, accurate and completed within the required timelines.
- **Ensure that internal auditors and audit committees review AFS:** Strengthen financial governance by having both interim and draft AFS reviewed by internal auditors and audit committees before final submission.
- **Establish an AFS compliance calendar:** Develop and implement an AFS process plan with clearly defined timelines, monitored by the CFO to ensure adherence.
- **Strengthen internal controls and financial reporting systems:** Conduct monthly reconciliations and internal reviews to improve the accuracy of financial statements before submission.
- **Ensure continuous skills development of finance staff:** Enrol finance personnel in MFMA and GRAP training programmes to enhance technical competencies and reduce reliance on consultants.
- **Conduct quarterly reviews of interim financial statements:** Submit draft financial statements for review every quarter to identify and correct errors ahead of the AGSA submission deadline.
- **Improve coordination with the provincial treasury and AGSA:** Engage the provincial treasury early in the AFS preparation process to ensure guidance and oversight in resolving financial reporting challenges.
- **Develop and enforce internal audit action plans:** Establish an audit findings response team to address previous material irregularities and prevent repeat audit findings.
- **Reduce reliance on consultants for AFS preparation:** Implement a structured skills-transfer programme where internal staff are trained to take over financial reporting responsibilities.
- **Conduct independent pre-audit reviews of AFS:** Appoint an internal audit committee or external reviewer to assess the quality of financial statements before submission.
- **Enhance oversight by MPACs:** Strengthen MPAC review of financial statements, ensuring that oversight committees actively monitor financial performance.
- **Enforce strict accountability for non-compliance:** Implement disciplinary measures for officials responsible for AFS delays or errors, ensuring consequence management for financial mismanagement.

17. Conclusion

This assessment of municipalities' compliance with the MFMA in 2024/25 reveals a governance environment that remains fragile and uneven, despite incremental progress in areas such as cost containment and submission rates of annual financial statements. Persistent systemic weaknesses – including unstable leadership, inadequate internal controls and weak consequence management – continue to undermine financial integrity and service delivery. Increasing balances for unauthorised, irregular, fruitless and wasteful expenditure, excessive reliance on consultants and widespread non-compliance with supply chain management policies indicate structural deficiencies in municipalities that erode accountability and fiscal discipline. While some provinces demonstrate notable improvements, regressions in others, coupled with a rising rate of non-response, signal growing risks to sustainability. The findings in this report confirm that compliance is often procedural rather than embedded in institutional culture, with limited follow-through on audit action plans and preventative measures.

Urgent, coordinated interventions are required to strengthen governance frameworks, enforce accountability and institutionalise MFMA principles across all municipalities. Without decisive action, these vulnerabilities will perpetuate audit regressions, compromise public trust and hinder municipalities' ability to fulfil their constitutional mandate for equitable and sustainable service delivery.

Annexure: List of municipalities



Eastern Cape municipalities	
Buffalo City Metropolitan	Sakhisizwe
Nelson Mandela Bay Metropolitan	Joe Gqabi District
Alfred Nzo District	Elundini
Matatiele	Senqu
Ntabankulu	Walter Sisulu
Umzimvubu	OR Tambo District
Winnie Madikizela-Mandela	Ingquza Hill
Amathole District	King Sabata Dalindyebo
Amahlathi	Mhlontlo
Great Kei	Nyandeni
Mbhashe	Port St Johns
Mnquma	Sarah Baartman District
Ngqushwa	Blue Crane Route
Raymond Mhlaba	Dr Beyers Naudé
Chris Hani District	Kouga
Dr AB Xuma	Koukamma
Emalahleni	Makana
Enoch Mgijima	Ndlambe
Intsika Yethu	Sundays River Valley
Inxuba Yethemba	
Total: 39	

Free State municipalities	
Mangaung Metropolitan	Thabo Mofutsanyana District
Fezile Dabi District	Dihlabeng
Mafube	Maluti-A-Phofung
Metsimaholo	Mantsopa
Moqhaka	Nketoana
Ngwathe	Phumelela
Lejweleputswa District	Setsoto
Masilonyana	Xhariep District
Matjhabeng	Kopanong
Nala	Letsemeng
Tokologo	Mohokare
Tswelopele	
Total: 23	

Gauteng municipalities	
City of Ekurhuleni Metropolitan	Midvaal
City of Johannesburg Metropolitan	West Rand District
City of Tshwane Metropolitan	Merafong City
Sedibeng District	Mogale City
Emfuleni	Rand West City
Lesedi	
Total: 11	

KwaZulu-Natal municipalities	
eThekweni Metropolitan	uMgungundlovu District
Amajuba District	Impendle
Dannhauser	Mkhambathini
eMadlangeni	Mpofana
Newcastle	Msunduzi
Harry Gwala District	Richmond
Dr Nkosazana Dlamini Zuma	uMngeni
Greater Kokstad	uMshwathi
Johannes Phumani Phungula	uMkhanyakude District
Umzimkhulu	Big 5 Hlabisa
iLembe District	Inkosi Mtubatuba
KwaDukuza	Jozini
Mandeni	uMhlabuyalingana
Maphumulo	uMzinyathi District
Ndwedwe	Endumeni
King Cetshwayo District	Nquthu
City of uMhlathuze	uMsinga
Mthonjaneni	Umvoti
Nkandla	uThukela District
uMfolozi	Alfred Duma
uMlalazi	Inkosi Langalibalele
Ugu District	Okhahlamba
Ray Nkonyeni	Zululand District
Umdoni	AbaQulusi
Umuziwabantu	eDumbe
Umzumbe	Nongoma
	Ulundi
	uPhongolo
Total: 54	

Limpopo municipalities	
Capricorn District	Fetakgomo Tubatse
Blouberg	Makhuduthamaga
Lepelle-Nkumpi	Vhembe District
Molemole	Collins Chabane
Polokwane	Makhado
Mopani District	Musina
Ba-Phalaborwa	Thulamela
Greater Giyani	Waterberg District
Greater Letaba	Bela-Bela
Greater Tzaneen	Lephalale
Maruleng	Modimolle-Mookgophong
Sekhukhune District	Mogalakwena
Elias Motsoaledi	Thabazimbi
Ephraim Mogale	
Total: 27	

Mpumalanga municipalities	
Ehlanzeni District	Lekwa
Bushbuckridge	Mkhondo
City of Mbombela	Msukaligwa
Nkomazi	Nkangala District
Thaba Chweu	Dr JS Moroka
Gert Sibande District	Emakhazeni
Chief Albert Luthuli	Emalaheni
Dipaleseng	Steve Tshwete
Dr Pixley Ka Isaka Seme	Thembisile Hani
Govan Mbeki	Victor Khanye
Total: 20	

North West municipalities	
Bojanala Platinum District	Dr Ruth Segomotsi Mompati District
Kgetlengrivier	Greater Taung
Madibeng	Kagisano-Molopo
Moretele	Lekwa-Teemane
Moses Kotane	Mamusa
Rustenburg	Naledi
Dr Kenneth Kaunda District	Ngaka Modiri Molema District
City of Matlosana	Ditsobotla
JB Marks	Mahikeng
Maquassi Hills	Ramotshere Moiloa
	Ratlou
	Tswaing
Total: 22	

Northern Cape municipalities	
Frances Baard District	Pixley ka Seme District
Dikgatlong	Emthanjeni
Magareng	Kareeberg
Phokwane	Renosterberg
Sol Plaatje	Siyancuma
John Taolo Gaetsewe District	Siyathemba
Gamagara	Thembelihle
Ga-Segonyana	Ubuntu
Joe Morolong	Umsobomvu
Namakwa District	ZF Mgcawu District
Hantam	!Kheis
Kamiesberg	Dawid Kruiper
Karoo Hoogland	Kai !Garib
Khai-Ma	Kgatelopele
Nama Khoi	Tsantsabane
Richtersveld	
Total: 31	

Western Cape municipalities	
City of Cape Town Metropolitan	Kannaland
Cape Winelands District	Knysna
Breede Valley	Mossel Bay
Drakenstein	Oudtshoorn
Langeberg	Overberg District
Stellenbosch	Cape Agulhas
Witzenberg	Overstrand
Central Karoo District	Swellendam
Beaufort West	Theewaterskloof
Laingsburg	West Coast District
Prince Albert	Bergrivier
Garden Route District	Cederberg
Bitou	Matzikama
George	Saldanha Bay
Hessequa	Swartland
Total: 30	

National Treasury

Compliance Report

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