



A U D I T O R - G E N E R A L
S O U T H A F R I C A

GENERAL REPORT

OF THE

AUDITOR-GENERAL

ON THE

AUDIT OUTCOMES OF LOCAL GOVERNMENT

FOR THE FINANCIAL YEAR 2007-08

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FOREWORD

It gives me great pleasure to present the Consolidated General Report to the national Parliament, provincial legislatures and municipal councils. This report summarises the results of the audit outcomes of local government for the financial year ended 30 June 2008.

The purpose of this general report is to provide an overview of the audit outcomes of local government as well as to help guide those charged with governance and oversight, including the executive, councils and legislatures, to work towards achieving financially unqualified audit opinions. An overview of these audit outcomes had been presented during roadshows in all provinces during March and April 2009 to facilitate dialogue on the understanding of the key underlying issues driving these audit outcomes and possible solutions in this regard.

The main body of this report provides an overview of the results of audits of financial statements; highlights the results of audits of performance information; and emphasises those issues driving audit conclusions, specifically qualified audit results. In addition, supplementary annexures are provided to further enhance detailed understanding of the state of financial affairs and the reliability of reporting by local government. An indication of investigations conducted is also provided for future action by those charged with governance when these reports are tabled.

Recommendations are made as to how municipalities can improve their governance and financial control systems. This is done in an effort to continue to enhance the utility of the general report for a broad range of stakeholders and to enable them to gain insights into the manner in which South Africa's public financial resources are accounted for at local government level.

The Premiers, together with the Members of the Executive Councils (MECs) responsible for local government and finance, have committed to coordinate, monitor and drive action plans developed to address audit outcomes and financial management issues in their respective provinces. In this regard, the senior management team of the AGSA will throughout the year, inter alia through their increased visibility, monitor the impact of province-specific commitments and initiatives.

This report outlines roles and contributions of other coordinating bodies such as the South African Local Government Association (SALGA), the Department of Provincial and Local Government (DPLG), the National Treasury (NT) and the Accounting Standards Board (ASB) in influencing the audit outcomes. Their proactive involvement in local government could go a long way towards improving audit outcomes.

The attainment of financially unqualified audit reports by all government entities during my term as Auditor-General remains a vision I fully pursue in an effort to strengthen South Africa's democracy and to build public confidence in the manner in which government utilises resources. I also remain of the view that it is possible to obtain an unqualified audit report if the basics in internal control systems are in place and constantly monitored by all the levels of municipal leadership. Furthermore, capacity building in the field of financial management, internal audit, audit committees and council oversight needs constant assessment and evaluation to achieve this goal.



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While there has clearly been advancement in the audit outcomes compared to the prior year and positive trends are indeed emerging, much remains to be done to improve the audit outcomes of local government. I remain confident that local government can steadily progress towards achieving financially unqualified audit opinions, provided that the commitments made by the Executive during the roadshows are followed through and there is a sustained focus on improving audit outcomes by all levels of leadership. To this end, I will monitor the impact of the initiatives emanating from commitments made and report accordingly in my next general report.

In conclusion, I wish to thank the AGSA team for their diligent efforts towards the fulfilment of our constitutional mandate. I would like to express my appreciation to the Premiers, other members of the Executive and officials from both provincial departments and municipalities for their cooperation and input during the roadshows to reflect on the audit outcomes of local government in the various provinces. Together we will continue to make every effort to collaborate in order to contribute towards strengthening our country's democracy.

Auditor-General

Auditor-General

Pretoria
May 2009





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EXECUTIVE SUMMARY

COMMITMENTS GIVEN BY THE EXECUTIVE

As in the past, the Auditor-General (AG) presented the audit outcomes to the Executive during roadshows in the various provinces. The MECs for Local Government and Finance, in particular, have embarked on initiatives to respond to the audit matters raised in the 2006-07 financial period. The nature and extent of these initiatives differed from one province to the next, as did their impact on the audit outcomes for the subsequent year ended 30 June 2008 (2007-08 period). The full impact of initiatives in some provinces was not realised for the 2007-08 financial year as they had either not been fully implemented or were approved too late to have a significant influence on the audit outcomes.

Past initiatives as well as commitments made by the Executive during March and April 2009 are expected to impact positively on the financial management of municipalities and resulting audit outcomes, if enhanced, sustained and supported. The AGSA will monitor these initiatives and report on the impact thereof on future audit outcomes.

OVERVIEW OF INITIATIVES OF OTHER ROLE PLAYERS CONTRIBUTING TO LOCAL GOVERNMENT AUDIT OUTCOMES

There are a number of other role players that seek to contribute to the efforts to improve annual audit outcomes of local government. These role players include the DPLG, SALGA, ASB, the National Treasury as well as provincial treasuries. Their initiatives are summarised below and detailed in section 2 of this report.

DPLG

Project Consolidate

Project Consolidate was initiated by the DPLG with the intention of deploying accountants and engineers to municipalities to alleviate the shortage of skills in these areas. In total 115 (48%) municipalities participated in Project Consolidate. In December 2007 the Development Bank of South Africa (DBSA) signed a memorandum of agreement with the South African Institute of Chartered Accountants (SAICA) and DPLG to establish a new project called Siyenza Manje. Of the 115 participating municipalities, the audit opinions in respect of 44 (38%) had improved, 60 (52%) remained unchanged and 11 (10%) deteriorated for 2007-08.

Coordinated response to systemic financial management and accounting-related issues

In addition to Project Consolidate, the DPLG plays a significant role in facilitating the development of common initiatives to respond to systemic challenges across provinces. The DPLG also synchronises the interventions of a variety of role players to facilitate an efficient and streamlined approach in addressing the various areas identified for improvement with a view to clean audit results.

SALGA

SALGA has as its mission the building of an integrated, sustainable, well-organised local government and was active in the Free State, KwaZulu-Natal, Limpopo, Mpumalanga and the Northern Cape. SALGA



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assisted municipalities by convening district CFO forum meetings where issues raised through the AGSA management reports were discussed. These forums, which include representatives from the provincial treasury and provincial departments, discussed financial management and internal control matters and promoted learning and sharing of best practices to uplift struggling municipalities. The full impact of these efforts requires continuous monitoring and nurturing in order to influence the desired result of clean audit opinions.

NATIONAL AND PROVINCIAL TREASURIES

The National Treasury as well as provincial treasuries supported a number of initiatives introduced for municipalities to resolve long-standing historical uncertainties in their opening account balances, most of which were inherited from previous local government administrations (legacy issues) and to upskill municipal officials in financial management. These efforts are elaborated upon in section 1 of the report.

ASB

The ASB has increased GRAP-readiness as part of its focused stakeholder participation and communication. Specifically, the ASB has hosted workshops and round-table discussions on various accounting developments with relevant stakeholders with a view to soliciting input on related documents. Input was also sourced from officials in provinces who prepare financial statements in order to promote GRAP compliance. There is an opportunity to further strengthen the participation and contributions of the municipal finance officials with regard to the development of accounting standards.

SYNOPSIS OF AUDIT OUTCOMES

Audit outcomes defined

The AGSA qualifies an audit opinion when, based on audit evidence obtained, the auditor concludes that the financial statements are not free from material misstatement or if he/she was unable to obtain evidence to the contrary. Where misstatements and/or the lack of sufficient appropriate audit evidence are pervasive, i.e. not confined to specific financial statement elements, or they represent a substantial portion of or are fundamental to the user's understanding of the financial statements, then the auditor expresses either an adverse opinion (i.e. disagreements with management assertions) or a disclaimer (i.e. not able to form an opinion due to insufficient audit evidence). Disclaimer and adverse opinions are the worst forms of audit opinions. The ideal audit opinion is "financially unqualified with no other matters".

In addition, AGSA audit reports draw attention to other issues which do not necessarily impact on the opinion expressed on the financial statements. These "other matters" are reported as matters ancillary to the audit of the financial statements. Audit opinions could be financially unqualified but could highlight other matters of importance. These other matters include issues of non-compliance with applicable legislation as they relate to financial issues and matters of governance.

Overview of 2007-08 audit opinions

In total, the local sphere of government comprises 283 municipalities and 55 municipal entities. This report presents the audit outcomes for the 2007-08 financial year of 245 municipalities and 46 municipal entities. The audit outcomes of 38 municipalities and nine municipal entities are not included in this report due to a



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combination of factors that include non-submission/late submission of annual financial statements, capacity constraints, prior year audit backlogs, late finalisation of audits and financial statement retractions. The municipalities concerned and the causes of delays are listed in section 4 of this report.

The table below presents the audit opinions of all municipalities and municipal entities for the year ended 30 June, 2008.

Overview of 2007-08 audit opinions on municipalities and municipal entities

Audit opinion	Metros	High capacity	Medium capacity	Low capacity	Sub-total	Municipal entities	Grand total
Disclaimer	0	12	26	48	86	4	90
Adverse	0	1	2	6	9	1	10
Qualified	2	10	15	30	57	6	63
Financially unqualified (with other matters)	1	17	37	34	90	30	120
Financially unqualified (with no other matters)	3	0	1	0	3	5	8
Total reported	6	40	81	118	245	46	291
Total not reported	0	4	24	10	38	9	47
Total number of entities	6	44	105	128	283	55	338

Municipalities

Of the 245 municipalities reported on, 78 (32%) registered improved audit outcomes compared to the year ended June 2007, while 22 (9%) municipalities registered deteriorated audit outcomes. The audit outcomes of 145 (59%) of the municipalities remained unchanged compared to June 2007, being overwhelmingly qualified.

There has been a reduction in the number of disclaimed, adverse, and qualified audit opinions for municipalities. For municipalities the number of disclaimed opinions decreased from 99 for the year ended June 2007 to 86 (35%) for the year ended June 2008. Adverse opinions decreased from 20 to nine (4%), while qualified opinions decreased from 68 to 57 (23%). The reduction in disclaimed, adverse and qualified opinions is encouraging. However, the number of municipalities within these categories numbered 152 (62%), which is still unacceptably high, particularly given that the worst case audit opinions (disclaimers and adverse) relate to 95 (39%) of the total number of municipalities.

Further trends that require attention include the following:

- Some 19% of municipalities did not submit their financial statements for auditing by the legislated submission date.
- One hundred and ninety-one municipalities (79%) required material corrections to be made to their



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financial statements due to errors, omissions or inconsistencies identified during the audit, compared to 50% in the prior year.

- Forty-five per cent of municipalities (67) compared to 38% in the prior year had findings on unauthorised and fruitless and wasteful expenditure leading to qualifications in this regard. The majority of these municipalities were in the (i) Eastern Cape (21), (ii) Free State (12) and (iii) Northern Cape (11). On the other hand, none of the municipalities in the Gauteng and Western Cape had significant findings on unauthorised and fruitless and wasteful expenditure.
- At the majority of municipalities, auditors were unable to satisfy themselves that all revenue due for the year was billed and that these amounts were included in the financial statements submitted for audit.
- There is still much room for improvement with regard to compliance with legislation, better governance (including internal audit and audit committees) and/or improved monitoring to minimise the material misstatements that had to be corrected following audit intervention.

The financial statements of municipalities situated in the provinces of Eastern Cape, Free State, Limpopo, North West and Northern Cape have the greatest number of disclaimer of opinions, while the majority (six out of nine) of those that received adverse opinions were from the Eastern Cape. On the other hand, those situated in the provinces of KwaZulu-Natal and Western Cape registered the largest number of financially unqualified (with other matters) audit opinions.

The majority of balance sheet audit qualifications relate to (i) property, plant and equipment, (ii) receivables, (iii) payables and borrowings, (iv) provisions and (v) contingent liabilities and guarantees. The most common income statement qualifications are on revenue, expenditure and unauthorised, fruitless and wasteful expenditure.

Municipal entities

Of those municipal entities reported on, 13 (28%) registered improved audit outcomes compared to the year ended June 2007, while one municipal entity registered a deteriorated audit outcome. The audit outcomes of some 32 (67%) municipal entities remained unchanged compared to June 2007, being overwhelmingly financially unqualified (with other matters). The number of disclaimed and qualified audit opinions for municipal entities decreased from 13 to seven.

The 30 municipal entities whose financial statements were financially unqualified (with other matters) had concerns in the areas of non-compliance with legislation and/or ineffective governance (including internal audit and audit committees) and/or had material misstatements that had to be corrected following audit intervention.

For municipal entities, the majority of balance sheet audit qualifications relate to (i) property, plant and equipment, (ii) receivables, (iii) payables and borrowings, (iv) presentation and disclosure. The most common income statement qualifications are on revenue, expenditure and unauthorised, fruitless and wasteful expenditure.



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Common financial management and accounting challenges for municipalities and municipal entities

- **Capacity:** A general lack of capacity and skills to fully comply with the prescribed accounting framework was a contributing factor to the high number of audit qualifications.
- **Governance:** A number of audit committees and internal audit units had not substantially fulfilled their legislated responsibilities during the year.
- **Leadership involvement:** A lack of prioritisation and addressing of audit issues in some instances.

Major challenges in provinces are the capacitation of financial and internal audit units and the implementation and monitoring of management controls. Key vacancies in positions of mayor, chief financial officer (CFO) and senior management, as well as high staff turnover were observed during the year. There was a general lack of CFO involvement in the preparation and presentation of annual financial statements. The continued/repeated use of consultants without transferring skills is common practice. Key account reconciliations were not performed monthly and monitored, and were often only performed at year-end. The unavailability of supporting documentation and significant difficulties due to delays and the unavailability of senior management were experienced during audits at some municipalities. Prior year external audit matters were not substantially addressed by certain municipalities due to an absence of structured action plans to address them in time.

RESULTS OF THE AUDIT OF PERFORMANCE INFORMATION

The AGSA has adopted a phasing-in approach to the audit of performance information leading to an audit opinion on this in the not-too-distant future. The key common findings in respect of municipalities related to the following:

- No reporting of performance information (42%)
- Lack of internal auditing of performance measurement (41%)
- Inadequate content of the Integrated Development Plan (32%)
- Performance information was not received on time for audit purposes (30%).

It is important that the internal control system of municipalities cover the process of reporting of performance information in order to address these issues. Further, internal audit plans must cater for internal review of performance measurement and audit committees should exercise oversight on the effective functioning of the control system relating to performance information.

GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) READINESS

The AGSA conducted high-level assessments of municipalities and their entities' readiness to be fully GRAP compliant during the audits of 2007-08 financial period.

Only Gauteng and Western Cape municipalities and their entities appear to be ready to comply with GRAP. The majority of municipalities within these provinces complied with their implementation plans detailing their progress towards full compliance with GRAP. However, municipalities resorted to the extensive use of consultants for compiling financial statements without a clear transfer of skills to own staff in all instances. The GRAP-readiness of municipalities in other provinces needs to be intensified in order to achieve the intended levels of readiness by the target dates.

RESULTS OF OTHER AUDITS NOT DIRECTLY RELATED TO FINANCIAL STATEMENTS

Section 6 of this report provides an indication of the status of investigations conducted by the AGSA on local government for the period 1 July 2007 onwards.



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SECTION 1: COMMITMENTS BY THE EXECUTIVE

This section highlights those key initiatives and interventions facilitated and/or supported by the Executive¹ of the various provinces following the AG roadshows where the 2006-07 audit outcomes were presented. This section also reflects further commitments made by provincial Executives during the March/April 2009 AG roadshows on the 2007-08 audit outcomes.

Eastern Cape

Existing action plans

In the Eastern Cape, the National Treasury, together with the provincial treasury, held workshops attended by some 30 municipalities and 100 municipal officials on the implementation of the Asset Management Guide and the Asset Transfer Regulations, and also made funding available for similar financial management projects to 37 municipalities during the 2008-09 financial year. The Department of Local Government and Traditional Affairs (DPLTA) has developed a Municipal Support Intervention Framework (MSIF) in an attempt to focus support to 15 municipalities prioritised in the programme.

Commitments arising from AG roadshows

The Eastern Cape Premier will coordinate the following set of interventions:

- As part of the MUNMEC forum, the MECs for Finance and Local Government will jointly pursue engagement with all the mayors to discuss the audit outcomes and the formulation of action plans that address the audit findings.
- Thereafter, the Premier will embark on a roadshow with the Eastern Cape Provincial Executive council. A visit will be paid to local authorities per district to address the issues of leadership accountability and senior official responsibilities, particular in relation to municipal finance management.
- The Premier's office, together with the provincial treasury and the provincial Department of Local Government, will provide the necessary support and monitor the implementation of action plans.

Free State

Existing action plans

The Free State Provincial Treasury has embarked on various initiatives to train and appoint competent officials to capacitate internal audit units. However, much still needs to be done to ensure that internal audit units fulfil their responsibilities and contribute to a strong control environment.

Commitments arising from AG roadshows

- The Premier's office will concretise structural arrangements for the adequate coordination of municipal finance issues in conjunction with the provincial treasury and the Department of Local Government to provide support and training where necessary, with a strong and consistent mechanism to ensure that action plans are in place and are adhered to on a continuous basis.

¹ The 'Executive' in the context of this section refers to the Premiers as well as MECs for Local Government and Finance





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- Political leadership will support the attraction and retention of competent finance staff and their adherence to financial management requirements.

Gauteng

Existing action plans

A Growing Financial Management Capacity Project (GFMCP) was implemented in Gauteng where Suitably Qualified Accountants (SQAs) from the South African Institute of Chartered Accountants (SAICA) were deployed at ailing municipalities. Pilot training for the Local Government Accounting Certificate (LGAC) on the management of debtors has been initiated at four municipalities in Gauteng. It is anticipated that by 2009, all municipalities will participate in the project. The implementation of Institutional Development and Human Resource Development Support which is underway seeks to address the capacity constraints that are impacting negatively on financial management.

A partnership was also initiated with the Institute of Internal Auditors of South Africa (IIA) to create audit committee frameworks and charters.

Gauteng's Revenue Management Project seeks to significantly reduce the municipalities' debtors through a solution that involved an in-depth analysis of the debtors' book and clear recommendations on collectability. A service provider was appointed to assess the integrity of the metering information and accounts preparation of municipalities.

Commitments arising from AG roadshows

Although an AG roadshow did not take place in Gauteng the Premier, together with the MECs for Local Government and Finance, has committed to coordinate, monitor and drive the action plans developed to address audit outcomes and municipal financial management issues in the province.

KwaZulu-Natal

Existing action plans

In KwaZulu-Natal the Provincial Management Assistance Programme (MAP) provides assistance to municipalities to produce and finalise annual financial statements and annual reports. The deployment of financial experts and young professionals under the auspices of the DBSA Siyenza Manje Programme has resulted in the department being able to positively impact the financial management of a number of municipalities.

Initiatives in the province include a pilot project on debt management and the promotion of sharing audit committees and internal auditors.

Commitments arising from AG roadshows

Commitments made by the Premier and the MECs for Local Government and Finance included the following:

- The MEC for Local Government and Traditional Affairs will focus more sharply on the root causes of qualified opinions and link these to specific action plans.



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- Leadership will ensure that consultants appointed to assist in the preparation of annual financial statements transfer skills to the finance staff to achieve sustainability in financial management practices.

Limpopo

Existing action plans

In Limpopo, interventions included progress reports on management of staff deployed to be submitted to the DBSA, Department of Local Government and Housing (DLGH), provincial treasury and the AGSA to enforce accountability. Cooperative governance (Joint Plan) with the provincial treasury is to be introduced to add capacity in municipalities and timeously address audit queries.

Commitments arising from AG roadshows

The following commitments were made by the Premier and the MECs for Local Government and Finance:

- Political leadership to support the attraction and retention of competent finance staff and to support their adherence to financial management requirements.
- The leadership of the municipalities will compile and implement action plans to address the issues raised in the AGSA's reports so that matters that led to qualifications of the audit opinion would not recur.
- The provincial treasury would lend assistance to municipalities to eradicate historical (legacy) issues.

Mpumalanga

Existing action plans

The deployment of skilled individuals in Mpumalanga to help with the compilation of financial statements has assisted struggling municipalities to submit annual financial statements on time. Another key initiative by DPLG and SALGA was the formation of district area forums to assist municipalities in drafting action plans to address issues raised during the audits as well as regular monitoring thereof.

Commitments arising from AG roadshows

- The Premier's office is to concretise the structural arrangements for the adequate coordination of municipal finance issues in conjunction with the provincial treasury and the Department of Local Government to provide support and training where necessary, with a strong and consistent monitoring mechanism to ensure that action plans are in place and are adhered to on a continuous basis.
- Political leadership to support the attraction and retention of competent finance staff and to support their adherence to financial management requirements.
- Leadership to ensure that the consultants that are appointed to assist in the preparation of the annual financial statements transfer skills to the existing finance staff in order to achieve sustainability in financial management practices.



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North West

Existing action plans

The North West Department of Developmental Local Government and Housing (DDLGH), in partnership with the DBSA, has recruited and deployed financial experts at five low-capacity municipalities. DDLGH and provincial treasury are monitoring and managing the utilisation of grant funding by municipalities. The department is involved with the recruitment process of CFOs and other senior management positions in municipalities.

The DDLGH is further involved in ensuring the functionality of shared internal audit services and audit committees for low- and medium-capacity municipalities and the effective utilisation of the Intergovernmental Relations (IGR) Forum where the MEC and senior departmental officials will engage regularly with the leadership of the municipalities.

Commitments arising from AG roadshows

- The Premier's office will concretise structural arrangements for the adequate coordination of municipal finance issues in conjunction with the provincial treasury and the Department of Developmental Local Government to provide support and training where necessary, with a strong and consistent monitoring mechanism to ensure that action plans are in place and are adhered to on a continuous basis.
- The DDLGH will drive the formulation of action plans by the end of May 2009 and monitor the action plans of all municipalities with all mayors on a continuous basis.
- The provincial treasury will capacitate its local government support unit to assist in attracting and recruiting qualified CFOs.
- The political leadership will support the attraction and retention of competent finance staff and their adherence to financial management requirements.
- Leadership must ensure that the consultants that are appointed to assist in the preparation of the annual financial statements transfer skills to the existing finance staff in order to achieve sustainability in financial management practices.

Northern Cape

Existing action plans

Key actions in the Northern Cape included conducting audits of all municipalities to determine what systems are required for completing annual financial statements, developing implementation plans, sourcing financial technical assistance and monitoring progress made.

Commitments arising from AG roadshows

- The Premier's office will concretise structural arrangements for the adequate coordination of municipal finance issues in conjunction with the provincial treasury and the Department of Local Government and Housing to provide support and training where necessary, with a strong and consistent monitoring mechanism to ensure that action plans are in place and adhered to on a continuous basis.
- Strengthening oversight coordination with the provincial legislative mechanisms to improve oversight arrangements of municipalities within the province.



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- Holding key officials accountable through their performance contracts for municipal financial management.

Western Cape

Existing action plans

The DBSA was in the process of appointing a project manager to assist in driving the “Operation Clean Audit Project”.

Commitments arising from AG roadshows

- The Premier’s office in the Western Cape has undertaken to concretise structural arrangements for the adequate coordination of municipal finance issues in conjunction with the provincial treasury and the Department of Local Government and Housing to provide support and training where necessary, with a strong and consistent monitoring mechanism to ensure that action plans are in place and adhered to on a continuous basis.
- The executive leadership at municipalities will play a role in the monitoring and implementation of action plans.
- Leadership must ensure that the consultants that are appointed to assist in the preparation of the annual financial statements transfer skills to the finance staff to achieve sustainability in financial management practices.

The provincial treasury, together with the Department for Local Government and Housing in the Western Cape, has already developed detailed action plans, which were submitted to the AGSA, to address matters raised in the 2007-08 audit reports.

Overall assessment of commitments given by the Executive

The nature and extent of existing action plans committed to by the Executive differ from one province to the next, as did the impact thereof on the audit outcomes for the year ended 30 June 2008. The full impact of the previous initiatives taken in some provinces had not yet been realised for the 2007-08 financial period as they had either only been partly implemented or were approved too late to influence the 2007-08 audit outcomes.

These initiatives, as well as commitments made by the Executive arising from the recent AG roadshows are expected to impact positively on the financial management of municipalities and resulting audit outcomes, if enhanced, sustained and supported.

The AGSA will continuously monitor progress against these action plans, evaluate the impact of the initiatives taken by the Executive on the future audit outcomes and report thereon in the 2008-09 audit report.



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SECTION 2: OVERVIEW OF INITIATIVES OF OTHER ROLE PLAYERS CONTRIBUTING TO IMPROVED LOCAL GOVERNMENT AUDIT OUTCOMES

This section provides an overview of initiatives taken by other role players that aim to promote positive audit outcomes in local government. These role players are the DPLG, SALGA, the national and provincial treasury and the ASB.

2.1 DPLG

Project Consolidate

Project Consolidate was initiated by the DPLG with the intention of deploying accountants and engineers to municipalities to alleviate the shortage of skills in these areas. In total, 115 (48%) municipalities participated in Project Consolidate. In December 2007, the DBSA signed a new memorandum of agreement with SAICA and DPLG to establish a new project called Siyenza Manje.

In the Eastern Cape, seven (37%) of the 19 participating municipalities benefited from the programme in that their audit opinions improved from 2006-07 to 2007-08. The balance of the municipalities' opinions were either unchanged (47%) or had deteriorated (16%) for the 2007-08 year.

In the Free State, Project Consolidate came to an end at the beginning of the 2007-08 financial year and future assistance will form part of the support and implementation plan of the provincial DPLG.

The activities of Project Consolidate in Gauteng were incorporated into Project Siyenza Manje. Of the nine municipalities participating, two (22%) entities have shown an improvement in audit outcomes.

Thirty-seven municipalities in KwaZulu-Natal participated in the programme. Signs of improvement in the overall audit outcome were evident, with 24 (65%) improved opinions during the current year. Only one (3%) of the participating municipalities regressed to a disclaimer from a previous qualification.

Four (31%) of the 13 participating municipalities in Limpopo have shown signs of improvement since their participation in this project. There were no signs of improvement at the other nine municipalities (69%) that again obtained a disclaimer or an adverse audit opinion compared to the prior year.

In Mpumalanga, six (40%) of the 15 participating municipalities registered the same audit outcomes as in the previous year, three (27%) registered worse outcomes and five (33%) registered improved outcomes.

Ten of the 12 municipalities (83%) in the North West Province participating in the project received a disclaimer.

In the Northern Cape, seven (70%) of the 10 participating municipalities maintained disclaimers, one (10%) municipality improved from a disclaimer to a qualified opinion and two (20%) remained unchanged. The DBSA has provided additional support in this regard.

Project Consolidate in the Western Cape ended in October 2006. Other initiatives emanating from Project Consolidate have been taken forward in the Five-Year Local Government Strategic Agenda for the period



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2006 to 2011, aimed at improving the performance of municipalities.

Of the 115 participating municipalities, there were 44 (38%) improvements, 60 (52%) unchanged opinions and 11 (10%) deteriorated opinions expressed for 2007-08.

Common response to systemic issues

The DPLG can play a significant role in facilitating the development of common initiatives to respond to systemic challenges across provinces. DPLG can also synchronise the interventions of other role players, such as National Treasury, SALGA and the ASB, to ensure an efficient and streamlined approach in addressing the various areas identified for improvement.

2.2 SALGA

SALGA has as its mission the building of an integrated, sustainable organised local government. SALGA embarked on the following key initiatives during the 2007-08 financial year in the Free State, KwaZulu-Natal, Limpopo, Mpumalanga and the Northern Cape:

- District area CFO forums hands-on support to all municipalities to improve on their audit outcomes.
- Workshops for each district on the implementation of and compliance with the MFMA.
- Assistance to municipalities towards optimal collection of debts older than 120 days.

Further initiatives adopted by SALGA in KwaZulu-Natal include the following:

- Providing training to councillors to perform their responsibilities in terms of the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA).
- Providing training to mayors and speakers on accountability.
- Targeted support on integrated development planning.
- Knowledge-sharing programme for metro, district and local municipalities.

Key future initiatives planned by SALGA to support and guide municipalities aim to contribute to the following:

- Municipal transformation and organisational development
- The effective and sustainable delivery of municipal services
- The stimulation of local economies and poverty alleviation
- The strengthening of municipal financial capacity
- Good governance and public participation in municipalities.

SALGA plans to continue building on the support outlined above for the 2008-09 financial year.

The impact of these initiatives on audit outcomes is not readily evident. It would therefore be important for SALGA to assess the impact of their interventions going forward.

Treasury

Both the National Treasury and provincial treasuries have supported a number of initiatives taken by MECs



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to address “legacy” issues and to upskill municipal officials in financial management. These efforts are highlighted in section one of the report.

ASB

Practitioners, auditors, users, academics and other interested parties have an important role to play in the development of the Standards of GRAP issued by the ASB. As a result, the ASB has increased its focus over the last year on stakeholder participation and communication.

In particular, it has focused on increasing stakeholders’ input towards Standards of GRAP and other documents that are available for public comment. Traditionally, standard-setters receive input on standards and other documents available for public comment through written comment letters. For many of the ASB’s stakeholders this could be a daunting task.

The ASB has therefore embarked on an initiative to host workshops and roundtable discussions on the various documents available for public comment, with a view to soliciting input on those documents. The workshops in particular have been aimed at both national and provincial stakeholders.

At provincial level, workshops were held in three of the nine provinces, namely Western Cape, Free State and KwaZulu-Natal. In all these provinces, the provincial treasury played a key role in facilitating the workshops.

As each province often has unique issues, it is important for all nine provinces to participate in this initiative. This offers an opportunity to further strengthen the participation and contributions of municipal finance officials with regard to the development of accounting standards.



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SECTION 3: AUDIT OUTCOMES OF METROPOLITAN MUNICIPALITIES AND THEIR RELATED MUNICIPAL ENTITIES

3.1 FINANCIAL REPORTING RESULTS

This section of our report deals with the 2007-08 audit outcomes of metropolitan municipalities and their related municipal entities.

3.1.1 Status of completion of audits of metropolitan municipalities (metros) and related municipal entities

Local government comprises six metros and 35 related municipal entities. All the audits for metros and related municipal entities were completed. Their audit outcomes are presented below.

3.1.2 Overview of audit outcomes of metros and related municipal entities

Table 1 below provides an overview of the actual 2007-08 audit opinions for metros and related municipal entities.

Table 1: Overview of 2007-08 audit opinions on metros and related municipal entities

Type of audit opinion	Metros				Municipal entities			
	2007-08		2006-07		2007-08		2006-07	
	No.	%	No.	%	No.	%	No.	%
Disclaimer	0	-	0	-	2	6%	3	9%
Adverse	0	-	0	-	0	-	0	-
Qualified	2	33%	3	50%	5	14%	10	29%
Financially unqualified (with other matters)	1	17%	3	50%	25	71%	22	62%
Financially unqualified (with no other matters)	3	50%	0	-	3	9%	0	-
Total reported on	6	100%	6	100%	35	100%	35	100%

Audit outcomes of metros

All six metros in local government are reported on, of which four registered improved audit outcomes and two registered the same audit outcomes as for the year ended June 2007. Details are as follows:

- **Improvements (4):** One metro improved from qualified to financially unqualified (with no other matters) while three improved from financially unqualified (with other matters) to financially unqualified (with no other matters).



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- **Unchanged (2):** The audit outcomes of two metros remained unchanged from the year ended June 2007, namely Ekurhuleni and City of Tshwane, both being financially qualified.

Audit outcomes of related municipal entities

Of the 35 municipal entities whose audit outcomes are reported on, 10 had improved and 25 remained unchanged. Further details are as follows:

- **Improvements (10):** One entity moved from disclaimer to qualification, six moved from qualified to financially unqualified (with other matters) and three moved from financially unqualified (with other matters) to financially unqualified (with no other matters).
- **Unchanged (25):** The balance of the 25 entities registered the same audit outcomes as for the year ended June 2007, namely disclaimed (2), qualified (4) and financially unqualified, with other matters (19).

The total of 25 municipal entities that were financially unqualified (with other matters) had concerns in the areas of non-compliance with legislation, governance (including internal audit and audit committees) and material misstatements in their financial statements submitted for auditing, which had to be corrected following audit intervention.

3.1.3 Audit opinions on metros and related municipal entities per province

Eastern Cape

The Eastern Cape has one metro and three related municipal entities. Nelson Mandela Metropolitan Municipality progressed from a qualified audit opinion in 2006-07 to a financially unqualified (with other matters) opinion in the 2007-08 financial year. Mandela Bay Development Agency maintained their financially unqualified opinion (with other matters) for the second successive year. Centenary Hall Promotions and Feather Market Hall Promotions maintained disclaimed and qualified audit opinions respectively.

Gauteng

Gauteng has three metros and 26 related entities. The City of Johannesburg continued to improve its results by obtaining a financially unqualified (with no other matters) opinion while the financial statements of the Ekurhuleni and City of Tshwane metros were qualified. Three of the City of Johannesburg's entities obtained a financially unqualified (with no other matters) opinion thanks to the leadership provided by those charged with governance and oversight in ensuring that sound internal controls and governance structures were in place.

The financial statements of four (15%) municipal entities were qualified. Of the four qualified municipal entities, three fall under Ekurhuleni while one falls under the City of Tshwane. Three of the four were qualified on capital assets and two of the four were qualified on grants, capital and reserves. A lack of adequate financial control activities and ongoing monitoring of financial management systems by management, audit committees and parent municipalities led to the audit qualifications. Therefore, it is critical that parent municipalities pay special attention to ensure that the governance structures, including audit committees and internal audit, adequately cover the activities of these entities.



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KwaZulu-Natal

KwaZulu-Natal has one metro and two related municipal entities. eThekweni Municipality (metro) improved from a financially unqualified (with other matters) opinion to a financially unqualified (with no other matters) opinion. Durban Marine Theme Park (Pty) Ltd and ICC Durban (Pty) Ltd maintained their financially unqualified (with other matters) status.

Western Cape

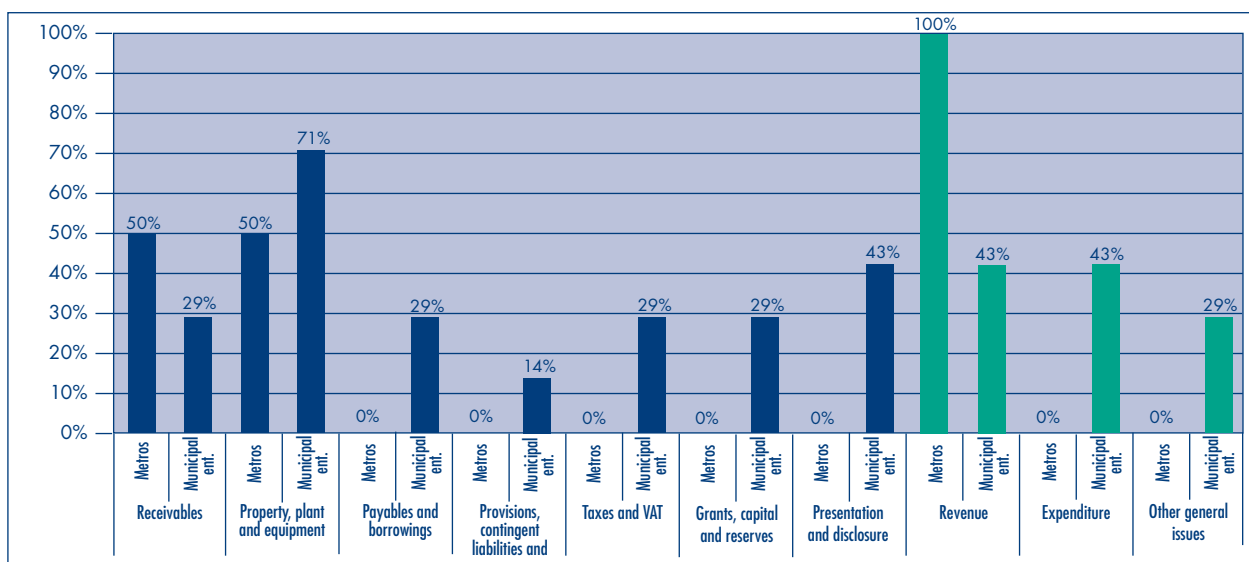
The Western Cape has one metro and four related municipal entities. The City of Cape Town Metro obtained a financially unqualified (with no other matters) opinion, while Philippi East Trading Centre was qualified in the 2007-08 financial year. Two municipal entities, namely Philippi East Trading Centre and Regional Electricity Distributor One (Pty) Ltd, have filed for voluntary liquidation.

The qualification of Philippi East Trading Centre is due to historical factors, namely of a long-outstanding liability for income tax, which was under dispute, and the preparation of financial statements that were not in accordance with the stated basis of accounting. The main reason for the qualification relates to the inability of the leadership to clarify the Centre's tax status, which should be resolved before the final liquidation of the entity.

3.1.4 Areas qualified on reported financial position and/or financial results

Figure 1 below provides a breakdown of those audit findings that gave rise to the qualified audit opinions. It also provides an indication of the percentage of metros and related municipal entities that were qualified per audit finding. The audit findings are split between items on the balance sheet (statement of financial position) highlighted in blue bars and the income statement (statement of financial performance) highlighted in green bars. Details on the nature of qualifications are provided in those qualification areas where percentages exceed 50% although lower percentages also require focused attention.

Figure 1: Areas qualified on reported financial position and/or financial results





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Balance sheet items (in blue bars)

Metros

Receivables

The receivables qualification of Ekurhuleni Metropolitan Municipality is as a result of incompleteness and inaccuracy of revenue as well as the writing off of R211 million in consumer debtors relating to households that were classified as indigent.

Capital assets

The City of Tshwane did not recognise assets with a purchase value of less than R10 000. The cumulative amount of these assets expensed over the years totalled approximately R155 million. Expensing these assets is in contravention of GAMAP 17.

Related municipal entities

Capital assets

The highest occurrence of qualifications for metro-related municipal entities was in respect of capital assets. The main drivers were a lack of information to verify the valuation of property, plant and equipment; incomplete asset register and consequently untraceable assets and absence of title deeds; lack of assessment of useful lives and residual values and non-compliance with International Accounting Standards (IAS) 16.

Presentation and disclosure

At the East Rand Water Care Company (ERWAT), the financial effect of a discontinued operation was not separately disclosed and accounted for and the financial statements did not agree to the trial balance and the general ledger. Shortcomings at the Housing Company Tshwane and Philippi East Trading Centre (Pty) Ltd included non-adherence to disclosure requirements of GRAP and accounting policies.

Income statement (in green bars)

Metros

Revenue

City of Tshwane and Ekurhuleni were the only metros that received a qualified opinion. The audit qualifications relate mainly to revenue and the main drivers are inadequate reconciliation between the valuation roll and billing system in terms of property rates and taxes revenue; incomplete listings of subdivisions and consolidations, and rates and taxes charged on old zonings. Management should pay special attention to enhancing their reconciliation processes and data clean-up in order to address these issues and avoid negative audit opinions in 2009.

Related municipal entities

Revenue and expenditure

Centenary Hall Promotions, Housing Company Tshwane and Feather Market Hall Promotions were subject to revenue and expenditure qualifications.



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The revenue qualification relates to completeness of revenue resulting from the absence of specific control activities over the recording of revenue from source documents.

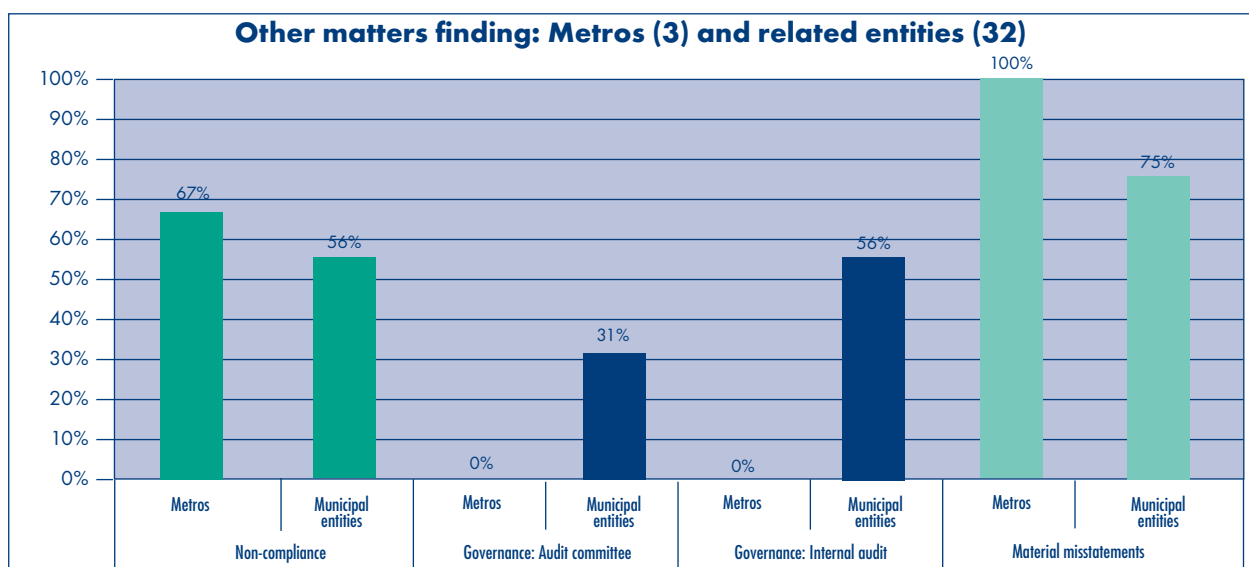
The expenditure qualification stemmed from insufficient supporting documentation for employee costs; operating expenditure and repairs and maintenance; insufficient controls over cut-off procedures for purchases and an unreconciled payroll subsystem.

3.1.5 Report on matters ancillary to the audit of financial statements (other matters)

The audit findings reported under "other matters" draw attention to the matters that are ancillary to the AGSA's responsibility to audit financial statements.

Figure 2 below provides further details on the findings associated with other matters, as well as the percentage of metros and municipal entities linked to the findings.

Figure 2: Metros (3) and related municipal entities (32) linked to other matters



Three of the six metros and 32 of 35 related municipal entities had "other matters" findings. The graph above and the narrative below highlight the extent of various "other matters" findings within the metros and related municipal entities. Below is an analysis of these three metros and 32 related municipal entities with "other matters" findings.

3.1.5.1 Non-compliance with applicable legislation

- Instances of non-compliance with applicable legislation were reported at two (67%) of the three metros and at 18 (56%) related municipal entities. The non-compliance related mainly to the MFMA.
- The most frequent contraventions include not paying creditors within 30 days and not maintaining effective systems of financial, risk management and internal control. Certain regulations relating to the management of assets, liabilities and revenue were not complied with. Requirements relating to monthly



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account reconciliations, expenditure management and supply chain management policy were in some instances not met.

- Instances of non-compliance with the MSA were also identified at these metros and municipal entities.

3.1.5.2 Audit committee and internal audit

Ten (31%) related municipal entities did not have effective audit committees while one metro and 18 (56%) related municipal entities did not have effective internal audit units in place.

3.1.5.3 Other matters of governance

Other matters of governance relate mainly to material corrections to the financial statements, as depicted in figure 2 above. Not depicted in the graph are issues that include GRAP readiness and the addressing of prior year audit matters.

a. GRAP readiness

Although Gauteng municipalities have been assessed as having a high level of GRAP readiness, the City of Johannesburg metro and the Nelson Mandela Bay Metropolitan Municipality (metros) did not submit GRAP implementation plans to the National Treasury. None of their related municipal entities submitted GRAP implementation plans.

b. Addressing of prior year audit matters

Prior year external audit matters were not substantially addressed at two out of four metros, namely City of Tshwane and Nelson Mandela, and at seven of the 32 related municipal entities.

c. Material misstatements

Three metros (100%) and 24 (75%) municipal entities required material corrections to their financial statements due to errors, omissions and inconsistencies identified by the auditors. These material corrections could have been detected by the metros and municipal entities themselves had internal audit and the audit committee adequately reviewed the financial statements.

3.2 RESULTS OF AUDIT OF PERFORMANCE INFORMATION OF METROS AND RELATED MUNICIPAL ENTITIES

The AGSA has adopted a phasing-in approach to the audit of performance information leading to an audit opinion. For 2007-08 period, the audit of performance information was extended to controls and systems used in generating and reporting on performance information.

Common findings in respect of metros included the following:

- Inadequate content of the Integrated Development Plan (33%)



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- Lack of internal auditing of performance measurement (33%)
- Performance information was not received on time for audit purposes (33%)
- Sufficient audit evidence was not provided in relation to the audit of performance information (33%).

Findings common to metro-related municipal entities included the following:

- Lack of internal auditing of performance measurement (17%)
- Performance information was not received on time for audit purposes (17%).

Other issues mainly related to the presentation of performance information in annual reports.

3.3 PERFORMANCE AGAINST GOOD PRACTICE INDICATORS BY METROS AND RELATED MUNICIPAL ENTITIES

Table 2 below presents the results of the performance of metros and municipal entities against good practice indicators.

Table 2: Results of good practice indicators for metros and related municipal entities for 2007-08

No.	Good practices	Scores awarded to metros	Scores awarded to municipal entities
1	Clear trail of supporting documentation that is easily available and provided in time	83%	63%
2	Quality of financial statements and related management information	33%	34%
3	Timeliness of financial statements and related management information	100%	86%
4	Availability of key officials during audits	100%	63%
5	Development of and compliance with risk management and good internal control and governance practices	67%	46%
6	Leadership / supervision / monitoring	67%	49%

- **Clear trail of supporting documentation**
Good practices require annual financial statements submitted to be supported by relevant and reliable working papers and supporting documentation. Eighty-three per cent of metros and 63% of related municipal entities displayed the ability to provide supporting documentation that is easily available and provided in time.
- **Quality of annual financial statements**
Good practices require annual financial statements to be prepared and submitted for audit purposes in accordance with the auditees' applicable accounting framework. The prevalence of material misstatements identified during the audit process was still high as can be seen in the case of four out of six metros and 23 out of 35 related municipal entities.



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- **Timeliness of annual financial statements**
Good planning for the financial statement preparation process resulted in all six metros and 30 of the 35 related municipal entities submitting their financial statements for auditing by the legislated deadline of 31 August.
- **Availability of key officials**
Key officials were available during audits of metros, while key officials were generally also available during audits of related municipal entities. This went a long way in avoiding qualifications in that key officials were able to timeously respond to and resolve audit matters before the final audit conclusion.
- **Development of and compliance with risk management and good internal control and governance practices**
Effective risk management and internal control practices continue to be a challenge for the majority of metros and related municipal entities.
- **Leadership, supervision and monitoring**
Leadership sets a proper "tone at the top" to create a sound control environment. The leadership must ensure that competent and skilled staff are employed, particularly in the finance and accounting division. Effective leadership and oversight are needed to monitor the performance of management, especially insofar as financial management is concerned. The practice of supervision and monitoring, especially with regard to financial management, was evident at 67% of metros and 49% of municipal entities.



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SECTION 4: AUDIT OUTCOMES OF MUNICIPALITIES (EXCLUDING METROS)

4.1 FINANCIAL REPORTING RESULTS

Local government comprises 277 municipalities (excluding the six metros) categorised as follows:

- 44 high-capacity,
- 105 medium-capacity, and
- 128 low-capacity municipalities.

For the purpose of the report only 239 (86%) are included, while 38 (14%) are not included.

4.1.1 Status of completion of audits of municipalities

Table 3 below sets out the status of completion as at 31 January 2009 of audits for the year ended June 2008.

Table 3: Status of completion of the 2007-08 audit of municipalities

Province	Total	Audits completed	Audits outstanding	% of completion
1. Eastern Cape	44	36	8	82%
2. Free State	25	19	6	76%
3. Gauteng	11	9	2	82%
4. KwaZulu-Natal	60	59	1	98%
5. Limpopo	30	23	7	77%
6. Mpumalanga	21	19	2	90%
7. North West	25	20	5	80%
8. Northern Cape	32	26	6	81%
9. Western Cape	29	28	1	97%
Overall	277	239	38	86%

The majority of the outstanding audits were due to late submission of annual financial statements by the auditees. Reasons for the outstanding audits, per province, are provided under paragraph 4 of this report.



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4.1.2 Overview of audit outcomes of municipalities

Table 4 below provides an overview of the actual 2007-08 audit opinions for municipalities.

Table 4: Overview of 2007-08 audit opinions on municipalities

Type of audit opinion	2007-08		2006-07	
	Number	%	Number	%
Disclaimer	86	36%	99	42%
Adverse	9	4%	19	8%
Qualified	55	23%	69	29%
Financially unqualified (with other matters)	88	37%	51	21%
Financially unqualified (with no other matters)	1	-	1	-
Total reported on	239	100%	239	100%
Total not reported on	38	-	38	-

Of the 239 municipalities whose audit outcomes are reported on, 74 had improved and 22 regressed, while the audit outcomes of 143 remain unchanged from the year ended 30 June 2007.

The 74 improved audit outcomes can be broken down as follows: 22 municipalities moving from disclaimer to qualified; five moving from disclaimer to adverse; seven moving from adverse to qualified; 35 moving from qualified to financially unqualified (with other matters); four improving from disclaimer to financially unqualified with other matters and one moving from financially unqualified with other matters to financially unqualified with no other matters.

On the other hand, the 22 regressions are as a result of nine municipalities having regressed from qualified to disclaimer, another nine from adverse to disclaimer, one from qualified to adverse, two from financially unqualified with other matters to qualified and one from financially unqualified with no other matters to financially unqualified with other matters audit opinions.

The unchanged audit outcomes (143) are as follows: 68 disclaimers, three adverse opinions, 24 qualifications and 48 financially unqualified with other matters.

Those 88 municipalities that were financially unqualified, but with other matters, had concerns in the areas of non-compliance with legislation, governance (including internal audit and audit committees) and material



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misstatements in their financial statements submitted for auditing which had to be corrected following audit intervention. Focused attention is required from the leadership to improve their financial management and accounting functions.

Table 5 below provides further details per province of the 2007-08 audit opinions for municipalities.

Table 5: Provincial summary of audit opinions on municipalities

Province	Disclaimed		Adverse		Qualified		Unqualified (with other matters)		Unqualified (with no other matters)		Totals	
	June 08	June 07	June 08	June 07	June 08	June 07	June 08	June 07	June 08	June 07	June 08	June 07
Eastern Cape	14	17	6	10	13	8	3	1			36	36
Free State	14	10			3	8	2	1			19	19
Gauteng	1	2			2	2	6	4	0	1	9	9
KwaZulu-Natal	9	17	1		12	25	37	17			59	59
Limpopo	14	15	1	4	4	2	4	2			23	23
Mpumalanga	3	5	0	2	7	2	9	10			19	19
North West	11	13	1	2	4	1	4	4			20	20
Northern Cape	17	19	0	1	7	4	1	2	1	0	26	26
Western Cape	3	1			3	17	22	10			28	28
Total reported on	86	99	9	19	55	69	88	51	1	1	239	239

The Eastern Cape, Free State, Limpopo, Northern Cape and North West have the highest number of disclaimed audit opinions. The Free State has in fact regressed by registering a higher number of disclaimed opinions than in the prior year. On the other hand, Gauteng, KwaZulu-Natal and the Western Cape have the highest proportion of financially unqualified (with other matters) opinions.

In total, the audit outcomes of 96 municipalities had changed compared to the previous year, namely 74 improved outcomes and 22 regressed audit outcomes. A complete list of municipalities that registered audit outcomes different from those for the year ended June 2007 is presented in annexure 6 to this report.

The individual provincial results are presented below:

Eastern Cape

Despite a reduction of 75% in worst audit opinions (disclaimer and adverse) in 2006-07 (versus 56% in 2007-08), the current year's performance remains a concern with an overall 92% (33 of 36 municipalities reported on being financially qualified).

The majority of audit qualifications were as a result of internal control weaknesses. It is vitally important that



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the leadership of municipalities ensure that controls are developed, implemented and monitored and that appropriate action is taken when controls are not adhered to.

Main challenges faced by municipalities in the Eastern Cape include the following:

- **Capacity (skills/vacancies)**
Municipalities were unable to attract skilled staff to remote areas, resulting in a lack of skilled staff to assist with the preparation of the financial statements in terms of the relevant accounting frameworks.
- **Leadership involvement**
Key members of municipal management were not involved in the audit process, resulting in audit issues not being timeously resolved. The suspension of some chief financial officers and municipal managers in the province added to the lack of leadership involvement.
- **Prioritising and addressing issues**
Action plans had not been developed to address audit issues of the previous year. Municipalities accordingly were unable to resolve these issues, thus carrying them forward to the 2007-08 financial year.

Free State

The province's current year's performance remains of concern in that overall 17 of the 19 municipalities (89%) were financially qualified. Of concern is worse audit opinions were expressed this year at more municipalities in the Free State than in the prior year. Fourteen municipalities (74%) received a disclaimer of audit opinion due to poor record-keeping, historical issues relating to assets and inadequate internal control. Three municipalities (16%) were qualified and two municipalities (10%) were financially unqualified (with other matters). The two municipalities that received financially unqualified (with other matters) opinions were medium- and low-capacity municipalities and improvements in their audit outcomes were mainly due to effective management involvement.

Main challenges faced by municipalities in the Free State include the following:

- **Capacity (skills/vacancies/financial reporting skills):** A general lack of capacity and skills to fully comply with the prescribed accounting framework was a contributing factor to the high incidence of audit qualifications.
- **Governance:** Close to 90% of audit committees and 84% of internal audit units did not substantially fulfil their legislated responsibilities during the year.
- **Leadership involvement (leadership tone, supervision and monitoring):** Significant difficulties due to delays, the unavailability of supporting documentation and the unavailability of senior management were experienced during audits at 79% of municipalities analysed.
- **Prior year external audit matters** were not substantially implemented by 84% of municipalities analysed.

Gauteng

The number of worst case opinions (disclaimer and adverse) decreased from 22% in 2007 to 11% in 2008. In the "qualified opinion" category, the overall results were similar to last year at 22% of municipalities. The



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financially unqualified opinions increased from 44% to 67% in the year under review.

Main challenges faced by municipalities in Gauteng include the following:

- Lack of skills and capacity
- High staff turnover resulting in lack of continuity
- Ineffective performance management systems
- Inadequate governance structures such as internal audit and audit committees
- Lack of structured action plans to address audit matters.

KwaZulu-Natal

A remarkable improvement has been registered by KwaZulu-Natal in that 63% of the municipalities achieved unqualified reports (with other matters) compared to 27% in the previous year. The effort made by Abaqulusi Municipality to move from an adverse opinion to a financially unqualified (with other matters) opinion also deserves mention. The practices employed by the latter municipality to turn around its financial management should be replicated at other municipalities.

A number of municipalities still require assistance in the form of continued intervention by the provincial treasury and local government to address the remaining challenges faced by municipalities.

Main challenges faced by municipalities in KwaZulu-Natal include the following:

- Financial reporting competencies
- Enforcing adherence to policies and procedures
- Ongoing monitoring by those charged with governance.

Limpopo

The financial statements of 19 of the 23 of municipalities (78%) reported on in the Limpopo province were financially qualified (adverse, disclaimer and qualification). Of the total 23 municipalities finalised, there were 14 disclaimers, one adverse audit opinion, four qualified audit opinions and four unqualified audit opinions (with other matters).

Main challenges faced by municipalities in Limpopo include the following:

- Capacity (skills/vacancies): A general lack of capacity and skills to fully comply with the prescribed accounting framework was the main contributing factor to the high incidence of audit qualifications.
- Leadership involvement: Significant difficulties due to delays, the unavailability of expected information and the unavailability of senior management were experienced during audits at most municipalities analysed. An adequate and effective filing system to maintain and safeguard documentation of the municipalities was also found to be lacking at these municipalities.
- Prioritising and addressing issues: Prior year external audit matters were not substantially implemented by a high proportion of municipalities analysed. This is attributable primarily to the audit backlog that resulted in most reports being finalised close to the 2007-08 year-end.



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Mpumalanga

Compared to five (26%) in the previous year, three municipalities (16%) obtained disclaimers. The general breakdown in accounting systems that occurred in the previous year had not been addressed during the current financial year at two of these municipalities. The audit outcome of one municipality regressed in the current year. They all lacked effective leadership as well as the financial reporting competencies to effectively address the current situation.

The financial statements of 10 municipalities (53%) within the province were qualified (qualifications and disclaimers), compared to nine (47%) last year. Two municipalities that were previously unqualified regressed to qualifications due to a lack of leadership involvement and monitoring as well as inadequate financial skills. One municipality improved its audit outcome to financially unqualified (with other matters) as a result of improved controls.

Main challenges faced by municipalities in Mpumalanga include the following:

- Capacity (skills/vacancies): A general lack of capacity and skills to fully comply with the prescribed accounting framework was the main contributor to the high number of audit qualifications.
- Leadership involvement: Significant difficulties due to delays, the unavailability of expected information and the unavailability of senior management were experienced during audits at most municipalities. Adequate filing systems to maintain and safeguard documentation were found to be lacking at many municipalities.
- Prioritising and addressing issues: Prior year external audit matters were not substantially addressed by a high number of municipalities analysed. This is primarily attributable to a lack of coordinated action plans.

North West

Despite improvement in the category of worst audit opinions of municipalities (disclaimer and adverse) from 75% in 2006-07 to 60% in 2007-08, the current year's performance remains a concern in that overall 80% (16 of 20 municipalities reported on) were financially qualified.

Main challenges faced by municipalities in North West Province include the following:

Municipalities are faced with challenges relating to shortages of skills, lack of timely intervention and monitoring of key management in the financial process as well as non-adherence to established controls. High turnover of staff at CFO level also gave rise to greater reliance being placed on contracting consultants to perform the accounting functions.

Northern Cape

Overall, 24 of the 26 municipalities within the Northern Cape were financially qualified, while 65% of the municipalities obtained the worst opinion (disclaimer and adverse) compared to 77% in the previous year.



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The audit findings resulting in financial qualifications are generally common for the Northern Cape municipalities where a limitation of scope prevented auditors from obtaining the necessary corroborating evidence that support financial statement line items of both the balance sheet and the income statement. As a result 17 of the 26 (65%) municipalities received a disclaimer of opinion.

Main challenges faced by municipalities in the Northern Cape include the following:

- Capacity (skills/vacancies): A general lack of capacity and skills to fully comply with the prescribed accounting framework was the main factor contributing to the high incidence of audit qualifications. Given the magnitude of the land mass in the Northern Cape and the complexity of accounting challenges at each of the municipalities, the provincial intervention of providing accounting consultants to municipalities would need to be widened beyond the single service provider that was engaged in 2007-08.
- Leadership involvement: Significant delays were experienced in finalising audits due to the unavailability of required information and the unavailability of senior management at most municipalities. Adequate filing systems are required to safeguard documentation for audit purposes.
- Prioritising and addressing issues: Prior year external audit issues were not substantially addressed by a high proportion of municipalities. This is largely linked to capacity as individuals with appropriate skills in finance are required to drive plans to address prior year issues

Western Cape

Compared to the previous year's audit outcomes for the same 28 municipalities (apart from the increase in the number of disclaimer of audit opinions from one (4%) to three (11%) in 2007-08) there was a notable improvement in the overall audit outcomes compared to 2006-07. For the 2006-07 financial year, 17 (61%) municipalities received a qualified audit opinion, while 10 (35%) municipalities received an unqualified opinion with other matters.

One municipality received a disclaimer of audit opinion for historical reasons, while two were constrained by the fact that supporting documentation of prior years was not available for audit purposes, which impacted negatively on the opening balances. Further, there was a pervasive breakdown in the control environment (lack of financial reporting competencies and human resource capacity constraints in the finance department) at these two municipalities.

Main challenges faced by municipalities in the Western Cape include the following:

- At some municipalities supporting documentation of prior year account balances was not available for audit purposes
- Lack of financial reporting competencies at some municipal finance departments.

4.1.3 Audit opinions on municipalities per grade

Table 6 below provides details of the actual audit outcomes for the municipalities according to their respective capacities.





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Table 6: Audit opinions on municipalities per grade for 2007-08

Audit opinion	High capacity	Medium capacity	Low capacity	Total
Disclaimer	12	26	48	86
Adverse	1	2	6	9
Qualified	10	15	30	55
Financially unqualified (with other matters)	17	37	34	88
Financially unqualified (with no other matters)	0	1	0	1
Total reported on	40	81	118	239

Of the 40 high-capacity municipalities, 23 (58%) obtained qualified audit opinions. Overall, it is doubtful whether high-capacity municipalities will be in a position to effectively oversee or support medium- and low-capacity municipalities if their own financial statements are qualified.

4.1.4 Audit opinions on municipalities per district and their local municipalities

District municipalities can play a leading role in promoting and supporting good financial management practices at the municipalities within their district, provided they lead by example in achieving good audit results. The actual 2007-08 audit outcomes of the municipalities per provincial district are summarised below. More detailed information can be found in annexure 5 of this report.

Eastern Cape

Of the six district municipalities in the Eastern Cape, four are included in this report. Of these four, three (75%) were financially qualified and one (25%) financially unqualified (with other matters).

The best performing district municipality was Cacadu District Municipality, which registered a financially unqualified opinion for the second successive year. However, of the six local municipalities for which the district is responsible, five received qualified opinions.

Amatole District Municipality moved from an adverse opinion to a qualified opinion this year, while Chris Hani and OR Tambo district municipalities received disclaimers of opinion this year. Alfred Nzo and Ukhahlamba District Municipalities' audit reports are yet to be finalised. Amatole, OR Tambo, Chris Hani and Ukhahlamba posted the following results, in aggregate, within their districts: Seven disclaimers, five adverse opinions, seven qualified audit opinions and two financially unqualified (with other matters) audit opinions.

Free State

Only two of the five districts, namely Lejweleputswa (qualified) and Fezile Dabi (financially unqualified with other matters), did not receive a disclaimer of opinion. All five districts in the province, however, face significant challenges given a total of 14 disclaimers in the province.



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Gauteng

There has been a reduction in the number of audit qualifications for the province during the year under review. All three district municipalities (West Rand, Sedibeng and Motsweding) within the province obtained financially unqualified (with other matters) opinions.

The West Rand district registered two qualifications and one financially unqualified (with other matters) opinion.

The Sedibeng district had three financially unqualified reports and one disclaimer. In order to address the challenges the municipality is currently facing, special focus should be placed on continuity of key senior personnel, a document management system and capacity building.

The Metsweding district maintained positive results by obtaining a financially unqualified (with other matters) opinion, as was the case last year. The audits of the two municipalities within the district had not been completed by the date of this report.

KwaZulu-Natal

Overall, five (50%) of the 10 districts within KwaZulu-Natal were financially qualified, while the remaining five (50%) were financially unqualified (with other matters). The Umkhanyakude and Amajuba districts were the worst performing districts, while within Umzinyathi district 50% of municipalities were also qualified.

Limpopo

Three of the four district municipalities analysed obtained disclaimers, with only one district municipality obtaining a financially unqualified audit opinion (with other matters). Waterberg district was the best performing district in the province, with one municipality (including the district) obtaining a financially unqualified audit opinion (with other matters).

One municipality within each of the Sekhukhune and Vhembe districts obtained financially unqualified audit opinions (with other matters) in the 2007-08 financial year while none of the municipalities within the Capricorn district achieved unqualified audit opinions. Even though none of the municipalities in the Mopani district obtained financially unqualified audit opinions, there has been a significant improvement compared to the previous year, with three municipalities (Greater Giyani, Greater Letaba and Greater Tzaneen) moving from a disclaimer to a qualified audit opinion.

Mpumalanga

All three district municipalities (Ehlanzeni, Gert Sibanda and Nkangala) obtained financially unqualified (with other matters) opinions.

Of the three district municipalities, Nkangala is the only district that did not receive any qualified opinions, while four of the six (67%) municipalities within Ehlanzeni and six of the seven (86%) municipalities within Gert Sibande were qualified.





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North West

Two of the four district municipalities obtained qualified opinions, whereas the other two obtained financially unqualified (with other matters) opinions.

Bojanala Platinum District and Dr Ruth S Mompoti District Municipalities were themselves unqualified (with other matters) while Dr Kenneth Kaunda and Ngaka Modiri Molema District Municipalities both obtained qualified audit opinions.

Bojanala Platinum District Municipality registered audit outcomes as follows: one disclaimer, one adverse, one qualification and one financially unqualified with other matters. The Dr Ruth S Mompoti district registered three disclaimers and one financially qualified with other matters. Audit outcomes for Dr Kenneth Kaunda were: three disclaimers and one qualification. Ngaka Modiri Molema District Municipality registered four disclaimers

Northern Cape

Three out of the four district municipalities analysed obtained qualified opinions, while one (Frances Baard) obtained a financially unqualified (with other matters) opinion.

The trend of audit qualifications cuts across all districts, with the exception of Frances Baard and Pixley Ka Seme, both of which are represented by one municipality, in the financially unqualified (with other matters) classification.

Western Cape

All five district municipalities (Cape Winelands, Central Karoo, Eden, Overberg and West Coast) obtained financially unqualified (with other matters) opinions.

Of the five districts, the better performing districts for the year under review are Cape Winelands, Central Karoo and Overberg. These had no municipalities with disclaimed or qualified audit opinions. The other two districts, Eden and West Coast, continue to face challenges with both having municipalities that received disclaimed and qualified audit opinions. The performance of municipalities in the Eden district, in particular, continues to be an area of concern.

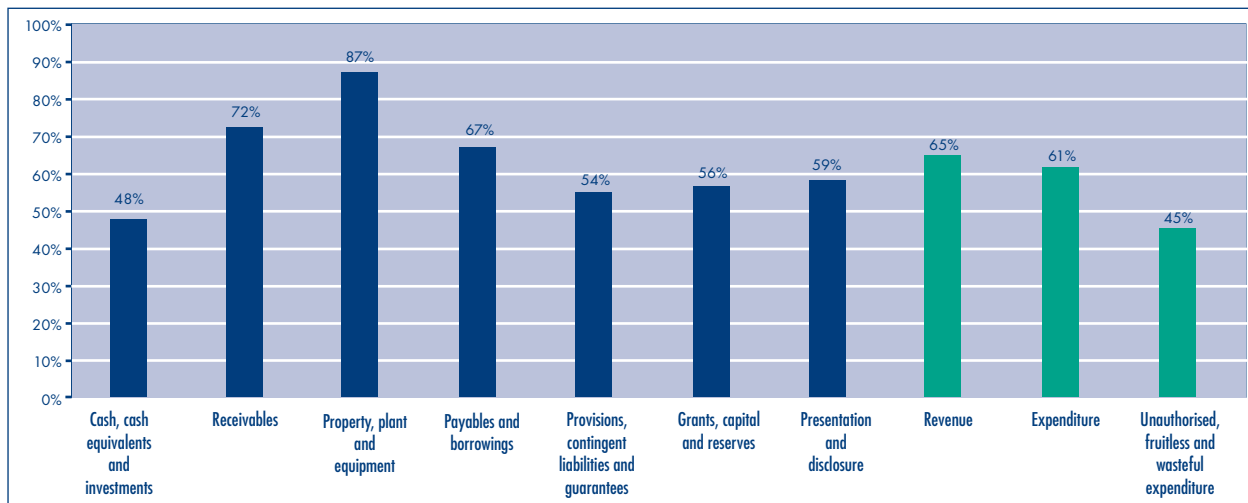
4.1.5 Areas qualified on reported financial position and/or financial results

Figure 3 below provides a breakdown of those audit findings which gave rise to the qualified audit opinions. It also provides an indication of the percentage of municipalities that were qualified per audit finding. The audit findings are split between items on the balance sheet (statement of financial position) reflected in the blue bars and the income statement (statement of financial performance) in the green bars. Details on the nature of qualifications are provided in those qualification areas where percentages exceed 50%, although lower percentages also require focused attention.



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Figure 3: Municipalities (150) that were qualified per audit finding



Balance sheet items (in blue bars)

Generally, common audit qualifications were as follows:

- Receivables - a lack of adequate internal controls, lack of supporting documentation and lack of capacity and skills to fully comply with the prescribed accounting framework were the main contributors to the high proportion of audit qualifications related to receivables at the majority of the municipalities.
- Property plant and equipment - lack of adequate supporting documentation to confirm the existence of assets was the cause of qualifications relating to property plant and equipment.
- Payables and borrowings – sufficient and appropriate audit evidence was not available to confirm the completeness and accuracy of recorded payables for most of the municipalities.

Income statement (in green bars)

- Revenue – municipalities could not provide sufficient and appropriate audit evidence to confirm the completeness of revenue disclosed in their financial statements.
- Expenditure – municipalities could not provide sufficient and appropriate audit evidence to confirm the validity of expenditure incurred and/or disclosed in their financial statements. Contributing internal control weaknesses included a lack of written procedures and adequate record-keeping not being implemented and communicated.

4.1.6 Audit qualifications per capacity

Table 7 below provides a breakdown of all the audit findings which gave rise to the qualified audit opinions per grade. It also provides an indication of where the remedial action to be implemented by management should be directed.



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Table 7: Audit qualifications per municipal capacity

Audit qualifications	High capacity	Medium capacity	Low capacity	Total
Cash, cash equivalents and investments	7	22	43	72
Receivables	14	33	61	108
Inventory	10	17	21	48
Property, plant and equipment	18	40	73	131
Payables and borrowings	15	31	55	101
Provisions and capital commitments	15	22	44	81
Taxes and VAT	6	16	35	57
Grants, capital and reserves	12	25	47	84
Presentation and disclosure	12	27	50	89
Revenue	16	30	52	98
Expenditure	13	28	50	91
Material losses	10	24	33	67
Other	3	1	11	15
Total number of audit qualifications 2007-08	151	316	575	1042
Total number of audit qualifications 2006-07	167	482	825	1474

From the above table the following is evident:

(a) High-capacity municipalities

The majority of audit qualifications relate to receivables, capital assets, payables, and provision and capital commitments in the balance sheet section and revenue and expenditure in the income statement. Leadership needs to address the audit findings at these municipalities to remedy the situation in the next cycle.

(b) Medium-capacity municipalities

The majority of audit qualifications relate to the balance sheet (74%). The main drivers were a lack of capacity and skills to comply fully with the prescribed accounting framework and lack of adequate senior official involvement in monitoring municipal operations. Assistance and guidance from both the National Treasury and the provincial treasuries are encouraged.

(c) Low-capacity municipalities

The majority of audit qualifications relate to the balance sheet (75%). The main drivers are also a lack of adequate skills and capacity to meet the requirements of the prescribed accounting framework and a lack of senior official involvement in monitoring the financial management and accounting functions of the municipalities. There is a need for the leadership to address the audit findings in respect of these capacities to remedy the situation.



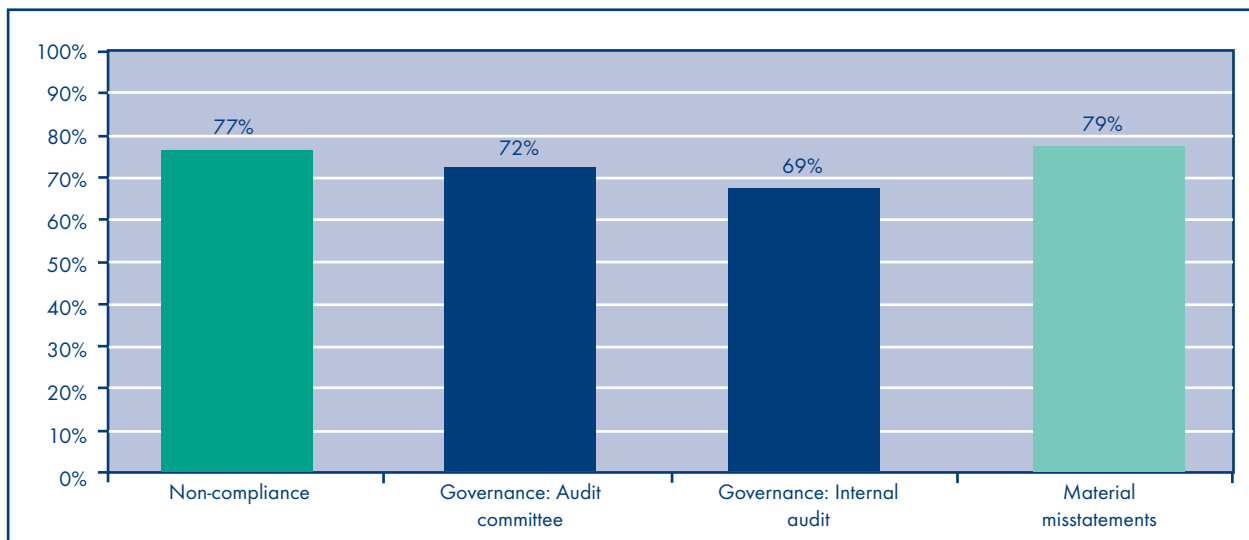
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4.1.7 Report on matters ancillary to the audit of financial statements (other matters)

The audit findings reported under “other matters” draw attention to the matters that are ancillary to the AGSA’s responsibilities in the audit of financial statements.

Figure 4 below provides further details on the findings associated with other matters, as well as the percentage of municipalities linked to the findings.

Figure 4: Municipalities linked to other matters



Non-compliance with applicable legislation

Instances of material non-compliance with relevant legislation not affecting the financial statements were reported in 77% of the municipalities. Limpopo and the Western Cape showed improvement in respect of material non-compliance with applicable legislation not affecting the financial statements. The non-compliance matters reported were mainly in respect of the MFMA.

Provisions most transgressed include requirements regarding the budget process, creditors not paid within 30 days and a lack of fraud prevention plans. MSA compliance issues in the main related to councillors/municipal managers not declaring their interest and inadequate performance management systems at the municipalities.

Inadequate supervision and monitoring by the leadership (municipal managers, CFOs and relevant managers) had in part contributed to the negative audit findings in this area. The main driver behind the above findings is a lack of capacity and skills, as well as a lack of internal control measures regarding supervision and monitoring in some instances. The right leadership tone is necessary to address these shortcomings to ensure a strong control environment with a high level of compliance. Internal audit could also play a key role in this regard.



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Audit committee and internal audit

Audit committees and internal audit are essential elements in the management review process of the design and maintenance of sound internal controls to achieve good governance and accountability and to ensure that risk management processes receive the appropriate attention. A total of 170 (72%) municipal entities had findings related to audit committees. These include matters such as committees not being effective or not substantially fulfilling their MFMA-prescribed responsibilities.

Concerns relating to internal audit functions were raised at 169 (69%) of municipalities. These revolved around matters that include internal audit not substantially fulfilling their MFMA-prescribed responsibilities, in many cases due to the capacity of internal audit functions.

Other matters of governance

Other matters of governance include GRAP readiness and addressing prior year audit recommendations.

a. GRAP readiness

The next few years will pose greater challenges to municipalities with the ongoing transition to GRAP. The non-submission of implementation plans to prepare for GRAP was primarily due to municipalities' lack of understanding regarding the complexity of GRAP. Historical issues and capacity constraints hamper municipalities in effectively implementing GRAP. Limpopo and KwaZulu-Natal also raised concerns over lack of oversight by leadership regarding this process. Within Northern Cape and Mpumalanga, a number of medium-capacity and most low-capacity municipalities do not have the capacity, skills and financial systems to implement full GRAP/GAMAP disclosure.

It is important that processes be developed and implemented to ensure that adequate skills and resources are available to enable full compliance with GRAP. The municipal leadership, with the assistance of the National Treasury as well as provincial treasuries should ensure that processes are developed and implemented in order to ensure that municipalities are moving towards full GRAP compliance.

b. Material misstatements

One hundred and eighty-eight (79%) of 237 municipalities required material corrections to their financial statements due to errors, omissions and inconsistencies identified by the auditors. These material corrections could be substantially reduced (and eliminated) by addressing the capacity, skills and leadership challenges.

4.2 RESULTS OF AUDIT OF PERFORMANCE INFORMATION OF MUNICIPALITIES

4.2.1 Overview of the results of the auditing of performance information

Common findings resulting from AGSA audits of performance information at municipalities related to the following:

- No reporting of performance information (42%)
- Lack of internal auditing of performance measurement (41%)



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- Inadequate content of the Integrated Development Plan (32%)
- Performance information not received on time for audit purposes (30%).

Capacity constraints and skills shortages were cited as the reasons for the deficiencies identified.

4.3 PERFORMANCE AGAINST GOOD PRACTICE INDICATORS BY MUNICIPALITIES

Table 8 below presents the results of the municipalities' performance against good practice indicators.

Table 8: Results of good practice indicators for municipalities for 2007-08

No.	Good practices	Score 2007-08	Score 2006-07
1	Clear trail of supporting documentation that is easily available and provided in time	37%	33%
2	Quality of financial statements and related management information	31%	16%
3	Timeliness of financial statements and related management information	74%	75%
4	Availability of key officials during audits	53%	49%
5	Development of and compliance with risk management and good internal control and governance practices	31%	17%
6	Leadership / supervision / monitoring	42%	31%

- Clear trail of supporting documentation**
 Good practices require annual financial statements submitted to be supported by relevant and reliable working papers and supporting documentation. Thirty-seven per cent of municipalities displayed the ability to provide supporting documentation that is easily available and provided in time. However, the deficiencies in records management are reflected in the disclaimers of opinion at 36% of the municipalities. This is an improvement on last year as the provinces have encouraged municipalities to move towards better filing systems and increased recording of and accountability for transactions processed.
- Quality of annual financial statements**
 Good practices require annual financial statements to be prepared and submitted for audit purposes in accordance with the auditees' applicable accounting framework. There was a significant improvement compared to the previous year (16%) with 31% of municipalities having submitted a set of financial statements that complied fully with their accounting framework. However, there is significant room for improvement in this category.
- Timeliness of annual financial statements**
 The timely submission of financial statements for auditing is important. Good planning for the financial statement preparation process resulted in only 26% of the municipalities not submitting their financial statements for auditing by the legislated deadline of 31 August.



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- **Availability of key officials**

There has been no notable improvement in the availability of key officials during the audit to deal with audit-related matters and to clear these in a timeous manner. Proactive involvement of key officials goes a long way in avoiding qualifications in that key officials are usually able to respond timeously to and resolve audit findings before the final audit conclusion.

- **Development of and compliance with risk management and good internal control and governance practices**

Effective risk management and internal control practices continue to be a challenge for the majority (69%) of municipalities. Contrary to legislative requirements, fraud prevention plans and risk management strategies either did not exist or were not regularly updated and monitored at the majority of municipalities. Management did not assign the required priority to risk management during the year.

- **Leadership, supervision and monitoring**

Leadership sets a proper "tone at the top" to create a sound control environment and must ensure that competent and skilled staff are employed, particularly in the finance and accounting division. Support for adherence to financial management requirements is essential. Effective leadership and oversight are needed to monitor the performance of management, especially insofar as financial management is concerned. The practice of supervision and monitoring, especially insofar as financial management is concerned, was evident at 42% of the municipalities.

4.4 MUNICIPALITIES NOT REPORTED ON

Below are listed the names of those municipalities whose 2007-08 audit outcomes have not been included in this report as well as the reasons for such non-inclusion. Their prior year audit outcomes are indicated in brackets in terms of a legend provided immediately below the listing.



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Eastern Cape municipalities not reported on (8)	Reasons for/causes of non-inclusion in 2007-08 General Report
Alfred Nzo District (A), Emalahleni (D), Engcobo (D), Mbizana (D), Port St Johns (D), Ukhahlamba (A) Municipalities	The annual financial statements for 2007-08 were submitted after the legislated deadline. These audits were still in progress at the time of this report.
Kou Kamma Municipality (D)	The audit was delayed as financial statements were received without any supporting documentation. The situation was further complicated by challenges relating to the financial system, labour unrest and capacity constraints at the municipality.
Ingquza Hill Municipality (O)	Although this municipality submitted its financial statements within the legislated deadline, finalisation of the audit was delayed as a result of the AGSA's internal quality assurance and monitoring processes.

Free State municipalities not reported on (6)	Reasons for/causes of non-inclusion in 2007-08 General Report
Mafube Municipality (O)	The financial statements were not received for audit by the legislated deadline due to the municipal manager and chief financial officer positions being vacant during the year under review. The newly appointed municipal manager and chief financial officer appointed consultants to draw up financial statements for 2007-08. The financial statements were submitted on 9 February 2009.
Tokologo Municipality (O)	The financial statements for 2006-07 were submitted for audit on 6 October 2008. This audit will be finalised in April 2009. It is expected that the 2007-08 financial statements will be submitted for audit during April 2009. The main reasons for the delay were the poor quality of financial statements submitted, lack of management involvement during the audit and lack of capacity in the finance department of the municipality.
Phumelela Municipality (O)	The financial statements for the 2007-08 and the 2006-07 financial years had not been received for audit purposes at the time of this report. The severity of deficiencies in the financial management system and controls at the municipality compelled the Department of Local Government and Housing to place this municipality under administration. Consultants were appointed to redo the 2005-06 financial statements and to update the financial records.
Nala Municipality (D)	The financial statements were received on 28 November 2008 for audit. The audit is expected to be finalised by 31 May 2009.
Mohokare Municipality (D)	The financial statements were received on 23 October 2008 for audit. A significant number of staff members within the finance section of Mohokare were on suspension due to an investigation that was still under way, which makes it very challenging to obtain the required information from the municipality. The audit is expected to be finalised in April 2009.
Letsemeng Municipality (O)	The finalisation of the audit was delayed due to information not being available and the unavailability of the municipal manager and chief financial officer.



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Gauteng municipalities not reported on (2)	Reasons for/causes of non-inclusion in 2007-08 General Report
Nokeng Tsa Taemane (D) and Kungwini Local (A) Municipalities (D)	Significant difficulties were experienced regarding the submission of audit information, availability of key officials as well as inadequately trained personnel in the finance section.
KwaZulu-Natal municipalities not reported on (1)	Reasons for/causes of non-inclusion in 2007-08 General Report
Endumeni Municipality (A)	The financial statements were only received on 11 November 2008 due to a delay in the implementation of the Property Rates Act. The audit is currently in the reporting phase.
Limpopo municipalities not reported on (7)	Reasons for/causes of non-inclusion in 2007-08 General Report
Lepelle-Nkumpi (D), Greater Sekhukhune District (O), and Bela-Bela (D) Municipalities	Financial statements were received after the legislated deadline of 31 August 2008. In addition, the finalisation of these audits was delayed by the late resolution of audit findings pertaining to issues raised during the audit and the inability of the municipality to provide appropriate explanations for findings raised.
Makhudutamaga Municipality (D)	The annual financial statements were not submitted and a management had not yet provided a submission date at the date of this report.
Polokwane (O) and Ba-Phalaborwa (O) Municipalities	These are the only two municipalities in the province whose audit backlog could not be cleared on time by the AGSA.
Mookgophong Municipality (D)	This audit was still in progress at the time of this report due to the AGSA's internal quality assurance and monitoring processes. This report was expected to be finalised by 31 March 2009.
Mpumalanga municipalities not reported on (2)	Reasons for/causes of non-inclusion in 2007-08 General Report
Emalahleni Local Municipality (UO)	Audit was only finalised on 13 February 2009 due to capacity constraints.
Pixley Ka Seme (Q)	Audit is due by the middle of April 2009 because of the late submission of financial statements (submitted on 30 November 2008).



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North West municipalities not reported on (5)	Reasons for/causes of non-inclusion in 2007-08 General Report
Maquassi Hills Local Municipality (D)	The financial statements were submitted late and the audit is still in progress. The anticipated finalisation date is end of April 2009.
Kgetleng River Local Municipality (D)	The financial statements were submitted late due to the implementation of a new accounting system. The audit is still in progress. The anticipated finalisation date is end April 2009.
Ditsobotla Local Municipality (D)	Non-submission of financial statements due to capacity constraints.
Kagisano Local Municipality (O)	Anticipated submission date is end April 2009. Non-submission of financial statements. The 2006-07 audits are still in progress.
Mamusa Local Municipality (O)	Non-submission of financial statements. The 2006-07 audits are still in progress.

Northern Cape municipalities not reported on (6)	Reasons for/causes of non-inclusion in 2007-08 General Report
Phokwane Municipality (D)	Financial statements had not been received as at the date of this report. The main reason for the delay is a vacancy in the CFO position, as well as an under-staffed finance unit. Since last year resources from the Frances Baard District Municipality have been deployed to assist the municipality in updating accounting records and compiling financial statements. As such, the financial statements are expected to be ready for audit by April 2009.
Kamiesberg Municipality (D)	Financial statements were received on 30 September 2008. The finalisation of the audit was delayed as a result of the AGSA's internal quality assurance and monitoring processes. The audit report is expected to be completed by end April 2009.
Nama Khoi Municipality (D)	The financial statements were received on 12 November 2008. The audit is expected to be completed by end of April 2009.
Richtersveld Municipality (D)	Financial statements were received on 31 August 2008. The finalisation of the audit was delayed as a result of the AGSA's internal quality assurance and monitoring processes. The audit is expected to be completed by end April 2009.
Khara Hais Municipality (D)	Financials were received on 28 August 2008. As part of the internal risk management process the results of a special investigation are awaited, following which the audit report will be finalised.
Siyanda District Municipality (D)	Financials were received on 20 October 2008. The delay in finalising the audit report was due to Siyanda having acquired the services of a consultant for the 2007-08 year, resulting in the restatement of various prior year figures which required additional audit time. The auditee also failed to cooperate fully in terms of management comments, e.g. they would initially agree with a finding and then at a later stage disagree, hampering progress in the finalisation stages. The audit was expected to be finalised by the end of April 2009.



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Western Cape municipalities not reported on (1)	Reasons for/causes of non-inclusion in 2007-08 General Report
Oudtshoorn Municipality (D)	The annual financial statements had not yet been received for audit purposes at the time of this report due to challenges with the transition from IMFO to GRAP, GAMAP and GAAP and the conversion to a new accounting system. The suspension of key officials and a lack of skills and capacity also played a role. The 2007-08 financial statements are being prepared by consultants and the municipality indicated that the financial statements would be ready in April 2009.

Legend: The letter in brackets after the name of the municipality indicates the prior audit opinion. The letters denote the following: A – Adverse, D – Disclaimer, UO – Financially unqualified (with other matters), O – Audit outstanding (audit not finalised since 2007 financial year).



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SECTION 5: AUDIT OUTCOMES OF MUNICIPAL ENTITIES (EXCLUDING THOSE RELATED TO METROS)

5.1 FINANCIAL REPORTING RESULTS

Local government includes 20 municipal entities, excluding those entities related to metros. Municipal entities located in KwaZulu-Natal, Gauteng and Western Cape are therefore not included in this section, except where these entities are not connected to the metros in those provinces. The results of entities connected to metros are presented under section 3 of this report.

5.1.1 Status of completion of the audits of municipal entities

Table 9 below sets out the status of completion, as at 31 January 2009, of audits for the year ended June 2008.

Table 9: Status of completion of the audit of municipal entities

Province	Total	Audits completed	Audits outstanding	% Completed
1. Eastern Cape	7	4	3	57%
2. Free State	4	3	1	75%
3. KwaZulu-Natal	4	3	1	75%
4. Limpopo	2	0	2	0%
5. North West	3	1	2	33%
Total reported on	20	11	9	55%

Nine audit reports are outstanding due to the factors set out under 5.4 below.

5.1.2 Overview of audit outcomes of municipal entities

Table 10 below provides details of the actual audit outcomes for the municipal entities.

Table 10: Audit opinions on municipal entities

Type of audit opinion	2007-08		2006-07	
	Number	%	Number	%
Disclaimer	2	18%	3	30%
Adverse	1	9%	1	10%
Qualified	1	9%	2	20%
Financially unqualified (with other matters)	5	46%	3	30%
Financially unqualified (with no other matters)	2	18%	1	10%
Total reported on	11	100%	10²	100%

² No comparative for Umhlozinga Development Agency since 2007-08 was the first financial period for which it was audited.



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Of the 11 municipal entities whose audit outcomes are reported, three had improved, while seven maintained their audit opinion of the previous year and one municipal entity was being audited for the first time.

The following improvements were recorded: One moved from qualified to financially unqualified (with no other matters), one moved from being disclaimed to being qualified and one moved from qualified to unqualified (with other matters).

Those with unchanged audit outcomes are as follows: Disclaimed (2), adverse (1), financially unqualified (with other matters) (3) and financially unqualified (with no other matters) (1).

The majority of audit opinions relating to municipal entities were financially unqualified (with other matters). These municipalities had concerns in the areas of non-compliance with legislation, governance (including internal audit and audit committees) and material misstatements which had to be corrected following audit intervention. The leadership should therefore focus on preventing their current financial management practices from deteriorating.

Table 11: Provincial summary of audit opinions on municipal entities

	Disclaimed		Adverse		Qualified		Unqualified (with other matters)		Unqualified (with no other matters)	
Province	June 08	June 07	June 08	June 07	June 08	June 07	June 08	June 07	June 08	June 07
Eastern Cape	0	1			1	1	2	2	1	0
Free State	2	2	1	1						
KwaZulu-Natal						0	1	3	1	
North West									1	1
Total reported on	2	3	1	1	1	2	5	3	2	1

Eastern Cape

The performance of municipal entities this year is encouraging in that of the four municipal entities reported on, three obtained financially unqualified opinions. This included one municipal entity, Buffalo City Development Agency, which progressed from a qualified opinion to a financially unqualified opinion (with no other matters). Two municipal entities, Kouga Development Agency and Amathola Economic Development Agency, maintained their financially unqualified opinions (with other matters) for the second successive year. One municipal entity, Ntinga OR Tambo Development Agency, moved from a disclaimer to a qualified opinion.

Free State

There was no improvement in the audit outcomes compared to the previous financial year. Lejweleputswa Development Agency (LDA) again received an adverse audit opinion. Senior management did not have



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the knowledge and skills to resolve the majority of prior year audit findings. This resulted in the suspension of senior management. Centlec retained its disclaimer due to poor financial management. Centlec did not implement all policies and procedures. The entity's transactions were captured on the accounting system of the parent municipality and consequently it was unable to fully control its own financial system. Maluti Water retained its disclaimer of audit opinion as supporting documentation could not be submitted. This entity does not have access to source documentation to support the revenue paid to them by the parent municipality.

KwaZulu-Natal

Umhloshinga Development Agency is a new municipal entity that was audited for the first time in the 2007-08 financial year. iLembe Development Foundation improved to a financially unqualified (with other matters) opinion having been previously qualified, while Hibiscus Coast Municipality maintained its financially unqualified (with other matters) opinion. All the municipal entities therefore achieved a financially unqualified (with other matters) opinion.

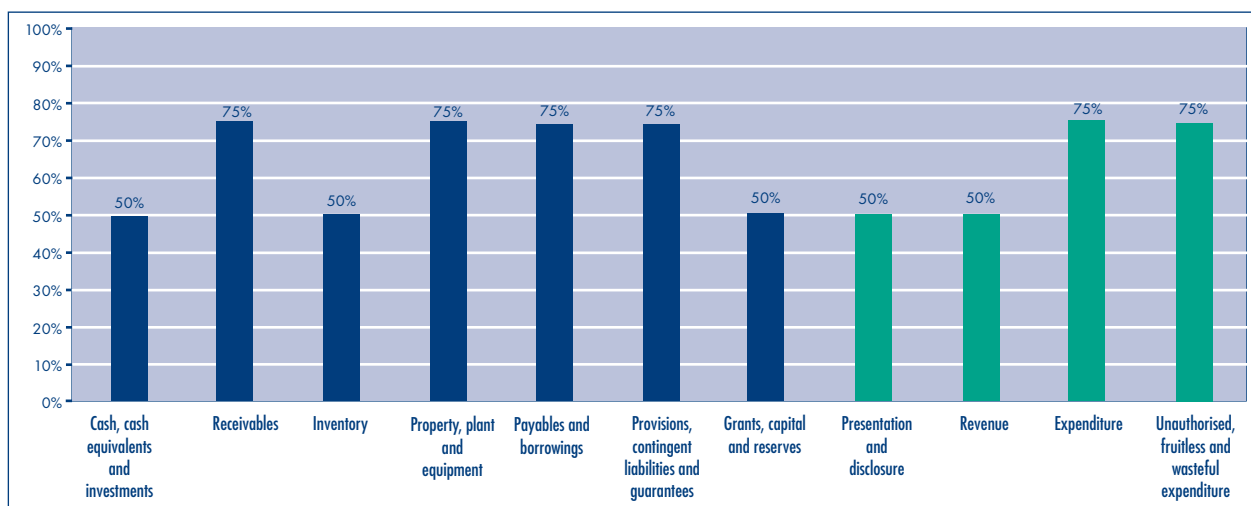
North West

The Rustenburg Water Services Trust again received a financially unqualified (without other matters) opinion. A clear audit trail, good quality financial statements and assistance rendered by key officials during the audit are the main drivers of the positive result and should be maintained. This municipal entity presents an opportunity for knowledge sharing and twinning.

5.1.3 Areas qualified on reported financial position and/or financial results

Figure 5 below provides a breakdown of all the audit findings that gave rise to the qualified audit opinions. It also provides an indication of the percentage of municipal entities that were qualified per audit finding. The audit findings are split between items on the balance sheet (statement of financial position) as reflected in blue bars and the income statement (statement of financial performance) in green bars.

Figure 5: Municipal entities (4) that were qualified per audit finding





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A lack of adequate internal controls, lack of supporting documentation and a general lack of capacity and skills to fully comply with the prescribed accounting framework are the main contributing factors to both the income statement and balance sheet findings.

Balance sheet items (in blue bars)

Three municipal entities were subject to findings on receivables; property, plant and equipment; payables and borrowings; and provisions, contingent liability and guarantees.

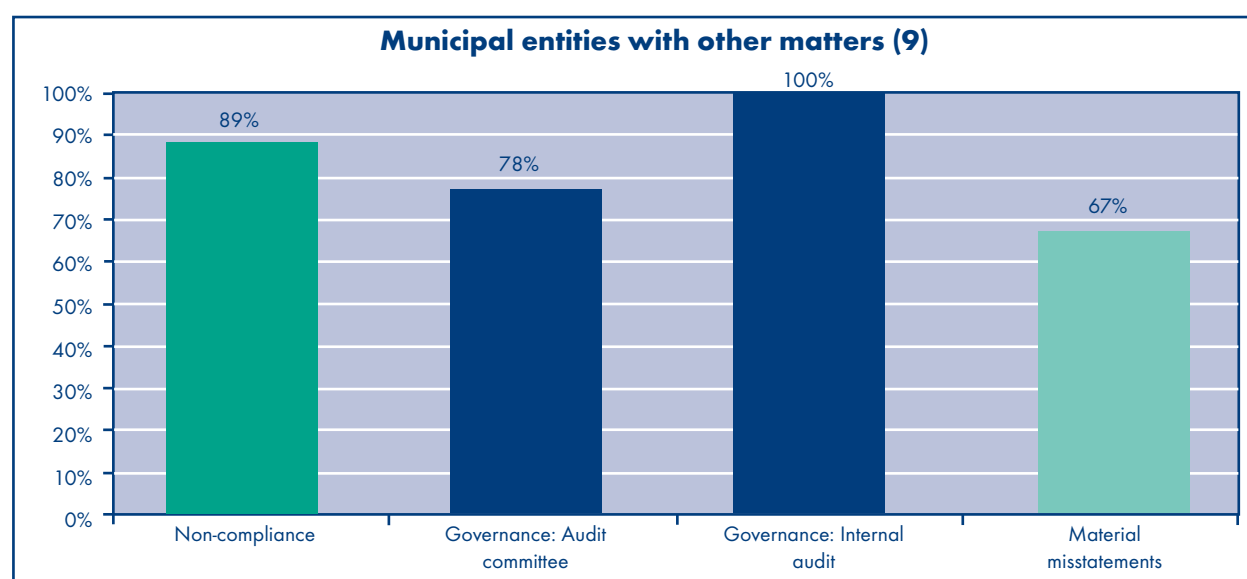
- Receivables – sufficient and appropriate audit evidence was not obtained to confirm receivables as disclosed in the financial statements.
- Property, plant and equipment - the existence, valuation and completeness of property, plant and equipment is a concern for the majority of municipal entities due to inaccurate fixed asset registers.
- Payables and borrowings – sufficient and appropriate audit evidence was not available to confirm payables.
- Provisions, contingent liability and guarantees – inappropriate disclosure of and accounting for provisions.

Income statement (in green bars)

There is a high incidence of audit qualifications on expenditure and fruitless, unauthorised and wasteful expenditures. This is mainly due to the deficiencies in internal controls surrounding the validity, accuracy and completeness of recorded transactions.

5.1.4 Report on matters ancillary to the audit of financial statements (other matters)

Figure 6: Municipal entities linked to other matters





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Non-compliance with applicable legislation

The audit outcomes of nine of the municipal entities were unqualified, with other matters. The incidence of those other matters findings (eight out of the nine municipal entities (89%) are depicted above and were in respect of material non-compliance with applicable legislation not affecting the financial statements. The non-compliance related to deviations from the MFMA, the MSA and the Companies Act, 1973, due to a lack of operational controls in place and lack of adequate ongoing monitoring by the leadership of these entities. The right leadership tone, with the support of internal audit, is necessary to establish a strong control environment and ensure compliance.

Governance – audit committee

At seven (78%) of the nine municipal entities concerns were raised relating to audit committees not substantially fulfilling their legislated responsibilities during the year. Three of these municipal entities are located in the Free State.

Governance - Internal audit

All nine entities (100%) had concerns raised on the effectiveness of internal audit that did not substantially fulfil their responsibilities. Every effort should be made by the leadership to fully capacitate the internal audit function.

Other matters of governance

Other matters of governance include addressing prior year audit matters. The majority of municipal entities did not address the prior year external audit matters. Leadership of the entities should develop action plans at the conclusion of the audit to ensure that all audit findings are attended to and cleared prior to the following year's audit.

Material misstatements

Six (67%) of nine municipal entities required material corrections to their financial statements, due to errors, omissions and inconsistencies identified by the auditors.

5.2 RESULTS OF AUDIT OF PERFORMANCE INFORMATION OF MUNICIPAL ENTITIES

5.2.1 Overview of the results of the auditing of performance information

The results of the audit of performance information of those municipal entities not related to metros are as follows:

- No reporting of performance information (25%)
- Performance information was not received on time for audit purposes (10%).

The majority of municipal entities reported on performance information. However, in the Free State none of the municipal entities reported performance information, which is an indication of the lack of progress made in this regard. Two municipal entities in KwaZulu-Natal also did not report on performance information.



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5.3 PERFORMANCE AGAINST GOOD PRACTICE INDICATORS BY MUNICIPAL ENTITIES

Table 12 below presents the results of the municipal entities' performance against good practice indicators. These entities are reported on for the first time in a consolidated general report; hence comparative assessment results were not possible.

Table 12: Results of good practice indicators for municipal entities for 2007-08

No.	Good practices	2007-08
1	Clear trail of supporting documentation that is easily available and provided on time	55%
2	Quality of financial statements and related management information	45%
3	Timeliness of financial statements and related management information	64%
4	Availability of key officials during audits	64%
5	Development of and compliance with risk management and good internal control and governance practices	27%
6	Leadership / supervision / monitoring	45%

- Clear trail of supporting documentation**
 Good practices require that annual financial statements submitted be supported by relevant and reliable working papers and supporting documentation. Six (55%) of the municipal entities were able to provide supporting documentation that was easily available and provided these on time. Further efforts are required to improve in this area of performance.
- Quality of annual financial statements**
 Forty-five percent of municipal entities' financial statements submitted for audit required material corrections during the course of the audit. The complexity of GRAP, together with the lack of adequate skills and resources at the municipal entities to review the financial information throughout the year, resulted in this low percentage.
- Timeliness of annual financial statements**
 Despite the relatively high incidence of timely submission (64%), the quality was lacking, as detailed above.
- Availability of key officials**
 The availability of key officials during the audit is still a challenge at seven municipal entities in the provinces. The presence of key officials throughout the audit is critical to ensure that audit outcomes are improved in future.
- Development of and compliance with risk management and good internal control and governance practices**
 Effective risk management and internal control practices continue to be a challenge for 27% of the municipal entities. Contrary to legislative requirements, fraud prevention plans and risk management



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strategies either did not exist or were not regularly updated and monitored at the majority of municipalities. Management did not give the necessary priority to risk management during the year. This is over and above the earlier comments on internal audit and audit committee deficiencies.

- **Leadership, supervision and monitoring**

All audit qualification categories and the majority of audit findings in respect of non-compliance with the MFMA and MSA were as a result of a lack of senior management leadership and basic management supervision and review. Therefore the audit committees could assist management in providing oversight to ensure that municipal entities comply with applicable legislation as well as municipal entity-developed policies and procedures. It is extremely important to focus on continued monitoring, supervision and review of the financial reporting requirements of the municipal entity as this presents an opportunity to prevent possible qualifications and continued non-compliance in future.

5.4 MUNICIPAL ENTITIES NOT REPORTED ON

Below are listed the names of those municipal entities whose 2007-08 audit outcomes have not been included in this report as well as reasons for such non-inclusion. Their prior year audit outcomes are indicated in brackets in terms of a legend provided immediately below the listing

Eastern Cape municipalities not reported on (3)	Reasons for/causes of non-inclusion in 2007-08 General Report
Kouga Cultural Centre (UO)	The financial statements for several years were submitted simultaneously. The initial target date for completion of these audits was the end of May 2009.
Mthombo Sediba (O)	The 2007-08 financial statements were received on 26 September 2008. The audit report was signed on 26 February 2009 and is therefore not included in this consolidated report.
Blue Crane Route Development Agency (O)	This entity does not have the skills required to prepare its own financial statements. A consultant has been approached to prepare the financial statements although the entity had not committed itself to a date for submission at the date of this report.

Free State municipalities not reported on (1)	Reasons for/causes of non-inclusion in 2007-08 General Report
Krynaauwlust Farming Trust (O)	The financial statements were submitted late for audit. The financial statements for prior five financial years have not been audited. The entity disputes a legal opinion and a Public Accounts Committee resolution that it should be audited by the AGSA. The entity has indicated that they are not willing to pay the audit fees. The audit has been suspended pending discussions with the entity and the DLGH.



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KwaZulu-Natal municipalities not reported on (1)	Reasons for/causes of non-inclusion in 2007-08 General Report
uThukela Water (Pty) Ltd (O)	The entity is excluded as no financial statements have been received to date because the entity is experiencing a severe lack of appropriately skilled staff and inadequate record-keeping.
Limpopo municipalities not reported on (2)	Reasons for/causes of non-inclusion in 2007-08 General Report
Polokwane Housing Association (O)	The audits for both financial years are currently in progress. It is expected that these reports would be issued by 31 March 2009.
Zelpy 1903 (Pty) Ltd (O)	The audit of both financial years is currently in progress and the outstanding reports would also be issued by 31 March 2009.
North West municipalities not reported on (2)	Reasons for/causes of non-inclusion in 2007-08 General Report
Moses Kotane Development Agency (O)	Late submission of financial statements due to a lack of capacity. The anticipated finalisation date is end April 2009.
SDN Economic Agency (Pty) Ltd (O)	Late submission of financial statements due to the recent establishment of this entity and a lack of capacity.

Legend: The letter in brackets after the name of the municipality indicates the prior audit opinion. The letters denote the following: A – Adverse, D – Disclaimer, UO – Financially unqualified (with other matters), O – Audit outstanding.



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SECTION 6: STATUS OF INVESTIGATIONS

"Investigation" as contemplated in section 5(1)(d) of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) is defined as an independent and objective process where procedures are performed in accordance with guidelines issued by the AGSA to facilitate the investigation of financial misconduct, maladministration and impropriety, which may result in legal proceedings for adjudication and ensure probity in the accounts, financial statements and financial management of an institution referred to in section 4(1) and 4(3) of the PAA. An investigation may be performed where the AGSA:

- (a) considers it to be in the public interest,
- (b) receives a complaint relating to such institution or its affairs, or
- (c) receives a request relating to such institution or its affairs, and
- (d) deems it appropriate.

This will result in a report (as contemplated in section 20 of the PAA) or a special report (as contemplated in section 29 of the PAA).

The table below lists the expected dates of submission of investigation reports for those provinces where such investigations commenced from 1 July 2007 onwards.

Province	Municipality	Report description	Expected date of completion
Eastern Cape	Kouga Local Municipality	Report to the Department of Local Government and Traditional Affairs on the sale of residential and non-residential properties.	May 2009
	Nkonkobe Municipality	Report to the Department of Local Government and Traditional Affairs on MIG projects	May 2009
	Ukhahlamba District Municipality	Report to the Department of Local Government and Traditional Affairs on financial management, income and expenditure, payroll and tenders.	May 2009
Free State	Mohokare Local Municipality	Possible irregularities on the cash focus system.	April 2009
KwaZulu-Natal	Abaqulusi	Report to the municipal manager on the investigation into alleged irregularities relating to two contracts entered into by Abaqulusi Municipality in respect of cleaning and maintenance of parks and gardens and the establishment of an organic processing plant, respectively.	Tabled at council meeting on 10 December 2008.



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Province	Municipality	Report description	Expected date of completion
Limpopo	Musina Local Municipality	Management report on an investigation into the awarding of tenders and the sale of land (issued 30 September 2008).	Management report issued to the accounting officer, 30 September 2008.
	Lepelle-Nkumpi Local Municipality	Management report on an investigation into: <ul style="list-style-type: none"> • the building projects. • the electrification projects. • the two RDP housing projects. • the roads and storm water projects. • the human resources matters affecting section 57 managers. • The sale of land. The services contract awarded (issued 31 March 2008).	Management report issued to the accounting officer dated 31 March 2008.
	Waterberg District Municipality	Management report on an investigation into projects.	Management report issued to the accounting officer dated 17 June 2008.
	Modimolle Municipality	Construction of a reservoir in Mabatlane/Vaalwater.	Management report issued to the accounting officer dated 27 October 2008.
	Bela-Bela Municipality	Appointment of service providers.	Management report issued to the accounting officer on 23 December 2008.
Western Cape	City of Cape Town	Infrastructure delivery process	December 2009



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SECTION 7: CONCLUSION

There is an overall positive trend towards improving the audit outcomes of local government, although the rate at which this is being achieved needs to be accelerated.

As highlighted in this report, there are numerous challenges relating to local government performance which will require a coordinated effort by the leadership of the province, with the support of all role players, including the National Treasury, provincial treasuries and local government, SALGA, ASB, accounting-related professional bodies, the Development Bank of Southern Africa and the Institute of Internal Auditors of Southern Africa, to bring on board additional specialised capacity to assist municipalities.

The unfavourable audit opinions expressed on municipalities are the result of basic good practices not being observed. Management and their entities must make a concerted effort to improve on and maintain good practices, especially with regard to the availability of documentation and producing good quality financial statements. Municipalities and their entities should focus on addressing the shortcomings around capital assets, revenue and receivables, expenditure and payables, financial reporting as well as critical skills challenges. Senior management should ensure efficient monitoring and supervision to address areas of non-compliance with legislation. Internal audit functions are crucial to assist management in establishing a sound internal control environment and for ongoing evaluation and monitoring of management's compliance with predefined controls and progress in implementing the action plans. Internal audit functions should therefore be strengthened.

There is a need for the leadership of local government to design and implement action plans that clearly identify areas of concern and areas for improvement according to predetermined time frames. Leadership should become more involved to ensure efficient monitoring and supervision in order to address the areas of concern highlighted in this report. It is imperative that the audit committees and internal audit functions fulfil their obligations to ensure development of and compliance with risk management and good internal control and governance practices.

The AGSA is confident that the challenges are not insurmountable and remains committed to working with the councils, legislatures and the executive to assist in the process of identifying and disseminating good practices to improve governance and accountability, so as to build public confidence in the government's ability to account for public resources and improve service delivery.





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ANNEXURE 1.1: METROS AND RELATED ENTITIES – AUDIT OUTCOMES

No.	Municipality	Province	Portfolio	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
1	Ethekeini	KZN	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with other matters)																		
2	Nelson Mandela Metro	EC	Metro	Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
3	Ekurhuleni Metro	GP	Metro	Metro	Qualification	Qualification																		
4	City of Tshwane Metro	GP	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
5	City of Johannesburg Metro	GP	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
6	City of Cape Town	WC	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
7	Century	EC	Municipal entities	Nelson Mandela Bay Metro	Disclaimer	Disclaimer																		
8	Feather Market	EC	Municipal entities	Nelson Mandela Bay Metro	Qualification	Qualification																		
9	Mandela Bay Development Agency	EC	Municipal entities	Nelson Mandela Bay Metro	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
10	Ekurhuleni Development Company	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Qualification	Qualification																		
11	Erwit	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Qualification	Qualification																		
12	Rodeo/Plat Tembo Water Trust	GP	Municipal entities	City of Tshwane	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
13	Sandpruit Works	GP	Municipal entities	City of Tshwane	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
14	Brokpan Bus Company	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
15	Pharose Park Housing Company (Pty) Ltd	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
16	Phase 2 Housing Company (Pty) Ltd	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
17	Givrielo Water	GP	Municipal entities	City of Tshwane	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
18	Erek	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
19	Joburg Property Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
20	Johannesburg Civic Theatre	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
21	Johannesburg Development Agency	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
22	Johannesburg Metropolitan Bus Services	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
23	Johannesburg Roads Agency	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		



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ANNEXURE 1.1: METROS AND RELATED ENTITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Portfolio	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
24	Johannesburg Social Housing Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
25	Philippi Johannesburg	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
26	Rodepoort Civic Theatre	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
27	City Power Johannesburg	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
28	Johannesburg Fresh Produce Market	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
29	Johannesburg Zoo	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
30	Metropolitan Trading Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
31	Johannesburg Water	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
32	Johannesburg City Parks	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
33	Johannesburg Tourism Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
34	Housing Company Eswane	GP	Municipal entities	City of Tswane	Disclaimer	Disclaimer																		
35	Lehlabong Housing Institute	GP	Municipal entities	Ekurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
36	Durban Marine Theme Park (Pty) Ltd	KZN	Municipal entities	Ethekwini municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
37	ICC Durban (PTY) LTD	KZN	Municipal entities	Ethekwini municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
38	Phidipi East Trading Centre (Pty) Ltd	WC	Municipal entities	City of Cape Town Metro	Qualification	Qualification																		
39	Cape Town International Convention Centre	WC	Municipal entities	City of Cape Town Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
40	Khaysiela Community Trust	WC	Municipal entities	City of Cape Town Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
41	Regional Electricity Distributor One (PT)	WC	Municipal entities	City of Cape Town Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
1	Inkwanca	EC	Low capacity	LM	Chris Hani District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
2	Makana	EC	Low capacity	LM	Cacadu District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
3	Matikwini	EC	Low capacity	LM	Ukhahlamba District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
4	Mogale	EC	Medium capacity	LM	Ankole District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
5	Sakshizwe	EC	Low capacity	LM	Chris Hani District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
6	Tsolwana	EC	Low capacity	LM	Chris Hani District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
7	Okhahlamba	KZN	Low capacity	LM	Uthukela District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
8	Makhado	LP	Medium capacity	LM	Vhembe District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
9	Medungh	NW	High capacity	LM	Bojale Platinum District	Adverse	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
10	Anantlati	EC	Low capacity	LM	Ankole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
11	Chris Hani District	EC	Medium capacity	DM	Chris Hani District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
12	Gariep	EC	Low capacity	LM	Ukhahlamba District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
13	Great Kei	EC	Low capacity	LM	Ankole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
14	Isinko	EC	Low capacity	LM	Chris Hani District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
15	King Sabata Dalindyebo	EC	High capacity	LM	OR Tambo District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
16	Mkhoshe	EC	Low capacity	LM	Ankole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
17	Mkhondo	EC	Low capacity	LM	OR Tambo District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
18	Nquthuwa	EC	Medium capacity	LM	Ankole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
19	Nkonkobe	EC	Low capacity	LM	Ankole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
20	Ntshabane	EC	Low capacity	LM	OR Tambo District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
21	OR Tambo District	EC	High capacity	DM	OR Tambo District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
22	Sundays River Valley	EC	Medium capacity	LM	Cacadu District	Disclaimer	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
23	Umtzavubu	EC	Medium capacity	LM	Alfred Nzo District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
24	Dikobong	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
25	Kopanong	FS	Medium capacity	LM	Xhariep District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
26	Madut-A-Pfung	FS	High capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
27	Mangungu	FS	High capacity	LM	Mohale District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
28	Mesinyanya	FS	Low capacity	LM	Lejweletse District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
29	Majilabeng	FS	High capacity	LM	Lejweletse District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
30	Metsimabolo	FS	High capacity	LM	Fezile Dabi District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
31	Mogikaba	FS	High capacity	LM	Fezile Dabi District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
32	Mohale District	FS	Low capacity	DM	Mohale District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
33	Naledi	FS	Low capacity	LM	Mohale District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
34	Nquthu	FS	Medium capacity	LM	Fezile Dabi District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
35	Nkomo	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
36	Thabo Mofutsanyane District	FS	Low capacity	DM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
37	Xhariep District	FS	Low capacity	DM	Xhariep District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
38	Enlileni	GP	High capacity	LM	Sedibeng District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
39	Damshu	KZN	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
40	eNumbi	KZN	Low capacity	LM	Zululani District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
41	Enqoleni	KZN	Low capacity	LM	Ugu District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
42	Mkomambi	KZN	Medium capacity	LM	Uthungulu District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
43	Nkandla	KZN	Medium capacity	LM	Uthungulu District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
44	Nongoma	KZN	Low capacity	LM	Zululani District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
45	Nquthu	KZN	Low capacity	LM	Umtzavuthi District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
46	Umkhanyakude District	KZN	Medium capacity	DM	Umkhanyakude District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
47	Urethi	KZN	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
48	Bloubaai	LP	Low capacity	LM	Capricorn District	Disclaimer	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007/08	Audit opinion: 2006/07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
49	Capricorn District	LP	Medium capacity	DM	Capricorn District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
50	Ellis-Motsoaledi (Greater Groblersdal)	LP	Medium capacity	LM	Greater Sekhukhune District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
51	Greater Marble Hall	LP	Low capacity	LM	Greater Sekhukhune District	Disclaimer	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
52	Greater Tloane	LP	Low capacity	LM	Greater Sekhukhune District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
53	Lephalale	LP	Medium capacity	LM	Waterberg District	Disclaimer	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
54	Maruleng	LP	Low capacity	LM	Moganti District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
55	Medunsa	LP	Low capacity	LM	Waterberg District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
56	Molemole	LP	Low capacity	LM	Capricorn District	Disclaimer	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
57	Moganti District	LP	Low capacity	DM	Moganti District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
58	Murilo	LP	Low capacity	LM	Vhembe District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
59	Thabazimbi	LP	Low capacity	LM	Waterberg District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
60	Thulamela	LP	Medium capacity	LM	Vhembe District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
61	Vhembe District	LP	Low capacity	DM	Vhembe District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
62	Dipal'eng	MP	Low capacity	LM	Gert Sibande District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
63	Lekwa Local	MP	Low capacity	LM	Gert Sibande District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
64	Nkomazi	MP	Medium capacity	LM	Ehlanzeni District	Disclaimer	Qualification	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
65	Dikgatlong	NC	Low capacity	LM	Frances Baard District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
66	Magareng	NC	Low capacity	LM	Frances Baard District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
67	Sai Phele	NC	High capacity	LM	Frances Baard District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
68	Siyancuma	NC	Medium capacity	LM	Pretorius Ka Sena District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
69	Siyathamba	NC	Medium capacity	LM	Pretorius Ka Sena District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
70	Moshaweng	NC	Low capacity	LM	Kgalagadi District	Disclaimer	Qualification	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
71	Karoo Hoogland	NC	Medium capacity	LM	Nama-kwa District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
72	Mier Municipality	NC	Low capacity	LM	Siyanda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
73	Mier Municipality	NC	Low capacity	LM	Siyanda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
74	Tsantsabane	NC	Low capacity	LM	Siyanda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
75	Renosterberg	NC	Medium capacity	LM	Pretorius Ka Sena District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
76	Hantam	NC	Low capacity	LM	Nama-kwa District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
77	Emhlangeni	NC	Medium capacity	LM	Pretorius Ka Sena District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
78	Go-Segonyane	NC	Medium capacity	LM	Kgalagadi District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
79	Thembelille	NC	Low capacity	LM	Pretorius Ka Sena District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
80	Unsohovu	NC	Low capacity	LM	Pretorius Ka Sena District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
81	Ikheis	NC	Low capacity	LM	Siyanda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
82	Kgatelopele	NC	Low capacity	LM	Siyanda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
83	City of Mafikeng	NW	High capacity	LM	Dr. Kenneth Kaunda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
84	Greater Tzaneen	NW	Medium capacity	LM	Dr. Ruth S. Mampoti District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
85	Lekwa-Tseane	NW	Low capacity	LM	Dr. Ruth S. Mampoti District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
86	Mafikeng	NW	Low capacity	LM	Ngaka Modiri Molema District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
87	Moretele	NW	Low capacity	LM	Bojanala Platinum District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
88	Naledi	NW	Low capacity	LM	Dr. Ruth S. Mampoti District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
89	Saldanha Bay	WC	High capacity	LM	West Coast District	Disclaimer	Qualification	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
90	Ramothshere Moiloa	NW	Low capacity	LM	Ngaka Modiri Molema District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
91	Ratou	NW	Low capacity	LM	Ngaka Modiri Molema District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
92	Tlokweng	NW	High capacity	LM	Dr. Kenneth Kaunda District	Disclaimer	Adverse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
93	Tzaneen	NW	Low capacity	LM	Ngaka Modiri Molema District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
94	Venterdorp	NW	Medium capacity	LM	Dr. Kenneth Kaunda District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
95	Berg River	WC	Medium capacity	LM	West Coast District	Disclaimer	Qualification	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
96	Komandand	WC	Medium capacity	LM	Eden District	Disclaimer	Disclaimer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
96	Khai-Ma	NC	Low capacity	LM	Namakwa District	Qualification	Adverse																		
97	Kaiforib	NC	Low capacity	LM	Syanda District	Qualification	Qualification																		
98	Anarole District	EC	High capacity	DM	Anarole District	Qualification	Adverse																		
99	Barriens	EC	Low capacity	LM	Graculu District	Qualification	Adverse																		
100	Blue Crane Route	EC	Low capacity	LM	Graculu District	Qualification	Adverse																		
101	Buffalo City	EC	High capacity	LM	Anarole District	Qualification	Qualification																		
102	Elundini	EC	Low capacity	LM	Ukhahlamba District	Qualification	Disclaim																		
103	Ikwazi	EC	Low capacity	LM	Graculu District	Qualification	Disclaim																		
104	Inxuba Yethimba	EC	Low capacity	LM	Chris Hani District	Qualification	Qualification																		
105	Kouga	EC	Medium capacity	LM	Graculu District	Qualification	Qualification																		
106	Lukhanji	EC	Medium capacity	LM	Chris Hani District	Qualification	Qualification																		
107	Mdumbe	EC	Low capacity	LM	Graculu District	Qualification	Adverse																		
108	Nxuba	EC	Low capacity	LM	Anarole District	Qualification	Disclaim																		
109	Nyandeni	EC	Low capacity	LM	OR Tambo District	Qualification	Disclaim																		
110	Sengu	EC	Medium capacity	LM	Ukhahlamba District	Qualification	Qualification																		
111	Lejwelepuswa District	FS	Low capacity	DM	Lejwelepuswa District	Qualification	Qualification																		
112	Matrospo	FS	Medium capacity	LM	Matrospo District	Qualification	Qualification																		
113	Sesoto	FS	Medium capacity	LM	Thabo Mafesanyane District	Qualification	Qualification																		
114	Mogale City	GP	High capacity	LM	West Rand District	Qualification	Qualification																		
115	Randfontein	GP	High capacity	LM	West Rand District	Qualification	Disclaim																		
116	Ansojuba District	KZN	Low capacity	DM	Ansojuba District	Qualification	Qualification																		
117	Big Five	KZN	Low capacity	DM	Umkhanyakade District	Qualification	Qualification																		
118	Hlabisa	KZN	Low capacity	LM	Umkhanyakade District	Qualification	Qualification																		
119	Lembe District	KZN	Low capacity	DM	Lembe District	Qualification	Qualification																		
120	Impendle	KZN	Low capacity	LM	Umgungqudlavu District	Qualification	Disclaim																		
121	Indaka	KZN	Low capacity	LM	Uthukela District	Qualification	Qualification																		
122	Jozi	KZN	Low capacity	LM	Umkhanyakade District	Qualification	Disclaim																		
123	Maphumulo	KZN	Medium capacity	LM	Lembe District	Qualification	Qualification																		
124	Senke District	KZN	Low capacity	DM	Senke District	Qualification	Disclaim																		
125	Uthukela District	KZN	Low capacity	LM	Senke District	Qualification	Qualification																		
126	Umlilabuyingana	KZN	Medium capacity	LM	Umkhanyakade District	Qualification	Qualification																		
127	Umtzinyathi District	KZN	Low capacity	DM	Umtzinyathi District	Qualification	Disclaim																		
128	Aganang	LP	Low capacity	LM	Capricorn District	Qualification	Disclaim																		
129	Greater Giyani	LP	Low capacity	LM	Mopani District	Qualification	Disclaim																		
130	Greater Ladaba	LP	Low capacity	LM	Mopani District	Qualification	Disclaim																		
131	Greater Tzaneen	LP	High capacity	LM	Mopani District	Qualification	Disclaim																		
132	Albert Luthuli	MP	Medium capacity	LM	Gertruida District	Qualification	Adverse																		
133	Bechuckbridge	MP	Low capacity	LM	Ehlanzeni District	Qualification	Disclaim																		
134	Govan Mbeki	MP	High capacity	LM	Gertruida District	Qualification	Financially unqualified (with other matters)																		
135	Mbambela	MP	High capacity	LM	Ehlanzeni District	Qualification	Disclaim																		
136	Mkhondo	MP	Low capacity	LM	Gertruida District	Qualification	Adverse																		
137	Musikalgwa	MP	Low capacity	LM	Gertruida District	Qualification	Financially unqualified (with other matters)																		
138	Thuba Chweu	MP	Low capacity	LM	Ehlanzeni District	Qualification	Disclaim																		
139	Prixley Ka Seme District Municipality	NC	Medium capacity	DM	Prixley Ka Seme District	Qualification	Qualification																		
140	Gamagara	NC	Medium capacity	LM	Kgalagadi District	Qualification	Disclaim																		
141	Namakwa District	NC	Medium capacity	DM	Namakwa District	Qualification	Disclaim																		



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
142	Ubututu	NC	Medium capacity	LM	Phelaxa Ka Sena District	Qualification	Disclaimer																		
143	Kgalagadi District	NC	Medium capacity	DM	Kgalagadi District	Qualification	Qualification																		
144	Dr Kenneth Kaunda District	NW	Medium capacity	DM	Dr Kenneth Kaunda District	Qualification	Disclaimer																		
145	Marofeng City	NW	High capacity	LM	Dr Kenneth Kaunda District	Qualification	Qualification																		
146	Ngaka Modiri Molema District	NW	Low capacity	DM	Ngaka Modiri Molema District	Qualification	Disclaimer																		
147	Rustenburg	NW	High capacity	DM	Bojanala Platinum District	Qualification	Disclaimer																		
148	Carletonburg	WC	Low capacity	LM	West Coast District	Qualification	Qualification																		
149	George	WC	High capacity	LM	Eden District	Qualification	Qualification																		
150	Hessiqua	WC	Medium capacity	LM	Eden District	Qualification	Qualification																		
151	Cacadu District	EC	Medium capacity	DM	Cacadu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
152	Camdeboo	EC	Low capacity	LM	Cacadu District	Financially unqualified (with other matters)	Qualification																		
153	Matatiele	EC	Medium capacity	LM	Alfred Nzo District	Financially unqualified (with other matters)	Qualification																		
154	Fezile Dabi District	FS	Low capacity	DM	Fezile Dabi District	Financially unqualified (with other matters)	Qualification																		
155	Isiwelepele	FS	Medium capacity	LM	Leywebopuwa District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
156	Lesedi	GP	Medium capacity	LM	Sediberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
157	Metsweding District	GP	Low capacity	DM	Metsweding District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
158	Midvaal	GP	Medium capacity	LM	Sediberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
159	Sediberg District	GP	Medium capacity	DM	Sediberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
160	West Rand District	GP	Medium capacity	DM	West Rand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
161	Westonaria	GP	Medium capacity	LM	West Rand District	Financially unqualified (with other matters)	Qualification																		
162	Abuqulusi	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Disclaimer																		
163	Emnambhili/Ladysmith	KZN	High capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
164	Greater Kokstad	KZN	Low capacity	LM	Sisonke District	Financially unqualified (with other matters)	Disclaimer																		
165	Hibiscus Coast	KZN	High capacity	LM	Ugu District	Financially unqualified (with other matters)	Qualification																		
166	Imbabazane	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualification																		
167	Ingwwe	KZN	Medium capacity	LM	Sisonke District	Financially unqualified (with other matters)	Qualification																		
168	KwaDukuza	KZN	High capacity	LM	hlabisa District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
169	KwaSani	KZN	Low capacity	LM	Sisonke District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
170	Mandeni	KZN	Low capacity	LM	hlabisa District	Financially unqualified (with other matters)	Qualification																		
171	Mkhambathini	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingencies and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
172	Mpefana	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Qualification																		
173	Msinga	KZN	Low capacity	LM	Umkhanyakude District	Financially unqualified (with other matters)	Qualification																		
174	Msunduzi	KZN	High capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
175	Mhlonjaneni	KZN	Low capacity	LM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
176	Mtharaba	KZN	Low capacity	LM	Umkhanyakude District	Financially unqualified (with other matters)	Qualification																		
177	Ndawole	KZN	Low capacity	LM	iLembe District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
178	Newcastle	KZN	High capacity	LM	Amajuba District	Financially unqualified (with other matters)	Qualification																		
179	Ntambonana	KZN	Low capacity	LM	Uthungulu District	Financially unqualified (with other matters)	Qualification																		
180	Richmond	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
181	Ugu District	KZN	High capacity	DM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
182	Ulundi	KZN	Low capacity	LM	Zululani District	Financially unqualified (with other matters)	Disclaimer																		
183	Umdoni	KZN	Medium capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
184	Umgweni	KZN	Medium capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
185	Umgungundlovu District	KZN	Medium capacity	DM	Umgungundlovu District	Financially unqualified (with other matters)	Disclaimer																		
186	uMkhathuzwe	KZN	High capacity	LM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
187	Umlalazi	KZN	Low capacity	LM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
188	uMshwati	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Qualification																		
189	Umtshazi	KZN	Medium capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualification																		
190	Umuziwabantu	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Qualification																		
191	Umvoti	KZN	Medium capacity	LM	Umkhanyakude District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
192	uMzimkhulu	KZN	Medium capacity	LM	Sisonke District	Financially unqualified (with other matters)	Qualification																		
193	Unzumbi	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Qualification																		
194	uPhongola	KZN	Low capacity	LM	Zululani District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
195	Uthukela District	KZN	Medium capacity	DM	Uthukela District	Financially unqualified (with other matters)	Qualification																		



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
196	Uthungulu District	KZN	High capacity	DM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		1
197	Vulamehlo	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)														1			1	1
198	Zululand District	KZN	Medium capacity	DM	Zululand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)														1			1	1
199	Fetakgomo	LP	Low capacity	LM	Greater Sekhukhune District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
200	Mogalakwena	LP	Low capacity	LM	Waterberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
201	Musina	LP	Low capacity	LM	Vhembe District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																	1	1
202	Waterberg District	LP	Low capacity	DM	Waterberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
203	Damas	MP	Medium capacity	LM	Nkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
204	Dr JS Moroka	MP	Low capacity	LM	Nkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
205	Ehlanzeni District	MP	High capacity	DM	Ehlanzeni District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																	1	1
206	Enkhabuzeni	MP	Low capacity	LM	Nkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
207	Gert Sibande District	MP	Medium capacity	DM	Gert Sibande District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
208	Nkangala District	MP	High capacity	DM	Nkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
209	Steve Tshwete	MP	High capacity	LM	Nkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
210	Thembisile	MP	Low capacity	LM	Nkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
211	Unjini Municipality	MP	Medium capacity	LM	Ehlanzeni District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																	1	
212	Frances Baard District	NC	Medium capacity	DM	Frances Baard District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
213	Bojanala Platinum District	NW	High capacity	DM	Bojanala Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
214	Dr Ruth S Mompoti District	NW	Medium capacity	DM	Dr Ruth S Mompoti District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
215	Molopo	NW	Low capacity	LM	Dr Ruth S Mompoti District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
216	Moses Kotane	NW	Medium capacity	LM	Bojanala Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	
217	Prince Albert	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
218	Beaufort West	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1
219	Bitou	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																1	1	1



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
220	Breda Valley	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Qualification																		
221	Breda River Winelands	WC	Medium capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
222	Cape Agulhas	WC	Low capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
223	Cape Winelands District	WC	Medium capacity	DM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
224	Central Karoo District	WC	Medium capacity	DM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
225	Draakenstein	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
226	Eden District	WC	Medium capacity	DM	Eden District	Financially unqualified (with other matters)	Qualification																		
227	Knysna	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Qualification																		
228	Langsburg	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
229	Matzikama	WC	Medium capacity	LM	West Coast District	Financially unqualified (with other matters)	Qualification																		
230	Mosel Bay	WC	High capacity	LM	Eden District	Financially unqualified (with other matters)	Qualification																		
231	Overberg District	WC	Medium capacity	DM	Overberg District	Financially unqualified (with other matters)	Qualification																		
232	Overstrand	WC	High capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified																		
233	Stellenbosch	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Qualification																		
234	Swerland	WC	Medium capacity	LM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
235	Swellendam	WC	Low capacity	LM	Overberg District	Financially unqualified (with other matters)	Qualification																		
236	Theewaterskloof	WC	Medium capacity	LM	Overberg District	Financially unqualified (with other matters)	Qualification																		
237	West Coast District	WC	Medium capacity	DM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
238	Witzenberg	WC	Low capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Qualification																		
239	Kareeberg	NC	Medium capacity	LM	Pietermaritzburg District	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
240	Alfred Nzo District	EC	Medium capacity	DM	Alfred Nzo District	Audit outstanding	Audit outstanding																		
241	Emalahleni	EC	Low capacity	LM	Chris Hani District	Audit outstanding	Audit outstanding																		
242	Engobo	EC	Medium capacity	LM	Chris Hani District	Audit outstanding	Audit outstanding																		
243	Inqutu Hill	EC	Low capacity	LM	OR Tlomo District	Audit outstanding	Audit outstanding																		
244	Kokama	EC	Medium capacity	LM	Cradock District	Audit outstanding	Audit outstanding																		
245	Mbuzana	EC	Medium capacity	LM	OR Tlomo District	Audit outstanding	Audit outstanding																		
246	Port St Johns	EC	Medium capacity	LM	OR Tlomo District	Audit outstanding	Audit outstanding																		
247	Ukhahlamba District	EC	High capacity	DM	Ukhahlamba District	Audit outstanding	Audit outstanding																		



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ANNEXURE 1.2: MUNICIPALITIES – AUDIT OUTCOMES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2004-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
248	Matlube	FS	Medium capacity	LM	Fezile Dabi District	Audit outstanding	Audit outstanding																		
249	Nala	FS	Medium capacity	LM	Leywebopuwa District	Audit outstanding	Audit outstanding																		
250	Tokolope	FS	Low capacity	LM	Leywebopuwa District	Audit outstanding	Audit outstanding																		
251	Phumakela	FS	Low capacity	LM	Thabo Mofutsanyane District	Audit outstanding	Audit outstanding																		
252	Letsemeng	FS	Medium capacity	LM	Xhariep District	Audit outstanding	Audit outstanding																		
253	Mohokare	FS	Low capacity	LM	Xhariep District	Audit outstanding	Audit outstanding																		
254	Kurugani	GP	Medium capacity	LM	Maswedeng District	Audit outstanding	Audit outstanding																		
255	Mokeng Tsa Tlameane	GP	Medium capacity	LM	Maswedeng District	Audit outstanding	Audit outstanding																		
256	Endumeni	KZN	Medium capacity	LM	Umzinyathi District	Audit outstanding	Audit outstanding																		
257	Ba-Phalaborwa	LP	Medium capacity	LM	Mopani District	Audit outstanding	Audit outstanding																		
258	Belo-Belo	LP	Medium capacity	LM	Waterberg District	Audit outstanding	Audit outstanding																		
259	Greater Sekhukhune District	LP	High capacity	DM	Greater Sekhukhune District	Audit outstanding	Audit outstanding																		
260	Potokwane	LP	High capacity	LM	Capricorn District	Audit outstanding	Audit outstanding																		
261	Lepelle - Nkumpi	LP	Low capacity	LM	Capricorn District	Audit outstanding	Audit outstanding																		
262	Mokhotlong	LP	Low capacity	LM	Greater Sekhukhune District	Audit outstanding	Audit outstanding																		
263	Mookgopong	LP	Medium capacity	LM	Waterberg District	Audit outstanding	Audit outstanding																		
264	Emalahleni	MP	High capacity	LM	Mangala District	Audit outstanding	Audit outstanding																		
265	Pretorius (Volksrust)	MP	Medium capacity	LM	Gert Sibande District	Audit outstanding	Audit outstanding																		
266	Phokwane	NC	Medium capacity	LM	Franses Baard District	Audit outstanding	Audit outstanding																		
267	Nama Khoi	NC	Medium capacity	LM	Namakwa District	Audit outstanding	Audit outstanding																		
268	Richersveld	NC	Medium capacity	LM	Namakwa District	Audit outstanding	Audit outstanding																		
269	Siyanda District	NC	Medium capacity	DM	Siyanda District	Audit outstanding	Audit outstanding																		
270	Khara Hais	NC	Medium capacity	LM	Siyanda District	Audit outstanding	Audit outstanding																		
271	Kamiesburg	NC	Low capacity	LM	Namakwa District	Audit outstanding	Audit outstanding																		
272	Ditsobola	NW	Low capacity	LM	Ngaka Modiri Molema District	Audit outstanding	Audit outstanding																		
273	Kagisano	NW	Medium capacity	LM	Dr Ruth S. Mompati District	Audit outstanding	Audit outstanding																		
274	Kgetlang River	NW	Low capacity	LM	Bojanala Platinum District	Audit outstanding	Audit outstanding																		
275	Mamusa	NW	Medium capacity	LM	Dr Ruth S. Mompati District	Audit outstanding	Audit outstanding																		
276	Maquassi Hills	NW	Medium capacity	LM	Dr Kenneth Kgondo District	Audit outstanding	Audit outstanding																		
277	Outshoorn	WC	Medium capacity	LM	Eden District	Audit outstanding	Audit outstanding																		



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ANNEXURE 1.3: MUNICIPAL ENTITIES – AUDIT OUTCOMES

No.	Municipality	Province	District under which municipal entity falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Cash, cash equivalents and investments	Receivables	Inventory	Capital assets	Payables and borrowings	Provisions, contingent liabilities and guarantees	Taxes and VAT	Grants, capital and reserves	Presentation and disclosure	Revenue	Expenditure	Unauthorised, fruitless & wasteful expenditure	Other general issues	Non-compliance	Governance: Audit committee	Governance: Internal audit	Governance: Other matters	Material misstatements
1	Centlec (Pty) Ltd	FS	Manguang	Disclaimer	Disclaimer																		
2	Matlari-A-Phofung Water	FS	Matlari-A-Phofung	Disclaimer	Disclaimer																		
3	Leyalepuswa Development Agency	FS	Leyalepuswa	Adverse	Adverse																		
4	Ntinga or Tamba Development Agency	EC	OR Tamba District Municipality	Qualification	Qualification																		
5	Hibiscus Coast Development Agency	KZN	Hibiscus Coast Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
6	Ilembe Development Foundation	KZN	Ilembe District Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
7	mMhlanga Development Agency	KZN	Umkhanyakude DM	Financially unqualified (with other matters)	None																		
8	Anafole Economic Development Agency	EC	Anafole District Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
9	Kouga Development Agency	EC	Cacadu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)																		
10	Buffalo City Development Agency	EC	Buffalo City Municipality	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
11	Rustenburg Water Services Trust	NW	Rustenburg	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)																		
12	Uthukela Water (Pty) Ltd	KZN	"Umzimyathi DM, Newcastle Municipality and Amajoba DM"	Audit outstanding	Audit outstanding																		
13	Pokwane Housing Association	LP	Pokwane	Audit outstanding	None																		
14	Zelby 1903 (Pty) Ltd Trading as Lelema	LP	Musina	Audit outstanding	None																		
15	Moses Kotane Development Agency	NW	Moses Kotane	Audit outstanding	Audit outstanding																		
16	SDR Economic Agency (Pty) Ltd	NW	Dr Kenneth Kaunda	Audit outstanding	Audit outstanding																		
17	Blue Crane Route Development Agency	EC	Blue Crane Municipality	Audit outstanding	Audit outstanding																		
18	Kouga Cultural Centre	EC	Kouga	Audit outstanding	Audit outstanding																		
19	Krynaaiwa Farming Trust	FS	?	Audit outstanding	Audit outstanding																		
20	Mthombo Sediba	EC	Makswai Municipality	Audit outstanding	Audit outstanding																		



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ANNEXURE 2.1: METROS AND RELATED ENTITIES – GOOD PRACTICES

No.	Municipality	Province	Portfolio	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
21	Ehkezwini	KZN	Metro	Ehkezwini Municipality	Financially unqualified (with no other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
3	City of Tswane Metro	GP	Metro	Metro	Qualification	Qualification						
4	Eckurhuleni Metro	GP	Metro	Metro	Qualification	Qualification	1	1	1	1	1	1
17	City of Cape Town	WC	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
24	Nelson Mandela Metro	EC	Metro	Metro	Financially unqualified (with no other matters)	Qualification	1	1	1	1	1	1
38	City of Johannesburg Metro	GP	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
1	Century	EC	Municipal entities	Nelson Mandela Bay Metro	Disclaimer	Disclaimer						
2	Housing Company Tswane	GP	Municipal entities	City of Tswane	Disclaimer	Disclaimer						
5	Eckurhuleni Development Company	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Qualification	Financially unqualified (with other matters)	1		1			1
6	Erwat	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Qualification	Qualification	1		1			
7	Lehlabong Housing Institute	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Qualification	Disclaimer	1		1			
8	Philippi East Trading Centre (Pty) Ltd	WC	Municipal entities	City of Cape Town Metro	Qualification	Qualification	1	1	1	1		1
9	Feather Market	EC	Municipal entities	Nelson Mandela Bay Metro	Qualification	Qualification						
10	Civirela Water	GP	Municipal entities	City of Tswane	Financially unqualified (with other matters)	Financially unqualified (with other matters)		1	1	1		1
11	Roadplant Temba Water Trust	GP	Municipal entities	City of Tswane	Financially unqualified (with other matters)	Qualification	1	1	1	1		1
12	Sandspuit Works	GP	Municipal entities	City of Tswane	Financially unqualified (with other matters)	Qualification	1	1	1	1		1
13	Brokpan Bus Company	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Qualification	1	1	1	1		1
14	Errek	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1		1
15	Pharos Park Housing Company (Pty) Ltd	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Qualification	1	1	1	1		1
16	Phase 2 Housing Company (Pty) Ltd	GP	Municipal entities	Eckurhuleni Metropolitan Municipality	Financially unqualified (with other matters)	Qualification	1	1	1	1		1
18	Cape Town International Convention Centre	WC	Municipal entities	City of Cape Town Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1		1	1		1
19	Khayaletsha Community Trust	WC	Municipal entities	City of Cape Town Metro	Financially unqualified (with other matters)	Qualification		1	1			
20	Regional Electricity Distributor One (PT)	WC	Municipal entities	City of Cape Town Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1		1	
22	Durban Marine Theme Park (Pty) Ltd	KZN	Municipal entities	Ehkezwini municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
23	ICC Durban (PTY) LTD	KZN	Municipal entities	Ehkezwini municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
25	Mandela Bay Development Agency	EC	Municipal entities	Nelson Mandela Bay Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1		
26	Johannesburg Property Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
27	Johannesburg Civic Theatre	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1		1	1		1
28	Johannesburg Development Agency	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)			1	1		1
29	Johannesburg Metropolitan Bus Services	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)			1	1		1
30	Johannesburg Roads Agency	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1		1			1
31	Johannesburg Social Housing Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)			1		1	



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ANNEXURE 2.1: METROS AND RELATED ENTITIES – GOOD PRACTICES (continued)

No.	Municipality	Province	Portfolio	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
32	Pikitup Johannesburg	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
33	Roadepoort Civic Theatre	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
34	City Power Johannesburg	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
35	Johannesburg Fresh Produce Market	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
36	Johannesburg Zoo	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
37	Metropolitan Trading Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
39	Johannesburg Water	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with no other matters)	Financially unqualified (with other matters)						
40	Johannesburg City Parks	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with no other matters)	Financially unqualified (with other matters)						
41	Johannesburg Tourism Company	GP	Municipal entities	City of Johannesburg Metropolitan Municipality	Financially unqualified (with no other matters)	Financially unqualified (with other matters)						



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ANNEXURE 2.2: MUNICIPALITIES – GOOD PRACTICES

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
1	Amathole	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	1		1			
2	Chris Hani District	EC	Medium capacity	DM	Chris Hani District	Disclaimer	Adverse						
3	Gertie	EC	Low capacity	LM	Ukhahlamba District	Disclaimer	Adverse						
4	Great Kei	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	1		1			
5	Inkisa	EC	Low capacity	LM	Chris Hani District	Disclaimer	Adverse				1		
6	King Sabata Dalindyebo	EC	High capacity	LM	OR Tambo District	Disclaimer	Disclaimer				1		
7	Mthatha	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer						
8	Mthatha	EC	Low capacity	LM	OR Tambo District	Disclaimer	Disclaimer						
9	Nquthu	EC	Medium capacity	LM	Amathole District	Disclaimer	Disclaimer						
10	Nkomo	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer			1			
11	Nkomkulu	EC	Low capacity	LM	OR Tambo District	Disclaimer	Disclaimer						
12	OR Tambo District	EC	High capacity	DM	OR Tambo District	Disclaimer	Disclaimer			1			
13	Sundays River Valley	EC	Medium capacity	LM	Cacadu District	Disclaimer	Adverse						
14	Umtsheni	EC	Medium capacity	LM	Alfred Rza District	Disclaimer	Disclaimer				1		
15	Umtsheni	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer			1			
16	Kopanong	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Qualification			1		1	
17	Mafikeng	FS	High capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer				1		
18	Mogale	FS	High capacity	LM	Mogale District	Disclaimer	Qualification						
19	Mogale	FS	Low capacity	LM	Lejweletswa District	Disclaimer	Disclaimer						
20	Mogale	FS	High capacity	LM	Lejweletswa District	Disclaimer	Disclaimer				1		
21	Mogale	FS	High capacity	LM	Fezile Dabi District	Disclaimer	Qualification					1	
22	Mogale	FS	High capacity	LM	Fezile Dabi District	Disclaimer	Disclaimer						
23	Mogale District	FS	Low capacity	DM	Mogale District	Disclaimer	Qualification						
24	Naledi	FS	Low capacity	LM	Mogale District	Disclaimer	Disclaimer						
25	Naledi	FS	Medium capacity	LM	Fezile Dabi District	Disclaimer	Disclaimer				1		
26	Naledi	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer						
27	Thabo Mofutsanyane District	FS	Low capacity	DM	Thabo Mofutsanyane District	Disclaimer	Disclaimer						
28	Thabo Mofutsanyane District	FS	Low capacity	DM	Thabo Mofutsanyane District	Disclaimer	Disclaimer						
29	Enlileni	GP	High capacity	LM	Sediberg District	Disclaimer	Disclaimer						
30	Damshouse	KZN	Low capacity	LM	Amajuba District	Disclaimer	Disclaimer		1				
31	Edumbe	KZN	Low capacity	LM	Zululand District	Disclaimer	Disclaimer						
32	Ezinqoleni	KZN	Low capacity	LM	Ugu District	Disclaimer	Disclaimer				1		
33	Mkonombi	KZN	Medium capacity	LM	Uthungulu District	Disclaimer	Disclaimer						
34	Nkandla	KZN	Medium capacity	LM	Uthungulu District	Disclaimer	Qualification						
35	Nquthu	KZN	Low capacity	LM	Zululand District	Disclaimer	Disclaimer						
36	Nquthu	KZN	Low capacity	LM	Umtsheni District	Disclaimer	Disclaimer						
37	Umtsheni District	KZN	Medium capacity	DM	Umtsheni District	Disclaimer	Disclaimer					1	
38	Umtsheni	KZN	Low capacity	LM	Amajuba District	Disclaimer	Disclaimer						
39	Umtsheni	LP	Low capacity	LM	Capricorn District	Disclaimer	Adverse						
40	Capricorn District	LP	Medium capacity	DM	Capricorn District	Disclaimer	Disclaimer						
41	Elizabetville (Greater Gaborone)	LP	Medium capacity	LM	Greater Sekhukhune District	Disclaimer	Disclaimer				1		
42	Greater Tlokoeng	LP	Low capacity	LM	Greater Sekhukhune District	Disclaimer	Adverse						
43	Greater Tlokoeng	LP	Low capacity	LM	Greater Sekhukhune District	Disclaimer	Disclaimer						
44	Lephalale	LP	Medium capacity	LM	Waterberg District	Disclaimer	Adverse						
45	Marburg	LP	Low capacity	LM	Waterberg District	Disclaimer	Disclaimer						
46	Medunsa	LP	Low capacity	LM	Waterberg District	Disclaimer	Disclaimer						
47	Mogale	LP	Low capacity	LM	Capricorn District	Disclaimer	Adverse						



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ANNEXURE 2.2: MUNICIPALITIES – GOOD PRACTICES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
48	Matroosburg	LP	Low capacity	DM	Matroosburg District	Discloser	Discloser						
49	Matroosburg	LP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
50	Matroosburg	LP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
51	Matroosburg	LP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
52	Matroosburg	LP	Low capacity	DM	Matroosburg District	Discloser	Discloser						
53	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
54	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
55	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
56	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
57	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
58	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
59	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
60	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
61	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
62	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
63	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
64	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
65	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
66	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
67	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
68	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
69	Matroosburg	MP	High capacity	LM	Matroosburg District	Discloser	Discloser						
70	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
71	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
72	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
73	Matroosburg	MP	High capacity	LM	Matroosburg District	Discloser	Discloser						
74	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
75	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
76	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
77	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
78	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
79	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
80	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
81	Matroosburg	MP	High capacity	LM	Matroosburg District	Discloser	Discloser						
82	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
83	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
84	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
85	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
86	Matroosburg	MP	High capacity	LM	Matroosburg District	Discloser	Discloser						
87	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
88	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
89	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
90	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						
91	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
92	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
93	Matroosburg	MP	Low capacity	LM	Matroosburg District	Discloser	Discloser						
94	Matroosburg	MP	Medium capacity	LM	Matroosburg District	Discloser	Discloser						



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ANNEXURE 2.2: MUNICIPALITIES – GOOD PRACTICES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
95	Modibang	NW	High capacity	LM	Bojalele Platinum District	Adverse	Adverse						
96	Amole District	EC	High capacity	DM	Amole District	Qualification	Adverse						
97	Berians	EC	Low capacity	LM	Cacadu District	Qualification	Adverse						
98	Blue Crane Route	EC	Low capacity	LM	Cacadu District	Qualification	Adverse						
99	Buffalo City	EC	High capacity	LM	Amole District	Qualification	Qualification						
100	Edinini	EC	Low capacity	LM	Ukhahlamba District	Disclaim	Disclaim						
101	Ikwazi	EC	Low capacity	LM	Cacadu District	Qualification	Disclaim						
102	Inxuba Yehemba	EC	Low capacity	LM	Chris Hani District	Qualification	Qualification						
103	Kouga	EC	Medium capacity	LM	Cacadu District	Qualification	Qualification						
104	Lekhanji	EC	Medium capacity	LM	Chris Hani District	Qualification	Qualification						
105	Nelamibe	EC	Low capacity	LM	Cacadu District	Qualification	Adverse						
106	Nxuba	EC	Low capacity	LM	Amole District	Disclaim	Disclaim						
107	Nyandeni	EC	Low capacity	LM	OR Tambo District	Qualification	Disclaim						
108	Sengu	EC	Medium capacity	LM	Ukhahlamba District	Qualification	Qualification						
109	Leydsdorpswa District	FS	Low capacity	DM	Leydsdorpswa District	Qualification	Qualification						
110	Matroosop	FS	Medium capacity	LM	Matroosop District	Qualification	Qualification						
111	Seiselo	FS	Medium capacity	LM	Tlobo Mofutsane District	Qualification	Qualification						
112	Mogale City	GP	High capacity	LM	West Rand District	Qualification	Qualification						
113	Randfontein	GP	High capacity	LM	West Rand District	Qualification	Disclaim						
114	Amajuba District	KZN	Low capacity	DM	Amajuba District	Qualification	Qualification						
115	Big Five	KZN	Low capacity	LM	Umkhanyakude District	Qualification	Qualification						
116	Hlabisa	KZN	Low capacity	LM	Umkhanyakude District	Qualification	Qualification						
117	Ilembe District	KZN	Low capacity	DM	Ilembe District	Qualification	Qualification						
118	Impendle	KZN	Low capacity	LM	Umgungundlovu District	Qualification	Disclaim						
119	Indakho	KZN	Low capacity	LM	Uthukela District	Qualification	Qualification						
120	Izani	KZN	Low capacity	LM	Umkhanyakude District	Qualification	Disclaim						
121	Maphumulo	KZN	Medium capacity	LM	Ilembe District	Qualification	Qualification						
122	Sonke District	KZN	Low capacity	DM	Sonke District	Qualification	Disclaim						
123	Uthlabehwe	KZN	Low capacity	LM	Sonke District	Qualification	Qualification						
124	Umkhanyasana	KZN	Medium capacity	LM	Umkhanyakude District	Qualification	Qualification						
125	Umtshini District	KZN	Low capacity	DM	Umtshini District	Qualification	Disclaim						
126	Aganang	LP	Low capacity	LM	Capricorn District	Qualification	Disclaim						
127	Greater Giyani	LP	Low capacity	LM	Mogani District	Qualification	Disclaim						
128	Greater Letaba	LP	Low capacity	LM	Mogani District	Qualification	Disclaim						
129	Greater Tzaneen	LP	High capacity	LM	Mogani District	Qualification	Disclaim						
130	Albert Luthuli	MP	Medium capacity	LM	Gertruida District	Qualification	Adverse						
131	Bushbuck Ridge	MP	Low capacity	LM	Ehlanzeni District	Qualification	Disclaim						
132	Evans Mkheli	MP	High capacity	LM	Ehlanzeni District	Qualification	Financially unqualified (with other matters)						
133	Mooibela	MP	High capacity	LM	Ehlanzeni District	Qualification	Disclaim						
134	Mkondo	MP	Low capacity	LM	Gertruida District	Qualification	Adverse						
135	Makaliga	MP	Low capacity	LM	Gertruida District	Qualification	Financially unqualified (with other matters)						
136	Tlobo Chweu	MP	Low capacity	LM	Ehlanzeni District	Qualification	Disclaim						
137	Emagaga	NC	Medium capacity	LM	Kgalega District	Qualification	Disclaim						
138	Kgalega District	NC	Medium capacity	DM	Kgalega District	Qualification	Disclaim						
139	Namakwa District	NC	Medium capacity	DM	Namakwa District	Qualification	Disclaim						
140	Pekwe Ka Seme District Municipality	NC	Medium capacity	DM	Pekwe Ka Seme District	Qualification	Disclaim						
141	Umtu	NC	Medium capacity	LM	Pekwe Ka Seme District	Qualification	Disclaim						



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ANNEXURE 2.2: MUNICIPALITIES – GOOD PRACTICES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
142	Dr Kenneth Kaunda District	NW	Medium capacity	DM	Dr Kenneth Kaunda District	Qualification	Disclaimer						
143	Merafong City	NW	High capacity	LM	Dr Kenneth Kaunda District	Qualification	Qualification						
144	Nqola Madihi Molema District	NW	Low capacity	DM	Nqola Madihi Molema District	Qualification	Disclaimer						
145	Rustenburg	NW	High capacity	LM	Beland Platinum District	Qualification	Disclaimer						
146	Gederberg	WC	Low capacity	LM	West Coast District	Qualification	Qualification						
147	George	WC	High capacity	LM	Eden District	Qualification	Qualification						
148	Hessequa	WC	Medium capacity	LM	Eden District	Qualification	Qualification						
149	KaNgarib	WC	Low capacity	LM	Siyanda District	Qualification	Qualification						
150	Kwa-Ma	NC	Low capacity	LM	Nomakwa District	Qualification	Audit outstanding						
151	Caradu District	EC	Medium capacity	DM	Caradu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
152	Camdeboo	EC	Low capacity	LM	Caradu District	Financially unqualified (with other matters)	Qualification						
153	Maritzburg	EC	Medium capacity	LM	Alfred Nzo District	Financially unqualified (with other matters)	Qualification						
154	Fezile Dabi District	FS	Low capacity	DM	Fezile Dabi District	Financially unqualified (with other matters)	Qualification						
155	Swalopole	FS	Medium capacity	LM	Lejolele District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
156	Lesedi	GP	Medium capacity	LM	Sedibeng District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
157	Metsweding District	GP	Low capacity	DM	Metsweding District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
158	Midwal	GP	Medium capacity	LM	Sedibeng District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
159	Sedibeng District	GP	Medium capacity	DM	Sedibeng District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
160	West Rand District	GP	Medium capacity	DM	West Rand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
161	Westonaria	GP	Medium capacity	LM	West Rand District	Financially unqualified (with other matters)	Financially unqualified (with no other matters)						
162	Abqulusi	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Qualification						
163	Emnambithi/Ladysmith	KZN	High capacity	LM	Uthukela District	Financially unqualified (with other matters)	Adverse						
164	Greater Kokstad	KZN	Low capacity	LM	Sonke District	Financially unqualified (with other matters)	Disclaimer						
165	Hlabisa Coast	KZN	High capacity	LM	Ugu District	Financially unqualified (with other matters)	Qualification						
166	Imbabazane	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualification						
167	Inqwe	KZN	Medium capacity	LM	Sonke District	Financially unqualified (with other matters)	Qualification						
168	Kwadukuzi	KZN	High capacity	LM	Ilembe District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
169	KwaSani	KZN	Low capacity	LM	Sonke District	Financially unqualified (with other matters)	Qualification						
170	Manteni	KZN	Low capacity	LM	Ilembe District	Financially unqualified (with other matters)	Qualification						
171	Mkhambathini	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
172	Mafana	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Qualification						
173	Manga	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Qualification						
174	Masinduzi	KZN	High capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
175	Mthongeni	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
176	Mthunaba	KZN	Low capacity	LM	Umkhanyakude District	Financially unqualified (with other matters)	Qualification						
177	Ndabawe	KZN	Low capacity	LM	Ilembe District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
178	Newcastle	KZN	High capacity	LM	Amajuba District	Financially unqualified (with other matters)	Qualification						
179	Ntambanana	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
180	Richmond	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
181	Ugu District	KZN	High capacity	DM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
182	Ulundi	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Disclaimer						
183	Umtini	KZN	Medium capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
184	Umgweni	KZN	Medium capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
185	Umgungundlovu District	KZN	Medium capacity	DM	Umgungundlovu District	Financially unqualified (with other matters)	Disclaimer						
186	Umlahlaba	KZN	High capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
187	Umlalazi	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with no other matters)						
188	Umkhambeni	KZN	Low capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Qualification						



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ANNEXURE 2.2: MUNICIPALITIES – GOOD PRACTICES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
189	Umshazi	KZN	Medium capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualification						
190	Umrizwabantu	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
191	Umvoti	KZN	Medium capacity	LM	Umatzini District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
192	uMzimkhulu	KZN	Medium capacity	LM	Sisonke District	Financially unqualified (with other matters)	Qualification						
193	Umrumbi	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Disclaimer	1	1	1	1	1	1
194	uPhongola	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
195	Uthukela District	KZN	Medium capacity	DM	Uthukela District	Financially unqualified (with other matters)	Qualification						
196	Uthungulu District	KZN	High capacity	DM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
197	Volamello	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
198	Zululand District	KZN	Medium capacity	DM	Zululand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
199	Fetisigomo	LP	Low capacity	LM	Greater Sekhukhune District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
200	Mogalakwena	LP	Low capacity	LM	Waterberg District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
201	Musina	LP	Low capacity	LM	Wanambi District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
202	Waterberg District	LP	Low capacity	DM	Waterberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
203	Delmas	MP	Medium capacity	LM	Mangaia District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
204	Dr JS Moroka	MP	Low capacity	LM	Mangaia District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
205	Ehlanzeni District	MP	High capacity	DM	Ehlanzeni District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
206	Enkhabuzeni	MP	Low capacity	LM	Mangaia District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
207	Gert Sibande District	MP	Medium capacity	DM	Gert Sibande District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
208	Mkangala District	MP	High capacity	DM	Mkangala District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
209	Steve Biko	MP	High capacity	LM	Mangaia District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
210	Thembulile	MP	Low capacity	LM	Mangaia District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
211	Umgintu Municipality	MP	Medium capacity	LM	Ehlanzeni District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
212	Frances Baard District	NC	Medium capacity	DM	Frances Baard District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
213	Bajalela Platinum District	NW	High capacity	DM	Bajalela Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
214	Dr Ruth S Mampoti District	NW	Medium capacity	DM	Dr Ruth S Mampoti District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
215	Molapo	NW	Low capacity	LM	Dr Ruth S Mampoti District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
216	Moses Kotane	NW	Medium capacity	LM	Bajalela Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
217	Beaufort West	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
218	Birou	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Qualification						
219	Breda Valley	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Qualification						
220	Breda River Winelands	WC	Medium capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
221	Cape Agulhas	WC	Low capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
222	Cape Winelands District	WC	Medium capacity	DM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
223	Central Karoo District	WC	Medium capacity	DM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
224	City of Cape Town	WC	Metro	Metro	Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
225	Dorcas	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Qualification						
226	Eden District	WC	Medium capacity	DM	Eden District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
227	Krysta	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
228	Langsburg	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
229	Marikana	WC	Medium capacity	LM	West Coast District	Financially unqualified (with other matters)	Qualification						
230	Mossel Bay	WC	High capacity	LM	Eden District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
231	Overberg District	WC	Medium capacity	DM	Overberg District	Financially unqualified (with other matters)	Qualification	1	1	1	1	1	1
232	Overstrand	WC	High capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
233	Prins Albert	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
234	Stellenbosch	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Qualification						
235	Swartland	WC	Medium capacity	LM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1



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ANNEXURE 2.2: MUNICIPALITIES – GOOD PRACTICES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District under which municipality falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timeously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
236	Swellendam	WC	Low capacity	LM	Overberg District	Financially unqualified (with other matters)	Qualification						
237	Theewaterskloof	WC	Medium capacity	LM	Overberg District	Financially unqualified (with other matters)	Qualification	1		1	1		1
238	West Coast District	WC	Medium capacity	DM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1		1	1		1
239	Kareeberg	NC	Medium capacity	LM	Priekloof-Senke District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	1	1	1	1	1	1
240	Alfred Nzo District	EC	Medium capacity	DM	Alfred Nzo District	Audit outstanding	Audit outstanding						
241	Emadhlweni	EC	Low capacity	LM	Chris Hani District	Audit outstanding	Audit outstanding						
242	Enrabo	EC	Medium capacity	LM	Chris Hani District	Audit outstanding	Audit outstanding						
243	Inqozo Hill	EC	Low capacity	LM	OR Tambo District	Audit outstanding	Audit outstanding						
244	Koukamma	EC	Medium capacity	LM	Coedo District	Audit outstanding	Audit outstanding						
245	Mbitzana	EC	Medium capacity	LM	OR Tambo District	Audit outstanding	Audit outstanding						
246	Port St Johns	EC	Medium capacity	LM	OR Tambo District	Audit outstanding	Audit outstanding						
247	Ukhahlamba District	EC	High capacity	DM	Ukhahlamba District	Audit outstanding	Audit outstanding						
248	Lesemeng	FS	Medium capacity	LM	Xhariep District	Audit outstanding	Audit outstanding						
249	Metube	FS	Medium capacity	LM	Fazile Dabi District	Audit outstanding	Audit outstanding						
250	Mohokare	FS	Low capacity	LM	Xhariep District	Audit outstanding	Audit outstanding						
251	Mala	FS	Medium capacity	LM	Lejweletse District	Audit outstanding	Audit outstanding						
252	Phumelela	FS	Low capacity	LM	Thabo Mofeseng District	Audit outstanding	Audit outstanding						
253	Tokologo	FS	Low capacity	LM	Lejweletse District	Audit outstanding	Audit outstanding						
254	Kungwini	GP	Medium capacity	LM	Mekele District	Audit outstanding	Audit outstanding						
255	Mokeng Tso Tsheane	GP	Medium capacity	LM	Mekele District	Audit outstanding	Audit outstanding						
256	Endumeni	KZN	Medium capacity	LM	Umtsheni District	Audit outstanding	Audit outstanding						
257	Bo-Phalaborwa	LP	Medium capacity	LM	Mogani District	Audit outstanding	Audit outstanding						
258	Bale-Bale	LP	Medium capacity	LM	Waterberg District	Audit outstanding	Audit outstanding						
259	Greater Sekhukhune District	LP	High capacity	DM	Greater Sekhukhune District	Audit outstanding	Audit outstanding						
260	Lepelle - Ikumpi	LP	Low capacity	LM	Capricorn District	Audit outstanding	Audit outstanding						
261	Mekhotlong	LP	Low capacity	LM	Greater Sekhukhune District	Audit outstanding	Audit outstanding						
262	Mookgopong	LP	Medium capacity	LM	Waterberg District	Audit outstanding	Audit outstanding						
263	Pekwane	LP	High capacity	LM	Capricorn District	Audit outstanding	Audit outstanding						
264	Emadhlweni	MP	High capacity	LM	Mogani District	Audit outstanding	Audit outstanding						
265	Priekloof-Senke (Voksrus)	MP	Medium capacity	LM	Gert Sibande District	Audit outstanding	Audit outstanding						
266	Kamiesburg	NC	Low capacity	LM	Namakwa District	Audit outstanding	Audit outstanding						
267	Khara Haas	NC	Medium capacity	LM	Siyanda District	Audit outstanding	Audit outstanding						
268	Nama Khoi	NC	Medium capacity	LM	Namakwa District	Audit outstanding	Audit outstanding						
269	Phokwane	NC	Medium capacity	LM	Frances Baard District	Audit outstanding	Audit outstanding						
270	Richardsvlei	NC	Medium capacity	LM	Namakwa District	Audit outstanding	Audit outstanding						
271	Siyanda District	NC	Medium capacity	DM	Siyanda District	Audit outstanding	Audit outstanding						
272	Dishobola	NW	Low capacity	LM	Ngaka Modiri Molema District	Audit outstanding	Audit outstanding						
273	Karisoana	NW	Medium capacity	LM	Dr. Ruth S. Mompati District	Audit outstanding	Audit outstanding						
274	Kgetleng River	NW	Low capacity	LM	Bojanala Platinum District	Audit outstanding	Audit outstanding						
275	Mmusa	NW	Medium capacity	LM	Dr. Ruth S. Mompati District	Audit outstanding	Audit outstanding						
276	Marquess Hills	NW	Medium capacity	LM	Dr. Kenneth Kaunda District	Audit outstanding	Audit outstanding						
277	Oudshoorn	WC	Medium capacity	LM	Eden District	Audit outstanding	Audit outstanding						



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ANNEXURE 2.3: MUNICIPAL ENTITIES – GOOD PRACTICES

Municipal entity	Province	Municipality under which municipal entity falls	Audit opinion: 2007-08	Audit opinion: 2006-07	Clear trail of supporting documentation that is easily available and provided timously	Quality of financial statements and management information	Timeliness of financial statements and management information	Availability of key officials during audits	Development of and compliance with risk management and good internal control and governance practices	Leadership / supervision / monitoring
1. Centlec (Pty) Ltd	FS	Mangaung	Disclaimer	Disclaimer						
2. Madiri-A-Phalong Water	FS	Madiri-A-Phalong	Disclaimer	Disclaimer						
3. Lejaleputswa Development Agency	FS	Lejaleputswa	Adverse	Adverse						
4. Ninga or Tamba Development Agency	EC	OR Tamba District Municipality	Qualification	Disclaimer						
5. Hibiscus Coast Development Agency	KZN	Hibiscus Coast Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
6. Hlabisa Development Foundation	KZN	Hlabisa District Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
7. mDintloana Development Agency	KZN	Umkhanyakude DM	Financially unqualified (with other matters)	None						
8. Amathole Economic Development Agency	EC	Amathole District Municipality	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
9. Kouga Development Agency	EC	Cacadu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)						
10. Buffalo City Development Agency	EC	Buffalo City Municipality	Financially unqualified (with no other matters)	Qualification						
11. Rustenburg Water Services Trust	NW	Rustenburg	Financially unqualified (with no other matters)	Financially unqualified (with no other matters)						
12. Moses Kotane Development Agency	NW	Moses Kotane	Audit outstanding	Audit outstanding						
13. SDM Economic Agency (Pty) Ltd	NW	Dr Kenneth Kaunda	Audit outstanding	Audit outstanding						
14. Uthukela Water (Pty) Ltd KZN	KZN	"Unizinyathi DM, Newcastle Municipality and Ansojuba DM"	Audit outstanding	Audit outstanding						
15. Polokwane Housing Association	LP	Polokwane	Audit outstanding	None						
16. Zelpy 1903 (Pty) Ltd Trading as Leisama	LP	Musina	Audit outstanding	None						
17. Blue Crane Route Development Agency	EC	Blue Crane Municipality	Audit outstanding	Audit outstanding						
18. Kouga Cultural Centre	EC	Kouga	Audit outstanding	Audit outstanding						
19. Krynauwist Farming Trust	FS	?	Audit outstanding	Audit outstanding						
20. Mthombo Sediba	EC	Matlatswini Municipality	Audit outstanding	Financially unqualified (with other matters)						



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ANNEXURE 3.1: PROJECT CONSOLIDATE – METROS

No.	Metro	Province	Capacity	Category (M, DM, LM)	Audit opinion 2006-07	Audit opinion 2007-08	Participation by the metro in the programmes (Y/N)
1	City of Tshwane Metro	GP	Metro	Metro	Qualified	Qualification	Yes
2	Ekurhuleni Metro	GP	Metro	Metro	Qualified	Qualification	Yes
3	Nelson Mandela Metro	EC	Metro	Metro	Financially unqualified (with other matters)	Qualification	Yes
4	City of Cape Town	WC	Metro	Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
5	eThekweni	KZN	Metro	Metro	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
6	City of Johannesburg Metro	GP	Metro	Metro	Financially unqualified (with no other matters)	Financially unqualified (with other matters)	Yes



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ANNEXURE 3.2: PROJECT CONSOLIDATE – MUNICIPALITIES

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District municipality under which municipality falls	Audit opinion 2006-07	Audit opinion 2007-08	Participation by the municipality in the programmes (Y/N)
1	Albert Luthuli	MP	Medium capacity	LM	Gert Sibande District	Adverse	Qualification	Yes
2	Maquna	EC	Medium capacity	LM	Amole District	Adverse	Disclaimer	Yes
3	Matlho	LP	Medium capacity	LM	Vhembe	Adverse	Disclaimer	Yes
4	Mchondo	MP	Low capacity	LM	Gert Sibande District	Adverse	Qualification	Yes
5	Okhahlamba	KZN	Low capacity	LM	Uthukela District	Adverse	Disclaimer	Yes
6	Makana	EC	Low capacity	LM	Cacadu District	Adverse	Qualification	No
7	Inkwanca	EC	Low capacity	LM	Chris Hani District	Adverse	Adverse	No
8	Sakelisiwe	EC	Low capacity	LM	Chris Hani District	Adverse	Disclaimer	Yes
9	Tsoelike	EC	Low capacity	LM	Chris Hani District	Adverse	Disclaimer	Yes
10	Madibeng	NW	High capacity	LM	Bojanala Platinum District	Adverse	Adverse	NO
11	Morija	KZN	Medium capacity	LM	Umgungulu District	Disclaimer	Disclaimer	Yes
12	Umkhanyakade District Municipality	KZN	Medium capacity	DM	Umkhanyakade District	Disclaimer	Disclaimer	Yes
13	Inkandla	KZN	Medium capacity	LM	Umgungulu District	Disclaimer	Qualified	Yes
14	Kungwini	GP	Medium capacity	LM	Metsweding District	Disclaimer	Adverse	Yes
15	Nokang Tsa Tsaene	GP	Medium capacity	LM	Metsweding District	Disclaimer	Disclaimer	Yes
16	Greter Tsang	NW	Medium capacity	LM	Dr Ruth S Mompati District	Disclaimer	Disclaimer	Yes
17	Venterdorp	NW	Medium capacity	LM	Dr Kenneth Kaunda District	Disclaimer	Disclaimer	Yes
18	Kopong	FS	Medium capacity	LM	Xhariep District	Disclaimer	Qualified	No
19	Dhlabeng	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	No information provided
20	Ngwalhe	FS	Medium capacity	LM	Feele Daba District	Disclaimer	Disclaimer	No information provided
21	Mesama	FS	Medium capacity	LM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	No
22	Umatyaba	EC	Medium capacity	LM	Alfred Nzo District	Disclaimer	Disclaimer	No
23	Nguswa	EC	Medium capacity	LM	Amole District	Disclaimer	Disclaimer	Yes
24	Enlhaneni	NC	Medium capacity	LM	Karoo District	Disclaimer	Disclaimer	No
25	Go-Segonyane	NC	Medium capacity	LM	Kapagadi District	Disclaimer	Disclaimer	No
26	Karoo Hoogland	NC	Medium capacity	LM	Harokwe District	Disclaimer	Disclaimer	No
27	Renosterberg	NC	Medium capacity	LM	Karoo District	Disclaimer	Disclaimer	No
28	Syarcama	NC	Medium capacity	LM	Karoo District	Disclaimer	Disclaimer	No
29	Syathamba	NC	Medium capacity	LM	Karoo District	Disclaimer	Disclaimer	No
30	Berg River	WC	Medium capacity	LM	West Coast District	Disclaimer	Qualification	No
31	Kamaland	WC	Medium capacity	LM	Eden District	Disclaimer	Disclaimer	End in October 2006
32	Capricorn	LP	Medium capacity	DM	Sakubhune	Disclaimer	Disclaimer	End in October 2006
33	Elias Maseledi	LP	Medium capacity	LM	Wenke	Disclaimer	Disclaimer	Yes
34	Thulamela	LP	Medium capacity	LM	Wenke	Disclaimer	Disclaimer	Yes
35	Lepidale	LP	Medium capacity	LM	Wenke	Disclaimer	Adverse	No
36	Bushbuckridge	MP	Low capacity	LM	Enlhanzen District	Disclaimer	Qualification	Yes
37	Thaba Chweu	MP	Low capacity	LM	Enlhanzen District	Disclaimer	Qualification	Yes
38	Dipaleang	MP	Low capacity	LM	Gert Sibande District	Disclaimer	Disclaimer	No
39	Lekwa	MP	Low capacity	LM	Gert Sibande District	Disclaimer	Disclaimer	No
40	Lekwa-temane	NW	Low capacity	LM	Dr Ruth S Mompati District	Disclaimer	Disclaimer	Yes
41	Mafikeng	NW	Low capacity	LM	Nqaka Modiri Molema District	Disclaimer	Disclaimer	Yes
42	Moralele	NW	Low capacity	LM	Nqaka Modiri Molema District	Disclaimer	Disclaimer	Yes
43	Naledi	NW	Low capacity	LM	Bojanala Platinum District	Disclaimer	Disclaimer	Yes
44	Ramotshere Moiba	NW	Low capacity	LM	Dr Ruth S Mompati District	Disclaimer	Disclaimer	Yes
45	Railou	NW	Low capacity	LM	Nqaka Modiri Molema District	Disclaimer	Disclaimer	Yes
46	Tswaing	NW	Low capacity	LM	Nqaka Modiri Molema District	Disclaimer	Disclaimer	Yes
47	Mabokane	FS	Low capacity	LM	Xhariep District	Disclaimer	Disclaimer	Yes
48	Xhariep District	FS	Low capacity	DM	Xhariep District	Disclaimer	Disclaimer	No
49	Naledi	FS	Low capacity	LM	Molapo District	Disclaimer	Disclaimer	Yes
50	Moshanyana	FS	Low capacity	LM	Lejweletso District	Disclaimer	Disclaimer	No information provided
51	Mathepo District	FS	Low capacity	DM	Mathepo District	Disclaimer	Qualification	No information provided
52	Thabo Mofutsanyane District	FS	Low capacity	DM	Thabo Mofutsanyane District	Disclaimer	Disclaimer	No information provided



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ANNEXURE 3.2: PROJECT CONSOLIDATE – MUNICIPALITIES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District municipality under which municipality falls	Audit opinion 2006-07	Audit opinion 2007-08	Participation by the municipality in the programmes (Y/N)
53	Danihauser	KZN	Low capacity	LM	Amajuba District	Disclaimer	Disclaimer	No
54	eLembe	KZN	Low capacity	LM	Zululand District	Disclaimer	Disclaimer	No
55	Ezinqolweni	KZN	Low capacity	LM	Ugu District	Disclaimer	Disclaimer	No
56	Mangoma	KZN	Low capacity	LM	Zululand District	Disclaimer	Disclaimer	Yes
57	Nquthu	KZN	Low capacity	LM	Umkhanyakazi District	Disclaimer	Disclaimer	Yes
58	Utrecht	KZN	Low capacity	LM	Amajuba District	Disclaimer	Disclaimer	Yes
59	Anzihali	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	No
60	Great Kai	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	Yes
61	Nkonkobe	EC	Low capacity	LM	Amathole District	Disclaimer	Disclaimer	No
62	Intsika	EC	Low capacity	LM	Chris Hani District	Disclaimer	Adverse	Yes
63	Mhlondo	EC	Low capacity	LM	OR Tambo District	Disclaimer	Disclaimer	Yes
64	Wabankulu	EC	Low capacity	LM	OR Tambo District	Disclaimer	Disclaimer	Yes
65	IKheis	NC	Low capacity	LM	Sydenham District	Disclaimer	Disclaimer	No
66	Dilgeyong	NC	Low capacity	LM	Frances Baard District	Disclaimer	Disclaimer	Yes
67	Hontam	NC	Low capacity	LM	Namakwa District	Disclaimer	Disclaimer	Yes
68	Kgetlapele	NC	Low capacity	LM	Sydenham District	Disclaimer	Disclaimer	Yes
69	Magweng	NC	Low capacity	LM	Frances Baard District	Disclaimer	Disclaimer	Yes
70	Mier	NC	Low capacity	LM	Sydenham District	Disclaimer	Disclaimer	No
71	Mochweng	NC	Low capacity	LM	Kopong District	Disclaimer	Qualified	No
72	Thembelille	NC	Low capacity	LM	Karoo District	Disclaimer	Disclaimer	No
73	Tsontsibane	NC	Low capacity	LM	Sydenham District	Disclaimer	Disclaimer	Yes
74	Unsoomvu	NC	Low capacity	LM	Karoo District	Disclaimer	Disclaimer	Yes
75	Bloubaag	LP	Low capacity	LM	Capricorn	Disclaimer	Adverse	Yes
76	Melamide	LP	Low capacity	LM	Capricorn	Disclaimer	Adverse	No
77	Mopani	LP	Low capacity	DM	?	Disclaimer	Disclaimer	No
78	Moruleng	LP	Low capacity	LM	Mopani	Disclaimer	Disclaimer	Yes
79	Greater Marble Hill	LP	Low capacity	LM	Sekukhune	Disclaimer	Adverse	Yes
80	Greater Tlosete	LP	Low capacity	LM	Sekukhune	Disclaimer	Disclaimer	Yes
81	Vhembe	LP	Low capacity	DM	?	Disclaimer	Disclaimer	No
82	Morale	LP	Low capacity	LM	Vhembe	Disclaimer	Disclaimer	Yes
83	Medimolle	LP	Low capacity	LM	Waterberg	Disclaimer	Disclaimer	No
84	Thabazimbi	LP	Low capacity	LM	Waterberg	Disclaimer	Disclaimer	Yes
85	Mbonhele	MP	High capacity	LM	Enlontsen District	Disclaimer	Qualification	Yes
86	Enfuleni	GP	High capacity	LM	Sediberg District	Disclaimer	Disclaimer	Yes
87	City of Matlisa	NW	High capacity	LM	Dr Kenneth Kaunda District	Disclaimer	Disclaimer	Yes
88	Tlokweng	NW	High capacity	LM	Dr Kenneth Kaunda District	Disclaimer	Adverse	NO
89	Mogikaka	FS	High capacity	LM	Fezile Dab District	Disclaimer	Disclaimer	No
90	Mogikaka	FS	High capacity	LM	Lejweletse District	Disclaimer	Disclaimer	No
91	Mobit-A-Phuting	FS	High capacity	LM	Thabo Mofengane District	Disclaimer	Disclaimer	No
92	Mangungu	FS	High capacity	LM	Molwen District	Disclaimer	Qualification	No information provided
93	Metsimabalo	FS	High capacity	LM	Fezile Dab District	Disclaimer	Qualification	No information provided
94	King Sabata Dalatinyabo	EC	High capacity	LM	OR Tambo District	Disclaimer	Disclaimer	Yes
95	OR Tambo District	EC	High capacity	DM	OR Tambo District	Disclaimer	Disclaimer	No
96	Sa Phatle	NC	High capacity	LM	Frances Baard District	Disclaimer	Disclaimer	Yes
97	Mophumulo	KZN	Medium capacity	LM	Umkhanyakazi District	Qualified	Qualified	Yes
98	Umkhanyakazi	KZN	Medium capacity	LM	Umkhanyakazi District	Qualified	Qualified	Yes
99	Nkomazi	MP	Medium capacity	LM	Enlontsen District	Qualified	Disclaimer	Yes
100	Pitsoy Ke Seme	MP	Medium capacity	LM	Gert Sibande District	Qualified	Audit outstanding	Yes
101	Westonaria	GP	Medium capacity	LM	West Rand District	Qualified	Financially unqualified (with other matters)	Yes
102	Dr Kenneth Kaunda District	NW	Medium capacity	DM	Dr Kenneth Kaunda District	Qualified	Disclaimer	NO
103	Sesoto	FS	Medium capacity	LM	Thabo Mofengane District	Qualified	Qualified	No
104	Mantsope	FS	Medium capacity	LM	Molwen District	Qualified	Qualification	No information provided



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ANNEXURE 3.2: PROJECT CONSOLIDATE – MUNICIPALITIES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District municipality under which municipality falls	Audit opinion 2004-07	Audit opinion 2007-08	Participation by the municipality in the programmes (Y/N)
105	Kouga	EC	Medium capacity	LM	Cacadu District	Qualified	Qualified	Yes
106	Lukhanji	EC	Medium capacity	LM	Chris Hani District	Qualified	Qualified	No
107	Sonqo	EC	Medium capacity	LM	Ukhahlamba District	Qualified	Qualified	No
108	Gomogara	NC	Medium capacity	LM	Kgalega District	Qualified	Disclaim	No
109	Kgalagadi District	NC	Medium capacity	DM	Kgalagadi District	Qualified	Qualified	Yes
110	Matateng District Municipality	NC	Medium capacity	DM	Matateng District	Qualified	Disclaim	No
111	Prakley Ka Sena District Municipality	NC	Medium capacity	DM	Karoo District	Qualified	Disclaim	No
112	Uburu	NC	Medium capacity	LM	Karoo District	Qualified	Disclaim	Yes
113	Hassena	WC	Medium capacity	LM	Eden District	Qualified	Qualified	End in October 2006
114	Mgaka Modiri Molema District	NW	Low capacity	DM	Mgaka Modiri Molema District	Qualified	Disclaim	NO
115	Lejweleputswa District	FS	Low capacity	DM	Lejweleputswa District	Qualified	Qualified	No information provided
116	Impendle	KZN	Low capacity	LM	Umgungundlovu District	Qualified	Disclaim	No
117	Jozini	KZN	Low capacity	LM	Umkhanyakude District	Qualified	Disclaim	Yes
118	Sisonke District Municipality	KZN	Low capacity	DM	Sisonke District	Qualified	Disclaim	Yes
119	Umtsheni District Municipality	KZN	Low capacity	DM	Umtsheni District	Qualified	Disclaim	Yes
120	Amagoba District Municipality	KZN	Low capacity	DM	Amagoba District	Qualified	Qualified	Yes
121	Big Five	KZN	Low capacity	LM	Umkhanyakude District	Qualified	Qualified	Yes
122	Hlabisa	KZN	Low capacity	DM	Umkhanyakude District	Qualified	Qualified	Yes
123	iLembe District Municipality	KZN	Low capacity	DM	iLembe District	Qualified	Qualified	Yes
124	Indaka	KZN	Low capacity	LM	Uthukela District	Qualified	Qualified	Yes
125	Uthukela District	KZN	Low capacity	LM	Uthukela District	Qualified	Qualified	Yes
126	Nxuba	EC	Low capacity	LM	Amatole District	Qualified	Disclaim	Yes
127	Bovans	EC	Low capacity	LM	Cacadu District	Qualified	Disclaim	No
128	Blue Crane Route	EC	Low capacity	LM	Cacadu District	Qualified	Disclaim	No
129	Ilwazi	EC	Low capacity	LM	Cacadu District	Qualified	Disclaim	No
130	Ndlambe	EC	Low capacity	LM	Cacadu District	Qualified	Disclaim	Yes
131	Inxuba Yethemba	EC	Low capacity	LM	Chris Hani District	Qualified	Qualified	No
132	Nyandeni	EC	Low capacity	LM	OR Tambo District	Qualified	Disclaim	Yes
133	Elundini	EC	Low capacity	LM	Ukhahlamba District	Qualified	Disclaim	Yes
134	Cederberg	WC	Low capacity	LM	West Coast District	Qualified	Qualified	End in October 2006
135	Aganong	LP	Low capacity	LM	Capricorn	Qualified	Disclaim	Yes
136	Greter Gyni	LP	Low capacity	LM	Mopani	Qualified	Disclaim	Yes
137	Greter Lebaba	LP	Low capacity	LM	Mopani	Qualified	Disclaim	Yes
138	Enkhazeni District Municipality	MP	High capacity	DM	Enkhazeni District	Qualified	Financially unqualified (with other matters)	No
139	Mogale City	GP	High capacity	LM	West Rand District	Qualified	Qualified	No
140	Randfontein	GP	High capacity	LM	West Rand District	Qualified	Disclaim	Yes
141	Merofong City	NW	High capacity	LM	Dr Kenneth Kaunda District	Qualified	Qualified	NO
142	Rustenburg	NW	High capacity	LM	Bojale District	Qualified	Disclaim	NO
143	Amatole District	EC	High capacity	DM	Amatole District	Qualified	Disclaim	No
144	Buffalo City	WC	High capacity	LM	Eden District	Qualified	Qualified	Yes
145	George	WC	High capacity	LM	Eden District	Qualified	Qualified	End in October 2006
146	Greter Tzameen	LP	High capacity	LM	Mopani	Qualified	Disclaim	No
147	Umgungundlovu District Municipality	KZN	Medium capacity	DM	Umgungundlovu District	Financially unqualified (with other matters)	Disclaim	No
148	Inwe	KZN	Medium capacity	LM	Sisonke District	Financially unqualified (with other matters)	Qualified	Yes
149	Umtsheni	KZN	Medium capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualified	No
150	uMkhahlaba	KZN	Medium capacity	LM	Sisonke District	Financially unqualified (with other matters)	Qualified	Yes
151	Uthukela District Municipality	KZN	Medium capacity	DM	Uthukela District	Financially unqualified (with other matters)	Qualified	No
152	Umdoni	KZN	Medium capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
153	Ungeni	KZN	Medium capacity	LM	Umgungundlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
154	Umtoti	KZN	Medium capacity	LM	Umtsheni District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
155	Zululand District Municipality	KZN	Medium capacity	DM	Zululand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
156	Umtsheni	MP	Medium capacity	LM	Enkhazeni District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes



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ANNEXURE 3.2: PROJECT CONSOLIDATE – MUNICIPALITIES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District municipality under which municipality falls	Audit opinion 2006-07	Audit opinion 2007-08	Participation by the municipality in the programmes (Y/N)
157	Gert Sibande District Municipality	MP	Medium capacity	DM	Gert Sibande District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
158	Delmas	MP	Medium capacity	LM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
159	Lesedi	GP	Medium capacity	LM	Sedibeng District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
160	Midlrand	GP	Medium capacity	LM	Sedibeng District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
161	Sedibeng District	GP	Medium capacity	DM	Sedibeng District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
162	West Rand District	GP	Medium capacity	DM	West Rand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
163	Dr Ruth S Mompati District	NW	Medium capacity	DM	Dr Ruth S Mompati District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	NO
164	Moses Kotane	NW	Medium capacity	LM	Bogotse Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
165	Ishelepele	FS	Medium capacity	LM	Lejalelepuswa District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
166	Matrilele	EC	Medium capacity	LM	Alfred Tso District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
167	Garadu District	EC	Medium capacity	DM	Garadu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
168	Francis Baard District Municipality	NC	Medium capacity	DM	Francis Baard District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
169	Kareeberg	NC	Medium capacity	LM	Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
170	Beaufort West	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
171	Bitou	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
172	Breda River Winelands	WC	Medium capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
173	Cape Winelands District	WC	Medium capacity	DM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
174	Central Karoo District	WC	Medium capacity	DM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
175	Eden District	WC	Medium capacity	DM	Eden District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
176	Kroona	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
177	Lingsburg	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
178	Matzikama	WC	Medium capacity	LM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
179	Overberg District	WC	Medium capacity	DM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
180	Prince Albert	WC	Medium capacity	LM	Central Karoo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
181	Swartland	WC	Medium capacity	LM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
182	Theewaterskloof	WC	Medium capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
183	West Coast District	WC	Medium capacity	DM	West Coast District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
184	Muscalunga	MP	Low capacity	LM	Gert Sibande District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
185	Dr J S Moroka	MP	Low capacity	LM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
186	Emakhaseni	MP	Low capacity	LM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
187	Thembale	MP	Low capacity	LM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
188	Metseweding District	GP	Low capacity	DM	Metseweding District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
189	Molopo	NW	Low capacity	LM	Dr Ruth S Mompati District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
190	Fazile Dabi District	FS	Low capacity	DM	Fazile Dabi District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
191	Abaqulusi	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Adverse	Yes
192	Greater Kokstad	KZN	Low capacity	LM	Sesoke District	Financially unqualified (with other matters)	Disclaimer	Yes
193	Ulundi	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Disclaimer	Yes
194	Unzumbhe	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Disclaimer	Yes
195	Mandeni	KZN	Low capacity	LM	Ilembe District	Financially unqualified (with other matters)	Qualified	No
196	Inkhazane	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualified	Yes
197	KwaSani	KZN	Low capacity	LM	Sesoke District	Financially unqualified (with other matters)	Qualified	Yes
198	Mpofana	KZN	Low capacity	LM	Umgungahlovu District	Financially unqualified (with other matters)	Qualified	No
199	Isinga	KZN	Low capacity	LM	Umravethi District	Financially unqualified (with other matters)	Qualified	Yes
200	Mlabatuba	KZN	Low capacity	LM	Umkhanyakude District	Financially unqualified (with other matters)	Qualified	No
201	Ntambonana	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Qualified	Yes
202	Umswati	KZN	Low capacity	LM	Umgungahlovu District	Financially unqualified (with other matters)	Qualified	Yes
203	Umuziwabantu	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Qualified	No
204	Mkhambathini	KZN	Low capacity	LM	Umgungahlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
205	Mthopani	KZN	Low capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
206	Ndweshe	KZN	Low capacity	LM	Ilembe District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
207	Richmond	KZN	Low capacity	LM	Umgungahlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
208	uPhongola	KZN	Low capacity	LM	Zululand District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No



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ANNEXURE 3.2: PROJECT CONSOLIDATE – MUNICIPALITIES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District municipality under which municipality falls	Audit opinion 2006-07	Audit opinion 2007-08	Participation by the municipality in the municipalities (Y/N)
209	Vlademho	KZN	Low capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
210	Umbhazi	KZN	Low capacity	LM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
211	Cape Agulhas	WC	Low capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
212	Swellendam	WC	Low capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
213	Witzenberg	WC	Low capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
214	Ficksburg	LP	Low capacity	LM	Sekukhune	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
215	Musina	LP	Low capacity	LM	Vhembe	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
216	Waterberg	LP	Low capacity	DM	Waterberg	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
217	Mogalevona	LP	Low capacity	LM	Waterberg	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
218	Govan Mbeki	MP	High capacity	LM	Gertruida District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
219	Emalaheni	MP	High capacity	LM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
220	Ikongola District Municipality	MP	High capacity	DM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
221	Seve Tshware	MP	High capacity	LM	Ikongola District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
222	Bojanala Platinum District	NW	High capacity	DM	Bojanala Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	NO
223	Phisoas District	KZN	High capacity	LM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
224	Newcastle	KZN	High capacity	LM	Amajuba District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
225	Emmabishi	KZN	High capacity	LM	Uthukela District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
226	KwaDukuza	KZN	High capacity	LM	Ilembe District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
227	Mandusi	KZN	High capacity	LM	Umgungahlovu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
228	Ugu District Municipality	KZN	High capacity	DM	Ugu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
229	uMhlathuze	KZN	High capacity	LM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
230	Uthungulu District Municipality	KZN	High capacity	DM	Uthungulu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
231	Breda Valley	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
232	Drakenstein	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
233	Mossel Bay	WC	High capacity	LM	Eden District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
234	Overstrand	WC	High capacity	LM	Overberg District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
235	Stellenbosch	WC	High capacity	LM	Cape Winelands District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
236	Endumeni	KZN	Medium capacity	LM	Uzinyathi District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
237	Kogiso	NW	Medium capacity	LM	Dr. Ruth S. Mompati District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
238	Mamusa	NW	Medium capacity	LM	Dr. Ruth S. Mompati District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
239	Maquasa Hills	NW	Medium capacity	LM	Dr. Ruth S. Mompati District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
240	Matibe	FS	Medium capacity	LM	Dr. Kenneth Kaunda District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
241	Nala	FS	Medium capacity	LM	Lejweletso District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
242	Lesameang	FS	Medium capacity	LM	Xhariep District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
243	Alfred Nzo District	EC	Medium capacity	DM	Alfred Nzo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
244	Koukamma	EC	Medium capacity	LM	Cacadu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
245	Sundays River Valley	EC	Medium capacity	LM	Cacadu District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
246	Chris Hani District	EC	Medium capacity	DM	Chris Hani District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
247	Engcobo	EC	Medium capacity	LM	Chris Hani District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
248	Mbizana	EC	Medium capacity	LM	OR Tambo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Disclaim
249	Port St Johns	EC	Medium capacity	LM	OR Tambo District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Disclaim
250	Mama Hais	NC	Medium capacity	LM	Siyanda District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
251	Khama Khai	NC	Medium capacity	LM	Namakwa District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
252	Phokwane	NC	Medium capacity	LM	Franses Baard District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
253	Richersveld	NC	Medium capacity	LM	Namakwa District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
254	Siyanda District	NC	Medium capacity	DM	Siyanda District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No information provided
255	Outshoom	WC	Medium capacity	LM	Eden District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	End in October 2006
256	Be-Phalaborwa	LP	Medium capacity	LM	Mopani	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
257	Bela-Bela	LP	Medium capacity	LM	Waterberg	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
258	Mookgopong	LP	Medium capacity	LM	Waterberg	Financially unqualified (with other matters)	Financially unqualified (with other matters)	No
259	Ditsabola	NW	Low capacity	LM	Nyagole Modiri Molema District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes
260	Kgetleng River	NW	Low capacity	LM	Bojanala Platinum District	Financially unqualified (with other matters)	Financially unqualified (with other matters)	Yes



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ANNEXURE 3.2: PROJECT CONSOLIDATE – MUNICIPALITIES (continued)

No.	Municipality	Province	Capacity	Category (M, DM, LM)	District municipality under which municipality falls	Audit opinion 2006-07	Audit opinion 2007-08	Participation by the municipality in the programmes (Y/N)
261	Tokologo	FS	Low capacity	LM	Lejweletswa District	Audit outstanding	Audit outstanding	No information provided
262	Phumelela	FS	Low capacity	LM	Thabo Mofutsanyane District	Audit outstanding	Audit outstanding	No information provided
263	Mbashe	EC	Low capacity	LM	Ananab District	Audit outstanding	Disclaimer	Yes
264	Camdeboo	EC	Low capacity	LM	Garden District	Audit outstanding	Qualification	Yes
265	Enlatheni	EC	Low capacity	LM	Chris Hani District	Audit outstanding	Disclaimer	Yes
266	Inqaza Hill Municipality	EC	Low capacity	LM	OR Tambo District	Audit outstanding	Disclaimer	Yes
267	Garaip	EC	Low capacity	LM	Ukhahlamba District	Audit outstanding	Adverse	No
268	Makswai	EC	Low capacity	LM	Ukhahlamba District	Audit outstanding	Adverse	Yes
269	Kailash	NC	Low capacity	LM	Siyanda District	Audit outstanding	Audit outstanding	No information provided
270	Kamiesberg	NC	Low capacity	LM	Nemakwa District	Audit outstanding	Audit outstanding	No information provided
271	Kwa-Ma	NC	Low capacity	LM	Nemakwa District	Audit outstanding	Audit outstanding	No information provided
272	Lepelle-Mumpi	LP	Low capacity	LM	Capricorn	Audit outstanding	Disclaimer	Yes
273	Makhuathumaga	LP	Low capacity	LM	Sekhukhune	Audit outstanding	Disclaimer	Yes
274	Ukhahlamba District	EC	High capacity	DM	Ukhahlamba District	Audit outstanding	Adverse	No
275	Sidabanday	WC	High capacity	LM	West Coast District	Audit outstanding	Qualification	End in October 2006
276	Pekwane	LP	High capacity	LM	Capricorn	Audit outstanding	Outstanding	No
277	Sekhukhune	LP	High capacity	DM		Audit outstanding	Disclaimer	No



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ANNEXURE 4: THE AUDITING OF PERFORMANCE INFORMATION

Phasing-in approach to the auditing of performance information

The AGSA has adopted a phasing-in approach to compliance with the relevant sections of the PAA until such time as a performance management and reporting framework is legislated³ and the audited environment has reached a level of maturity so as to provide reasonable audit assurance in the form of an audit opinion or conclusion. It is anticipated that this maturity level will only be reached during the April 2009 – March 2010 financial year.

The phasing-in approach has the following advantages:

- The National Treasury has the time and opportunity to provide structure and discipline to the processes used by the management of public sector institutions to measure and report on performance information and to facilitate the implementation of the necessary systems.
- It will provide an appropriate level of assurance on the quality of reported performance information in each phase of the implementation.
- Since the AGSA is committed to playing a constructive and, where appropriate, supportive role in order to assist the South African public service, it will provide ongoing advice and encouragement for continuous improvement in the quality, value and use of the information.
- The audit report will not be qualified in respect of performance information during the phasing-in period (until the 2008-09 financial year) to offer management of the auditees an opportunity to set up the necessary internal policies, structures, systems and processes to manage and report on performance information.

The details of the phasing-in approach are as follows:

1. The audit procedures for auditing the performance information of the **April 2005 to March 2006** financial year were indicated in *General Notice 544 of 2006*, issued per *Government Gazette 28723 of 10 April 2006* and *General Notice 808 of 2006*, issued per *Government Gazette 28954 of 23 June 2006*. The procedures included the following:
 - Obtain an understanding of the entity and its environment, including its internal control related to performance information.
 - Determine the level of performance reporting by evaluating the following aspects:
 - The existence of, and reporting against, predetermined objectives
 - The existence of specific, measurable and time bound-objectives
 - The consistency of reporting on predetermined objectives
 - The format and presentation of the performance information in the annual report.

³ Although the National Treasury issued the *Framework for managing programme performance information* during May 2007, the legal status (i.e. compulsory/legally binding or only a guideline) has not been officially indicated by the NT.



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A separate opinion on performance against predetermined objectives was not included in the audit reports. Conclusions on performance reporting were reached as part of the financial audit process and material shortcomings in the process of reporting against predetermined objectives which came to the attention of the auditor during the audits were reported in the "Emphasis of matter" section of the audit reports.

2. The audit procedures for auditing the performance information of the **April 2006 to March 2007** financial year were indicated in *General Notice 646 of 2007*, issued per *Government Gazette 29919 of 25 May 2007*. The procedures included the following:

- Obtaining an understanding of the internal controls relating to performance information.
- Documenting system descriptions for the systems relevant to reporting on performance information. The system descriptions should be verified by means of walkthrough tests.
- Determining the stage of performance reporting by evaluating the following:
 - The existence of, and reporting against, predetermined objectives
 - The existence of specific, measurable and time bound objectives
 - The consistency of the predetermined objectives recorded in the strategic plan, budget, quarterly reports and annual report
 - The format and presentation of the performance information in the annual report.
- Comparing reported achievement of performance against objectives to the information sources and conducting limited substantive procedures on the information.

A separate opinion on performance against predetermined objectives was not included in the audit reports. Reporting in this regard formed part of the regularity audit process. Reporting related to material shortcomings in the process, systems and procedures of reporting against predetermined objectives that came to the attention of the auditor during the audit and that might impact on the public interest. This reporting was contained in the "Other reporting responsibilities" section of the audit report.

3. The audit procedures for auditing the performance information of the **April 2007 to March 2008** financial year are indicated in *General Notice 616 of 2008*, issued per *Government Gazette 31057 of 2008*. The procedures include the following:

- Obtaining an understanding of the internal policies, structures and processes relating to the management of and reporting on performance information.
- Obtaining an understanding of the relevant systems and internal controls to collect, monitor and report performance information.
- Evaluating the existence, consistency, format and quality of performance information.
- Comparing reported performance information to relevant source documentation and conducting limited substantive procedures to ensure valid, accurate and complete performance reporting.

A separate opinion on performance against predetermined objectives will not be included in the audit reports. Reporting in this regard forms part of the regularity audit process. Reporting will be in relation to material shortcomings in the process, systems and procedures of reporting against predetermined objectives that come to the attention of the auditor during the audit and that may impact on the public interest. This reporting will be contained in the "Other reporting responsibilities" section of the audit report.



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S O U T H A F R I C A

4. The audit procedures for auditing the performance information of the **April 2008 to March 2009 financial year** will include all the details referred to above for the 2007-08 financial year, with additional procedures focusing on the validity, accuracy and completeness of reported performance information.

As from the April 2009 to March 2010 financial year auditors should obtain sufficient appropriate audit evidence as part of a systematic audit process that includes substantive procedures to test the operational effectiveness of controls to a level of reasonable assurance.





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ANNEXURE 5: LISTING OF ENTITIES THAT REGISTERED IMPROVED OR DETERIORATED AUDIT OUTCOMES

The names of municipalities that have registered audit outcomes different from the financial year ended June 2007 are listed in the tables below. (NB: The abbreviation 'OM' denotes other matters)

Table 5a: Metros registering improved audit outcomes

No.	Name	Prov.	Audit outcome 2008	Audit outcome 2007
1	Nelson Mandela Metro	EC	Financially unqualified (OM)	Qualification
2	City of Johannesburg Metro	GP	Financially unqualified (with no other matters)	Financially unqualified (OM)
3	Ethekwini	KZN	Financially unqualified (with no other matters)	Financially unqualified (OM)
4	City of Cape Town	WC	Financially unqualified (with no other matters)	Financially unqualified (OM)

Table 5b: Municipalities registering improved audit outcomes

No.	Name	Prov.	Audit outcome 2008	Audit outcome 2007
1	Amatole District	EC	Qualification	Adverse
2	Baviaans	EC	Qualification	Adverse
3	Blue Crane Route	EC	Qualification	Adverse
4	Ndlambe	EC	Qualification	Adverse
5	Elundini	EC	Qualification	Disclaimer
6	Ikwezi	EC	Qualification	Disclaimer
7	Nxuba	EC	Qualification	Disclaimer
8	Nyandeni	EC	Qualification	Disclaimer
9	Mnquma	EC	Adverse	Disclaimer
10	Sakhisizwe	EC	Adverse	Disclaimer
11	Tsolwana	EC	Adverse	Disclaimer
12	Camdeboo	EC	Financially unqualified (OM)	Qualification
13	Matatiele	EC	Financially unqualified (OM)	Qualification
14	Fezile Dabi District	FS	Financially unqualified (OM)	Qualification
15	Randfontein	GP	Qualification	Disclaimer
16	Westonaria	GP	Financially unqualified (OM)	Qualification
17	Impendle	KZN	Qualification	Disclaimer
28	Jozini	KZN	Qualification	Disclaimer
19	Sisonke District	KZN	Qualification	Disclaimer
20	Umzinyathi District	KZN	Qualification	Disclaimer
21	Abaqulusi	KZN	Financially unqualified (OM)	Disclaimer
22	Greater Kokstad	KZN	Financially unqualified (OM)	Disclaimer
23	Ulundi	KZN	Financially unqualified (OM)	Disclaimer



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Table 5b: Municipalities registering improved audit outcomes (continued)

No.	Name	Prov.	Audit outcome 2008	Audit outcome 2007
24	Umgungundlovu District	KZN	Financially unqualified (OM)	Disclaimer
25	Okhahlamba	KZN	Adverse	Disclaimer
26	Hibiscus Coast	KZN	Financially unqualified (OM)	Qualification
27	Imbabazane	KZN	Financially unqualified (OM)	Qualification
28	Ingwe	KZN	Financially unqualified (OM)	Qualification
29	KwaSani	KZN	Financially unqualified (OM)	Qualification
30	Mandeni	KZN	Financially unqualified (OM)	Qualification
31	Mpofana	KZN	Financially unqualified (OM)	Qualification
32	Msinga	KZN	Financially unqualified (OM)	Qualification
33	Mtubatuba	KZN	Financially unqualified (OM)	Qualification
34	Newcastle	KZN	Financially unqualified (OM)	Qualification
35	Ntambanana	KZN	Financially unqualified (OM)	Qualification
36	uMshwati	KZN	Financially unqualified (OM)	Qualification
37	Umtshezi	KZN	Financially unqualified (OM)	Qualification
38	Umuziwabantu	KZN	Financially unqualified (OM)	Qualification
39	uMzimkhulu	KZN	Financially unqualified (OM)	Qualification
40	Umzumbe	KZN	Financially unqualified (OM)	Qualification
41	Uthukela District	KZN	Financially unqualified (OM)	Qualification
42	Aganang	LP	Qualification	Disclaimer
43	Greater Giyani	LP	Qualification	Disclaimer
44	Greater Letaba	LP	Qualification	Disclaimer
45	Greater Tzaneen	LP	Qualification	Disclaimer
46	Makhado	LP	Adverse	Disclaimer
47	Fetakgomo	LP	Financially unqualified (OM)	Qualification
48	Mogalakwena	LP	Financially unqualified (OM)	Qualification
49	Albert Luthuli	MP	Qualification	Adverse
50	Mkhondo	MP	Qualification	Adverse
51	Bushbuckridge	MP	Qualification	Disclaimer
52	Mbombela	MP	Qualification	Disclaimer
53	Thaba Chweu	MP	Qualification	Disclaimer
54	Ehlanzeni District	MP	Financially unqualified (OM)	Qualification
55	Gamagara	NC	Qualification	Disclaimer
56	Namakwa District	NC	Qualification	Disclaimer
57	Ubuntu	NC	Qualification	Disclaimer
58	Khai-Ma	NC	Qualification	Adverse
59	Kareeberg	NC	Financially unqualified (with no other matters)	Financially unqualified (OM)
60	Dr Kenneth Kaunda District	NW	Qualification	Disclaimer
61	Ngaka Modiri Molema District	NW	Qualification	Disclaimer
62	Rustenburg	NW	Qualification	Disclaimer
63	Bitou	WC	Financially unqualified (OM)	Qualification



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Table 5b: Municipalities registering improved audit outcomes (continued)

No.	Name	Prov.	Audit outcome 2008	Audit outcome 2007
64	Breede Valley	WC	Financially unqualified (OM)	Qualification
65	Drakenstein	WC	Financially unqualified (OM)	Qualification
66	Eden District	WC	Financially unqualified (OM)	Qualification
67	Knysna	WC	Financially unqualified (OM)	Qualification
68	Matzikama	WC	Financially unqualified (OM)	Qualification
69	Mossel Bay	WC	Financially unqualified (OM)	Qualification
70	Overberg District	WC	Financially unqualified (OM)	Qualification
71	Stellenbosch	WC	Financially unqualified (OM)	Qualification
72	Swellendam	WC	Financially unqualified (OM)	Qualification
73	Theewaterskloof	WC	Financially unqualified (OM)	Qualification
74	Witzenberg	WC	Financially unqualified (OM)	Qualification

Table 5c: Municipalities registering deteriorated audit outcomes

No.	Name	Prov.	Audit outcome 2008	Audit outcome 2007
1	Chris Hani District	EC	Disclaimer	Adverse
2	Gariep	EC	Disclaimer	Adverse
3	Intsika	EC	Disclaimer	Adverse
4	Sundays River Valley	EC	Disclaimer	Adverse
5	Makana	EC	Adverse	Qualification
6	Kopanong	FS	Disclaimer	Qualification W
7	Mangaung	FS	Disclaimer	Qualification
8	Metsimaholo	FS	Disclaimer	Qualification
9	Motheo District	FS	Disclaimer	Qualification
10	West Rand District	GP	Financially unqualified (OM)	Financially unqualified (with no other matters)
11	Nkandla	KZN	Disclaimer	Qualification
12	Blouberg	LP	Disclaimer	Adverse
13	Greater Marble Hall	LP	Disclaimer	Adverse
14	Lephalale	LP	Disclaimer	Adverse
15	Molemole	LP	Disclaimer	Adverse
16	Nkomazi	MP	Disclaimer	Qualification
17	Govan Mbeki	MP	Qualification	Financially unqualified (OM)
18	Msukaligwa	MP	Qualification	Financially unqualified (OM)
19	Moshaweng	NC	Disclaimer	Qualification
20	Tlokwe	NW	Disclaimer	Adverse
21	Saldanha Bay	WC	Disclaimer	Qualification
22	Berg River	WC	Disclaimer	Qualification



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Table 5d: Municipal entities registering improved audit outcomes

No.	Name	Prov.	Audit outcome 2008	Audit outcome 2007
1	Ntinga OR Tambo Development Agency	EC	Qualification	Disclaimer
2	Buffalo City Development Agency	EC	Financially unqualified (with no other matters)	Financially unqualified (OM)
3	Ilembe Development Foundation	KZN	Financially unqualified (OM)	Qualification
4	Lethabong Housing Institute	GP	Qualification	Disclaimer
5	Roodeplaat Temba Water Trust	GP	Financially unqualified (OM)	Qualification
6	Sandspruit Works	GP	Financially unqualified (OM)	Qualification
7	Brakpan Bus Company	GP	Financially unqualified (OM)	Qualification
8	Pharoe Park Housing	GP	Financially unqualified (OM)	Qualification
9	Phase 2 Housing Company	GP	Financially unqualified (OM)	Qualification
10	Johannesburg Water	GP	Financially unqualified (with no other matters)	Financially unqualified (OM)
11	Johannesburg City Parks	GP	Financially unqualified (with no other matters)	Financially unqualified (OM)
12	Johannesburg Tourism Company	GP	Financially unqualified (with no other matters)	Financially unqualified (OM)
13	Khayelitsha Community Trust	WC	Financially unqualified (OM)	Qualification



