

Toolkit for assessing corruption risks in local municipalities of South Africa:

focus on financial management, procurement and recruitment processes

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Introduction



The Strengthening Action Against Corruption project – implemented by Corruption Watch, the Social Change Assistance Trust and Transparency International – is dedicated to fostering a culture of transparency and accountability in local communities in South Africa. Corruption remains a persistent challenge that undermines public trust, weakens service delivery, and exacerbates socio-economic inequalities in South Africa. By empowering community-based organisations (CBOs) and community advice offices (CAOs) in the Eastern Cape Province with knowledge and resources, the project seeks to enhance the capacity of grassroots actors to identify corruption, mobilise collective action, and influence systemic change in governance structures.

CBOs and CAOs, as local community actors with deep-rooted knowledge and lived experiences, are uniquely positioned to develop and advocate for context-specific responses to corruption. Their proximity to local communities allows them to uncover corruption and its risks that may otherwise go unnoticed, and advocate for targeted interventions that resonate with local realities.

To strengthen this capacity, we have developed a bespoke corruption risk assessment (CRA) toolkit to generate evidence on corruption risks within local municipalities in South Africa and use the evidence to advocate for reforms. Assessing risks and engaging with local municipalities provides more opportunities for constructive collaboration between implementing CBOs/CAOs and public officials or service providers, with CBOs and CAOs generating and prociding credible, data-driven evidence to inform discussions on areas in need of reforms. Additionally, as many CBOs and CAOs already work on service delivery or other key issues provided by local municipalities, the risk assessment builds up their existing expertise, and refines their understanding of local governance dynamics – thereby improving their capacity to advocate for effective solutions.

The CRA toolkit is designed as a robust, evidence-based approach for identifying, assessing, and documenting corruption risks within local governments. It is a user-friendly and easily adaptable framework that will enable CBOs and CAOs to systematically map vulnerabilities, track emerging patterns of misconduct, and generate credible, data-driven insights that inform strategic advocacy efforts. The primary objectives of the corruption risk assessment are:

- To enable targeted CBOs and CAOs to systematically assess corruption risks within local government departments and sectors in the Eastern Cape.
- To provide actionable insights and recommendations for mitigating identified corruption risks within the targeted local government structures.
- To provide actionable evidence that can lead to strengthened community engagement in local government activities in general, thereby increasing transparency and accountability.

Beyond serving as a diagnostic tool, the CRA is also a participatory mechanism, encouraging engagement between communities, local authorities and policymakers to assess risks and develop mitigation strategies. By so doing, it cultivates a bottom-up approach to anti-corruption efforts, ensuring that the voices of those most affected by corruption shape accountability mechanisms at the local level. This also strengthens the collective resolve to build a more transparent, accountable, and equitable communities. The insights derived from these assessments will inform broader anti-corruption initiatives, enabling stakeholders to design more effective policies and interventions tailored to the needs of the communities they serve.

Overview of the Toolkit

This toolkit provides a structured approach to assessing corruption risks in local municipalities in South Africa.

What is a corruption risk?

This toolkit defines **corruption risk** as the probability of the occurrence of abuse of power or corruption, leading to negative consequences for the local municipality and the communities it serves. Rather than focusing solely on confirmed instances of corruption, corruption risk assessment seeks to identify vulnerabilities within municipal systems that create opportunities for unethical behaviour, inefficiency, or misuse of public resources.

Corruption risk assessments do not measure actual corruption. Unlike direct acts of corruption, which involve proven cases of misconduct, corruption risks highlight systemic weaknesses that enable corruption to take place.

Corruption is defined as “the abuse of entrusted power for private gain”
<https://www.transparency.org/en/what-is-corruption>

Given the wide range of duties and responsibilities that local municipalities in South Africa handle, the toolkit focuses on specific key areas to ensure a targeted and effective analysis. This approach allows for a deeper understanding and evaluation of some high-risk areas, enabling municipalities to implement more precise mitigation strategies and enhance accountability.

Through a consultative process with project partners and implementing CAOs/CBOs, we identified

three specific focus areas for assessment: public procurement, financial management, and recruitment. These are critical areas as they directly influence the efficiency, fairness, and accessibility of public services. Weaknesses in these areas can lead to large-scale misuse or misallocation of resources, reduced service delivery, and limit marginalised groups (women, girls, and other vulnerable populations) from accessing much-needed services. Ensuring transparency and accountability in these key areas strengthens public trust, promotes equitable service delivery, and helps create a more inclusive and responsive governance system.

To ensure a structured and effective approach, the assessment follows these key considerations:

Defining decision-making points

Within each focus area, we have identified key decision-making points, which critical stages where relevant actors must make choices that shape processes and outcomes. These are the moments in a procedure where discretion is exercised, and therefore where corruption is most likely to occur. By mapping these points, CBOs and CAOs can identify where risks are highest and where interventions should be prioritised.

Each decision-making point is a risk-prone stage that should be examined for potential corruption vulnerabilities. These points help researchers systematically understand where weaknesses may exist in a process. While the list of decision-making points is not exhaustive, it highlights the most significant stages where transparency and accountability are essential.

Researchers from CBOs and CAOs should focus on assessing each decision-making point. For every point, the toolkit provides a brief explanation of why transparency, accountability, and integrity matter at that stage of the process, along with examples and potential sources of corruption risks.

Guiding questions for each decision-making point

To standardise assessments and ensure consistency, guiding questions are provided for each decision-making point. These questions help researchers from CBOs and CAOs examine key aspects of the process, identify potential corruption risks, and collect relevant data. The guiding questions ensure that researchers follow a structured and comprehensive approach, covering all essential dimensions of the assessment. In addition, researchers should refer to Annex 2 under “Asking the right questions” for further guidance.

Data collection methods

Evidence to complete the assessment will be based on:

- a. Secondary research: Researchers from the CAOs/CBOs will review existing literature, government policies, legal frameworks, audit reports, and other relevant documents to understand corruption risks and governance challenges.
- b. Primary research: To gain deeper insights, researchers will conduct key informant interviews (KIIs) and focus group discussions (FGDs) with stakeholders such as government officials, civil society representatives, and community members. This combination of data sources ensures a well rounded and evidence-based assessment.

Corruption risks levels:

Each corruption risk will be assigned a score from 1 to 5, based on its likelihood and potential impact.

Risk heat map

Once risks are scored, the indicators are plotted on a risk heat map to visually represent areas of higher and lower risk in terms of occurrence and impact. The heat map provides a clear overview of where corruption risks are concentrated, helping stakeholders prioritise actions and interventions.

Mitigation strategies

Based on the identified risks, CBOs and CAOs will be supported to develop tailored mitigation strategy. This strategy outlines practical steps to reduce or eliminate corruption risks at each decision point. The recommendations may include policy reforms, transparency measures, capacity-building initiatives, or stronger accountability mechanisms.



Guidance on Conducting the Assessment

This step-by-step guide is intended for researchers conducting the corruption risk assessment. It provides structured guidance to ensure a rigorous, credible, and impactful assessment process.

Phase 1: Preparing for the Assessment

Step 1: Understanding the assessment

Before commencing the assessment, researchers must develop a deep understanding of the framework guiding this exercise. This requires researchers to familiarise themselves with the methodology, research tools, and ethical considerations to ensure a structured and credible approach. The success of this assessment hinges on maintaining a rigorous research process that adheres to principles of objectivity, transparency, and integrity.

Step 2: Develop a research plan

Researchers will be required to develop a research plan detailing deliverables, activities and timeline. A template will be provided (**please see Annex 1**) which the researchers should submit to the lead researcher for review and feedback, together with the list of stakeholders from step 3.

Step 3: Stakeholder mapping and engagement

Stakeholder mapping and engagement is a critical component of effective preparation and planning for the research. It builds trust and ownership among stakeholders, strengthens the credibility of findings, and creates opportunities for early engagement with key changemakers—such as policymakers—who may

support advocacy efforts after the research. Additionally, engaging stakeholders early on helps identify potential challenges, ensures diverse perspectives are considered, and enhances the relevance of the research to those affected by corruption risks.

Researchers should identify all individuals, groups, or organisations with an interest in or who may be affected by the corruption risk assessment. Stakeholders can be categorised into:

- Primary stakeholders: Those directly impacted by the research or who have influence over its focus, such as policymakers and public officials.
- Secondary stakeholders: Those indirectly affected or with a peripheral interest, such as civil society organisations, academic experts, and media actors.

It is especially important to ensure mapping of relevant stakeholders from different background and diverse interests, including

- i. relevant local government officials who are responsible for the specific areas of assessments
- ii. representatives from civil society groups, associations, and movements, who have experience working with relevant municipality departments
- iii. experts working in academia, think tanks or similar institutions who can provide analytical perspectives and technical insights

Once relevant stakeholders have been identified, they should be engaged earlier through structured interactions to inform, consult, or collaborate during the research process. This would include:

Phase 2: Identification and Prioritisation of Risks

Step 4: Conducting research

This methodology document outlines **three focus areas** for assessment, each designed to capture key aspects relevant to the research. Within each area, specific decision-making points and guiding questions are provided to ensure a structured and comprehensive approach to data collection. The decision-making points highlight critical stages in processes where discretion is exercised, while the guiding questions help researchers navigate the evidence-gathering process by focusing on important themes and trends. By following this framework, researchers can systematically analyse information, identify patterns, and draw well-informed conclusions.

The research phase entails a systematic collection of qualitative and quantitative data to uncover corruption risks in the areas of assessment. It is also important to note that the corruption risk assessments will be conducted through these research methods:

- **Desk-based research:** Systematic review of existing literature, reports, legal texts, and other data sources to synthesise insights and identify knowledge gaps on the research topic.

Some of the key documents which should be compiled and used as part desk research include:

- Legal acts and policies regulating local municipalities in the Eastern Cape province applicable to the area of assessment
- Existing risk assessments of the municipality
- Official reports such as from the Auditor General, commissions, court cases
- Existing literature, including journal and newspaper articles

- **Key informant interviews:** These are semi-structured engagements aimed at obtaining in-depth insights and subjective experiences from key stakeholders or experts.
- **Focus group discussions:** These entail facilitated group interactions that explore collective views, dynamics, and insights on specific topics.

For key informant interviews and focus group discussions, a facilitator should be appointed (if the sessions are not led by the researcher). The role of the facilitator is important in collecting insights from participants. The facilitator's ability to make everyone comfortable, encourage everyone to speak up, enforce a respectful tone, and manage the pace will determine the quality of the discussion and the information gathered. It is advised to enlist the help of a note taker and a recorder as this ensures accurate notes are being recorded.

Please see **Annex 2:** with some tips and guidance on how to ask the right questions and get the necessary information.

Please also refer to **Annex 3** which has a non-exhaustive overview of red flags and associated corruption risk for each indicator. Please use the table as guidance to identify and note red flags during data collection stage. Annexure is also important for data analysis and completion of corruption risk assessment questionnaire.

Step 5: Data analysis (triangulation)

Once data has been collected from multiple research methods—such as desk research, key informant interviews, and focus group discussions—it must be systematically analysed and combined to provide a comprehensive and well-rounded perspective. Triangulation is essential in this process, as it enhances the reliability of findings by cross-verifying information from different sources.

At this stage, researchers should:

- Compare and contrast data to identify patterns, consistencies, and discrepancies across sources.
- Ensure objectivity by interpreting the data in a logical and unbiased manner, supported by evidence rather than assumptions.

- Address gaps or contradictions by revisiting data sources or seeking additional insights where needed.
- Contextualise findings within the broader research objectives to draw meaningful conclusions about corruption risks.

Step 6: Completing the corruption risk assessment questionnaire

Based on the evidence collected, researchers must complete the corruption risk assessment questionnaire.

See **Annex 3** which could be useful as a reference point for the non-exhaustive list of corruption risks.

For each indicator, please complete the following sections:

- **General description:** Describe the key decision-making processes involved and the stakeholders responsible for implementation. Where relevant, include legal or policy frameworks governing the indicator.
- **Corruption risks identified:** List and describe specific corruption risks associated with the indicator. Explain how these risks could affect transparency, fairness, and access to public services.
- **Level of risk and justification:** Each corruption risk should be assigned a score from 1 to 5, based on its likelihood and potential impact. Please see Annex 4 with scoring criteria for likelihood and potential impact
- **Drivers or sources of the risks:** Identify the underlying factors that contribute to corruption risks. There can be more than one driver of corruption risk, and some of the common drivers include:
 - Institutional weaknesses (e.g., lack of oversight, weak enforcement of regulations)
 - Political interference (e.g., undue influence over decision-making)
 - Resource constraints (e.g., underfunding leading to vulnerability to corruption)
 - Lack of transparency (e.g., absence of clear criteria for decision-making)

- Social and cultural factors (e.g., norms that tolerate nepotism or bribery)

Step 7: Quality control

Once the assessment has been completed, it is crucial to subject the findings to a thorough review process. Transparency International and partners (Corruption Watch and the Social Change Assistance Trust) will conduct the review, typically involving multiple review cycles to ensure that the findings are well-supported, analytically robust, and aligned with the project's objectives. Researchers should be prepared to incorporate feedback and refinements to enhance the quality and credibility of the findings.

Once the review of the completed questionnaire have been finalised, the researcher should summarise the risk assessment by completing **a risk scoring table and risk map (see Annex 6 and 7)**.

Phase 3: Corruption Risk Assessment Report

Step 8: Drafting the report

After the internal and external verification of findings, and any necessary revisions or updates have been made, the findings and mitigation strategies should be put in the form of a report for publication.

A template of the report (Annex 8) will be provided by Transparency International, which should be completed by the researchers.

Step 9: Review and finalisation of the report

Upon completion of the report, researchers submit the draft of the report to Transparency International for review. This step ensures that the report meets the required quality and standards before finalisation. Transparency International will carefully evaluate the draft and may provide feedback to the researchers. This feedback could include requests for additional information, clarification of sources, or further edits to enhance the accuracy and comprehensiveness of the report. The researchers are expected to address these inputs and incorporate the necessary adjustments into the report. This collaborative process

ensures the final report is of the highest quality and ready for dissemination.

Phase 4: Designing Mitigation Strategies (to be done by project partners and CBOs)

Step 10: Designing of the strategy

Once risk areas have been identified, the next step is to develop actionable measures to mitigate them. These strategies should be:

- Practical: feasible and implementable within existing structures
- Context-specific: tailored to local governance, regulatory, and socio-economic conditions

Collaborative: developed with input from multiple stakeholders, including public officials, civil society, and affected communities

An indicator dashboard will be developed to follow up on mitigation strategies, clearly indicating the strategy, steps to be taken, and the responsible person.

Step 11: Engagement with stakeholders

It is essential to hold a **validation meeting with key stakeholders** to present the findings and recommendations, particularly those who participated in the research phase and those who have power to influence reforms. This meeting serves several purposes:

- Presenting and discussing key findings to ensure accuracy and stakeholder buy-in.
- Refining the prioritisation of risks based on stakeholder insights and local context.
- Collaboratively identifying and refining mitigation measures (Phase III) to ensure practical and sustainable solutions.

Most importantly, such a meeting will enhance stakeholder ownership and commitment to implementing the recommendations. Hence, it is crucial to invite local municipality officials and crucial policy makers to the validation meeting.

Corruption Assessment Questionnaire

Name of the Local Municipality: _____

District: _____

Assessment Period: _____

Overview (Maximum 300)

Please give a summary of background information about the municipality, for instance:

- Briefly describe the municipality, including its governance structure, ie how the municipality is governed (e.g., elected officials, administrative bodies).
- What are some of the key challenges currently faced by the municipality?
- Are there any relevant anti-corruption policies, regulations or frameworks in place?



FOCUS AREA 1:

Financial Management

Sound financial management is a cornerstone of effective local governance, playing a key role to ensure public resources are allocated efficiently, transparently, and equitably to meet the needs of communities. Local governments play a crucial role in budgeting, expenditure management and financial reporting—functions that are essential for delivering key public services such as infrastructure, education, healthcare, and sanitation. Financial management entails some highly complex and technical tasks and processes, such as macroeconomic forecasting, budget allocation, expenditure management, accounting and auditing. Without strong financial controls and transparent fiscal practices, municipalities may become vulnerable to inefficiencies, resource misallocation, and financial mismanagement, ultimately undermining both public trust and service delivery.

Corruption poses a significant threat to financial management at the local level, leading to financial leakages, inflated project costs, and diminished quality and quantity of public services. Without transparency, accountability and integrity, financial systems become susceptible to corruption such as embezzlement, and misappropriation of funds. While corruption is mostly associated with budget execution, there are opportunities for misconduct at various stages of the financial management process. For instance, corruption risks at budget formulation may include budget padding (i.e. deliberate inflation of proposed budget compared to the actual need), favoritism in allocation of resources to projects or areas that benefit certain individuals or groups, undue influence or lobbying from special interest groups. While at financial reporting stage, it may be manifested through “cooking” financial statements and documents to cover up financial irregularities

The risk of financial mismanagement is particularly high in municipalities with inadequate oversight, weak institutional frameworks, and a lack of public accountability. Overly complex financial regulations and bureaucratic procedures can also create loopholes that corrupt actors can exploit. Additionally, a lack of capacity and skills among financial managers weakens management and controls, while weak legal frameworks and poor enforcement allow financial misconduct to persist unchecked.

Key reading materials

- [Municipal Finance Management Act 56 of 2003](#)
- Audit reports from the Auditor General: [Municipal Finance Management Act \(MFMA\) reports](#)
- [Financial management and MFMA implementation](#)
- South African Local Government Association. 2021. [Good Practice Guide on Municipal Financial Management: A Practical Guide to Financial Management in Municipalities](#)
- Auditor General-South Africa. 2022. [State of local government: Financial planning and reporting](#)
- Mashabela, M., and Thusi, X. 2024. [Poor Financial Management in South African Municipalities: Assessing Factors Contributing to Undesirable Audit Opinion](#). *Journal of International Business, Economics and Entrepreneurship*, 9(2), 49–57.
- Mantzaris, E. 2014. [Municipal financial management to fight corruption and enhance development A holistic approach](#)

INDICATOR 1	BUDGET PREPERATION		
Description	<p>A transparent budget preparation process requires publishing preliminary drafts, disclosing forecasting methodologies, and clearly outlining spending priorities. Openness in budget formulation allows stakeholders to scrutinise assumptions, detect discrepancies, and ensure proper allocation of funds. By making budget processes accessible, the risk of manipulation—such as inflating costs or diverting funds to favoured projects—is reduced. Transparency also strengthens financial accountability by providing a clear trail of fiscal decisions.</p> <p>However, corruption risks may arise when budget figures and priority areas are arbitrarily set without explanation, leading to potential misallocation of funds. When key budget proposals are also kept confidential and away from the public eye, this may create an opportunity for corruption such as favouritism in allocation of resources to projects or areas that benefit certain individuals or groups. Budget priorities and amounts can be changed behind closed doors without documentation, thereby creating opportunities for embezzlement and other misuse of funds.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are the methodologies and criteria for budget formulation clearly documented and publicly available? ii. Is there a clear timeline for budget preparation, review, and finalisation? iii. Are preliminary budget drafts released for public inspection before final approval? iv. Are the assumptions behind revenue forecasts and expenditure projections transparently communicated? 		
General description of budget preparation in the municipality			
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 2	PUBLIC PARTICIPATION		
Description	<p>Inclusive and meaningful public participation is crucial in ensuring that the budget reflects community needs and priorities while holding officials accountable. When residents, civil society organisations, and other stakeholders are actively engaged in budget discussions, the process becomes more democratic and transparent. This inclusion deters corruption by reducing the likelihood that funds will be diverted to projects that do not serve the public interest. A robust participatory process also provides a platform for raising concerns about potential conflicts of interest or misallocations before final decisions are made.</p> <p>However, corruption risks may arise when budget planning is conducted behind closed doors, excluding community input; public consultations are held but feedback is disregarded, making participation merely symbolic; the process for collecting public input is poorly publicised, limiting accessibility and engagement; and influential groups manipulate consultations, swaying spending priorities in their favour rather than reflecting broader community needs.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are community consultations and public forums regularly held during the budget planning phase? i. Are mechanisms in place for residents to submit feedback on draft budgets? i. Is there clear documentation showing how public input has influenced the final budget? i. Are budget proposals presented in a format that is accessible and understandable to the general public? 		
General description of public participation on budget by the local municipality			
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 3	AUTHORISATION OF SPENDING		
Description	<p>Strong internal controls are essential to ensure that public funds are spent responsibly and in alignment with approved budgets. These controls help prevent overspending, unauthorised expenditures, and financial mismanagement. Effective internal controls include segregation of duties, approval hierarchies, and regular budget reconciliations, all of which help reduce opportunities for embezzlement, fraud, and resource misallocation. Weak oversight creates loopholes where funds can be diverted, either through deliberate manipulation or systemic failures.</p> <p>Corruption risks in this area include unauthorised expenditures that bypass approval processes, allowing funds to be used for personal gain; officials circumventing procurement protocols, leading to unmonitored spending; poor monitoring of budget variances, resulting in unexplained or excessive spending; and lack of internal financial checks, making it easy for funds to be misappropriated without detection</p>		
Guiding questions	<p>i. Are there clear procedures in place for authorising expenditures, and are these procedures strictly followed?</p> <p>ii. Is there a system for tracking and reconciling actual spending against the approved budget?</p> <p>iii. Have instances of unauthorised spending been identified and addressed promptly?</p>		
General description of authorization of spending in the local municipality			
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 4	PAYROLL MANAGEMENT		
Description	<p>A transparent and accountable payroll system is essential for sound financial management, ensuring that municipal funds are allocated to legitimate employees actively contributing to public service delivery. Without proper controls, ghost workers—fictitious or duplicate employees—can inflate payroll expenses, diverting resources from essential services. To mitigate these risks, municipalities must implement regular audits, independent verification, and clear documentation to validate payroll records and prevent fraudulent payments.</p> <p>Corruption risks in payroll management may rise due to absence of independent verification processes, allowing ghost workers to remain undetected; infrequent or weak audits, leading to persistent payroll discrepancies and potential fund misappropriation; and ignored concerns about payroll inconsistencies, suggesting systemic failures in oversight.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are regular, independent audits conducted on the payroll system to identify discrepancies or ghost worker entries? ii. Is there a process for verifying the existence and active employment of individuals listed on the payroll? iii. How are instances of ghost workers or duplicate entries detected, reported, and resolved? 		
General description of payroll management in the local municipality			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 5	FINANCIAL REPORTING		
Description	<p>Transparent financial reporting is crucial for ensuring accountability in the management of public funds. When municipalities provide clear, accessible, and comprehensive financial data, citizens and oversight bodies can track expenditures, verify that funds are used as intended, and detect any irregularities. Conversely, when financial reports are incomplete, delayed, or overly complex, opportunities for misappropriation and fraud increase. Regular and easily understandable financial disclosures build public trust by demonstrating a commitment to fiscal responsibility and preventing corruption.</p> <p>Corruption risks in financial reporting include the failure to publish complete financial statements, limiting public oversight; the use of technical language or vague explanations, making it difficult for citizens to understand financial data; unexplained discrepancies between budgeted and actual expenditures, suggesting potential mismanagement; and infrequent or delayed reporting, which hampers timely detection of financial irregularities. Strengthening transparency in financial reporting is essential to prevent corruption, enhance accountability, and improve public confidence in municipal financial management.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are detailed financial reports (e.g., budgets, balance sheets, and expenditure statements) published regularly and in an accessible format? ii. Are financial reports submitted for review or auditing by oversight institutions in a timely manner? iii. Can community members easily understand and interpret the financial data provided? 		
General description on financial reporting in the municipality			
Corruption risks	Risk identified	Risk identified Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 6	PAYROLL MANAGEMENT		
Description	<p>Municipalities must take timely and effective action in response to audit findings and financial irregularities to uphold accountability and prevent repeated corruption or mismanagement. When audit recommendations are ignored, delayed, or inadequately addressed, it signals weak governance, lack of oversight, and tolerance for malpractice. Proactive measures, such as policy revisions, disciplinary action against responsible individuals, and the implementation of stronger internal controls, are essential for ensuring financial integrity and restoring public trust.</p> <p>Corruption risks may rise due to absence of corrective action to recurring audit findings, pointing to systemic failures; officials disregarding audit recommendations, allowing irregularities to persist; ineffective or delayed remedial actions, enabling continued financial mismanagement; and a lack of transparency in addressing audit issues, reducing public confidence in municipal governance.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Is there a mechanism to follow up on audit findings and recommendations? ii. Are audit recommendations systematically implemented and tracked over time? iii. Is there evidence of corrective actions taken in response to previous audit findings? iv. Do community members have access to reports that detail the follow-up measures on audit outcomes? 		
General description on audit findings and responsiveness by the local municipality			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			



FOCUS AREA 2:

Public Procurement

Public procurement is a fundamental component of governance in South Africa's local municipalities, as it directly influences service delivery, infrastructure development, and economic growth. Municipalities are responsible for procuring goods and services that sustain essential public services such as water supply, sanitation, housing, and transport. Efficient and well-regulated procurement ensures that resources are allocated effectively, meeting the needs of communities while fostering economic development.

However, public procurement is also highly vulnerable to corruption, mismanagement, and inefficiencies, particularly due to the high volume of transactions and significant financial stakes, as well as the complexity of the procurement process, the close interactions between public officials and businesses, and the involvement of multiple stakeholders. Corruption can occur at any stage of the procurement process, from the initial needs assessment to the final execution of contract obligations. Without transparency, accountability and integrity, procurement processes can be manipulated for private gains, leading to inflated costs, poor-quality services, and financial losses that ultimately harm citizens. Corruption risks often stem from a lack of transparency, particularly when information is not shared consistently with bidders and the public. This includes unclear justifications for selecting a procurement method, improper use of non-competitive procedures, ambiguous criteria for assessing suitability and

evaluations, or awarding contracts without valid reasoning. Without adhering to accountability and integrity standards, decisions are made without considerations to honesty, fairness, and a commitment to the public good.

Various factors can elevate corruption risks in public procurement, such as excessive administrative discretion, its connection with a corruption-prone sector, weak review and remedy mechanisms, inadequate financial controls, restricted information access, time constraints, insufficient expertise, and conflicts of interest. Another challenge is that procurement staff and management often lack sufficient training, leading to gaps in professionalism necessary for effective planning, budgeting, and risk management. Additionally, weak accountability and control mechanisms can also contribute to mismanagement and corruption.

The corruption risk assessment of public procurement in municipalities will help identify gaps in the system which might allow for corruption to occur. The CRA will also help promote a procurement environment that prioritises fairness, efficiency, and value for money. Strengthening transparency, accountability and integrity in procurement not only reduces corruption risks but also enhances public trust in government institutions and ensures that taxpayer money is used for the public good.



Key reading materials

- Section 217(1) of the Constitution of the Republic of South Africa
- Municipal Finance Management Act 56 of 2003
- Municipal Supply Chain Management Regulations
- Public Procurement Act 28 of 2024
- Preferential Procurement Policy Framework Act 5 of 2000
- Auditor General-South Africa's Municipal Finance Management Act (MFMA) reports
- Ethics Institute of South Africa. 2015 Understanding the municipal procurement process
- International Budget Partnership-South Africa. Which Procurement Information Should Metropolitan Municipalities In South Africa Publish?
- Corruption Watch. 2014. Local government in South Africa – part 6, procurement
- Corruption Watch. 2015. Understanding corruption in tenders
- Dullah Omar Institute and International Budget Partnership-South Africa. 2023. Why are municipalities not publishing procurement information on their websites and the eTender Portal?
- Magagula, S. 2024. Municipal tender processes: Deviations, criminal liability, and the strength of the Municipal Finance Management Act. De Rebus.
- Auditor General-South Africa. 2021. Procurement and payment transgressions and risks
- South African Local Government Association. 2020. Policy review study: public procurement in the local government context in South Africa over the last 25 years
- Simone, A. and Balasundharam, V. 2023. Public Procurement in South Africa: Issues and Reform Options. International Monetary Fund.
- Morgner, M. and Chene, M. 2015. Corruption in public procurement. Transparency International.
- Mantzaris, E. 2014. Public procurement, tendering and corruption: Realities, challenges and tangible solutions. African Journal of Public Affairs Volume 7, Number 2

INDICATOR 1 NEEDS ASSESSMENT			
Description	<p>A well-organised procurement plan involves clear documentation of procurement needs, timelines, and expected outcomes, ensuring that projects are initiated with a strong foundation for competitive bidding. Transparent and inclusive planning is critical because it sets the stage for subsequent procurement activities and helps to prevent arbitrary decision-making or manipulation of tender requirements. When planning is conducted openly, external actors can monitor whether procurement projects align with public priorities and are free from undue influence. This process also provides a baseline against which the success and integrity of the procurement process can be measured.</p> <p>Corruption risks may be associated with planning documents and related budgets being kept confidential, thereby preventing public oversight and enabling the manipulation of procurement requirements. Procurement projects may also be initiated without a documented plan, leading to the possibility of unaccountable decisions and potential abuse of power for private gain. Also, unclear objectives, undefined outcomes, and absence of cost-benefit analysis or impact assessments may also create opportunities for mismanagement and corruption – such as “white elephant projects” that do not meet community needs.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are procurement plans, schedules, and estimated contract values documented and made publicly available? ii. Is there a clear process for determining procurement needs and establishing timelines? iii. Are the objectives and expected outcomes of procurement projects communicated to the public? iv. Are community stakeholders involved or informed (e.g., through consultations or public hearings) during the planning stage of procurement projects? 		
General description of needs assessment procedures for procurement in the local municipality			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 2	NON-COMPETITIVE PROCUREMENT		
Description	<p>The level of competition in procurement procedures reflects adherence to key principles such as fair competition, openness, transparency, and non-discrimination at every stage of the process. It also ensures equal access to procurement opportunities for the contracting authority. Conducting non-competitive procurements bypasses open competition, thereby increasing the risk of corruption by limiting the number of potential suppliers and reducing transparency. When procurements are awarded without competitive bidding, this creates opportunities for favoritism, collusion, and inflated pricing. Such approaches are only used under justifiable circumstances (e.g., emergencies or sole-source situations), rather than as a means to circumvent standard competitive procedures.</p> <p>Some corruption risks may be associated with the use of non-competitive procurement processes without proper justification or in violation of regulatory requirements. Legal loopholes may also be exploited to bypass competitive bidding, such as artificially dividing contracts into smaller amounts that qualify for multiple non-competitive procurement procedures, or by falsely declaring emergencies. Also, existing contracts that should have gone through another competitive process could be unjustifiably extended based on legal loopholes</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are all instances of non-competitive procurement supported by clear, documented justifications, such as emergencies or exclusive supplier conditions? ii. Is there an independent oversight mechanism in place to review and validate the need for non-competitive procurement decisions? iii. Are non-competitive procurement procedures subjected to regular audits and post-award evaluations to ensure compliance with established procurement policies? 		
General description on possibility of non-competitive procurement in the local community			
Corruption risks	Risk identified Risk Level (average)	Likelihood of occurrence (1-5) with justification 	Impact (1-5) with justification
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 3		TENDER ADVERTISEMENT	
Description	Ensuring that tenders are publicly advertised promotes open competition and allows all qualified vendors to participate. When tenders are not adequately publicised, it can lead to a limited pool of bidders, increasing the risk of collusion and inflated pricing. Transparency in advertising tenders helps prevent favoritism and ensures that the municipality receives the best value for public funds.		
	Corruption risk may result from a lack of standard methodology for the content of tender notices, creating a possibility of tailoring tenders notices to favour certain bidders. Calls for tenders may also be advertised in a non-transparent way, limiting awareness among potential bidders in favour of others. Bidding documents may be tailored or technical specifications or terms of reference to fit one company, so that competition is either restricted or not possible		
	Corruption risks may also arise where calls for tenders fail to define selection and award criteria objectively, creating opportunities for abuse of power. Short submission deadlines could be set intentionally, to favour certain bidders who have prior knowledge. Also risks can rise where tender documents are withheld or made difficult to obtain, disadvantaging some vendors.		
Guiding questions	<div><div>i.</div><div>Are all tenders (including non-competitive procedures) publicly advertised through accessible platforms?</div></div> <div><div>ii.</div><div>Is sufficient time provided for potential bidders to prepare and submit proposals? Is this compliant with national procurement regulations?</div></div> <div><div>iii.</div><div>Are tender documents and requirements made readily available to all interested parties?</div></div> <div><div>iv.</div><div>Is there a consistent pattern of low bidder turnout in competitive tenders that might indicate deliberate restrictions to participation or collusion?</div></div> <div><div>v.</div><div>Does the contracting authority publish answers to potential questions on the tender by bidders?</div></div>		
General description of tender advertisement processes in the local municipality			
Corruption risks	Risk identified	Risk identified	
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 4	SHORTLISTING OF TENDERS		
Description	<p>A transparent and objective shortlisting process is crucial for preventing corruption and ensuring that all qualified bidders have an equal opportunity to compete. When shortlisting criteria are unclear, inconsistently applied, or subject to manipulation, there is a higher risk of favouritism, bid rigging, and undue influence. A fair process helps secure the best quality services or goods at competitive prices and safeguards public funds against misuse.</p> <p>Corruption risks may arise when eligibility criteria and evaluation methods are not clearly defined or are selectively enforced, creating opportunities to favour specific bidders. The lack of objective scoring mechanisms can lead to arbitrary decision-making, increasing the likelihood of nepotism or bribery. Furthermore, conflicts of interest in the evaluation process may result in biased assessments that undermine fair competition. The absence of an independent review or appeals process may also prevent aggrieved bidders from challenging unfair shortlisting decisions.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are the selection criteria and evaluation methodologies clearly defined and publicly available? ii. Is there a structured and transparent process for evaluating bidders against the set criteria? iii. Are potential conflicts of interest identified and addressed before the shortlisting process begins? iv. Are members of the evaluation committee subject to disclosure of private interests and assets? v. Are scoring and ranking records maintained and made available for audit and oversight purposes? 		
General description of short-listing processes			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 5	TENDER AWARD		
Description	<p>The process of awarding tenders should be guided by clear, objective criteria to promote fairness and competitiveness. Without standardised evaluation metrics, decision-making can become subjective, increasing the risk of favoritism and kickbacks. A transparent and objective procurement process not only ensures that contracts are awarded to the most qualified and cost-effective bidders but also strengthens public confidence in the system.</p> <p>However, corruption risks can arise at various stages of the tender selection process. Undue influence may lead to contracts being awarded based on personal connections rather than merit, while non-transparent decision-making can obscure how tenders are awarded, making it difficult to detect and prevent corrupt practices. Conflicts of interest can also arise when procurement officials have personal or financial ties to bidding companies, compromising fairness.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are the criteria for awarding tenders consistently applied, or is there evidence of subjective decision-making or manipulation? ii. Is there transparency in how the winning bidder is selected, and are the justifications for awarding the contract publicly documented? iii. Are there safeguards in place to prevent conflicts of interest, and are procurement officials required to declare any ties to bidding companies? 		
General description of tender awarding process in the local municipality			
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 6 PUBLICATION OF SUCCESSFUL BIDS			
Description	<p>A transparent procurement process requires that details of successful bids be publicly disclosed in a timely and accessible manner. This ensures that key information—such as contract value, bidder details, and the evaluation processes available for public scrutiny, reinforcing integrity and accountability in procurement. When successful bids are published, community members and oversight bodies can verify that contracts were awarded fairly and in line with established guidelines.</p> <p>However, a lack of transparency can signal non-competitive practices and potential favoritism, as it obscures decision-making and limits accountability. Corruption risks can be associated with municipalities failing to publish bid details, preventing public verification of fairness; concealing bidder identities, raising concerns about pre-determined awards or personal influence or awarding of fictitious companies associated with officials, their families or friends; releasing only partial information, such as redacted contract values or evaluation scores, which may hide inflated pricing or favoritism; and delaying publication, limiting opportunities for timely community oversight and corrective action.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are details of successful bids, including the winning bidder, contract value, and evaluation criteria, published on an accessible platform? ii. Is the information updated regularly and available for public review? iii. Is the information on beneficial owners of the bidding companies available to the public? iv. Are there any restrictions or redactions in the published information that could hinder transparency? 		
General description of the tender awarding process in the local municipality			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 5	TENDER AWARD		
Description	<p>The execution of a procurement contract—whether for goods, services, or infrastructure projects—must align with the agreed contractual terms to ensure efficiency, accountability, and value for money. Regular monitoring of contract performance, combined with community feedback, can help identify discrepancies that warrant further investigation.</p> <p>Corruption risks can rise from unjustified deviations such as delays, substandard work, or cost-cutting measures – which can indicate mismanagement, kickbacks, or other corrupt practices. Contractors delivering late but still receiving full payment may signal bribery, kickbacks or weak enforcement mechanisms. A clear mismatch between contracted outcomes and actual public service improvements, might also be an indication of potential mismanagement or fund misallocation.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are contract performance monitoring mechanisms in place to track adherence to agreed terms? ii. Are contract amendments or change orders justified and transparently documented? iii. Is community feedback incorporated into contract monitoring to detect potential issues? iv. Are penalties or corrective actions enforced when contractors fail to meet obligations? 		
General description of how the local municipality monitors and follows up on projects being executed by contractors			
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

A black and white photograph of three people sitting around a table in a modern office setting. A man on the left is looking at a laptop, a woman in the center is smiling and looking at the laptop, and a woman on the right is pointing at the laptop screen. There is a glass of water and a coffee cup on the table.

FOCUS AREA 3:

Recruitment



Recruitment is a critical process for local municipalities as it ensures the hiring of qualified personnel who can effectively serve the public. However, within this process, there are various decision-making points that can become susceptible to corruption. When not properly managed, these points can lead to biased hiring practices, where favoritism, nepotism, and even bribery influence the selection of candidates. This undermines the integrity of the recruitment process, often resulting in the hiring of unqualified or inappropriate candidates, which can impact the efficiency of local governance and public service delivery. Therefore, it is essential to have transparent, accountable, and well-structured recruitment procedures to safeguard against corruption and promote fairness.

Key reading materials

- Local Government: Municipal Systems Amendment Act 3 of 2022
- Please also refer to the recruitment policy of each municipality
- Ngcaweni, B, 2025. [South Africa has a problem with people in the public service lying about their qualifications: what needs to change.](#) The Conversation.
- Corruption Watch. 2021. [South Africa needs clean hands](#)

INDICATOR 1	JOB ADVERTISEMENT		
Description	<p>A transparent hiring process ensures that job advertisements and selection criteria are accessible to all eligible candidates. When hiring processes are opaque, it creates an environment where favouritism, nepotism, and political influence thrive. This lack of transparency can prevent qualified individuals from accessing job opportunities, undermining public trust in the municipality. Without proper checks, unqualified individuals may be hired, leading to inefficiencies in service delivery and poor governance. Clear and publicly available job advertisements help ensure fair competition for positions.</p> <p>Examples of corruption risks could include a municipality only advertising positions or certain individuals or shares them selectively with politically connected individuals, preventing fair competition. Job application fees could be unofficially charged to candidates, allowing those who pay to be prioritised. Essential qualifications and experience requirements could also be altered to fit a certain candidate.</p>		
Guiding questions	<p>i. Are job vacancies publicly advertised on platforms accessible to the wider community?</p> <p>ii. Is there a framework to ensure an objective criterion for job profiles and qualifications used for advertising?</p> <p>iii. Are recruitment processes clearly defined and shared openly with the public?</p>		
General description of how jobs are advertised by the local municipality			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 2	SHORTLISTING OF CANDIDATES		
Description	<p>A fair and objective selection process ensures that hiring decisions are based on merit, qualifications, and experience, rather than personal relationships or political influence. When selection criteria are not clearly defined and strictly followed, corruption risks such as bribery, favoritism, and undue influence can arise, leading to the appointment of unqualified candidates and reducing efficiency in service delivery.</p> <p>Corruption risks include candidates being selected based on personal connections or bribes rather than their qualifications, selection committees disregarding established criteria, leading to biased decisions, and manipulating the process to favor candidates with political or financial ties</p>		
Guiding questions	<p>i. Is there a documented processor policy for competency-based selection of candidates</p> <p>ii. Is there an independent and diverse selection committee to ensure fairness?</p>		
General description of how the shortlisting process in the municipality			
Corruption risks	Risk identified Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 3	INTERVIEW PROCESS		
Description	<p>A structured and impartial interview process is essential to ensuring that hiring decisions are based on qualifications, skills, and experience rather than personal connections, political affiliations, or undue influence. Standardised interview procedures help prevent bias, favoritism, and bribery, ensuring that all candidates are evaluated fairly and consistently. When interviews lack clear criteria or oversight, corruption risks increase, leading to unqualified hires, inefficiencies in service delivery, and reduced public trust.</p> <p>Corruption risks may rise from interview panels making subjective or biased hiring decisions, candidates offering bribes or inducements to secure a job, and interview questions or evaluations not aligning with the actual job requirements, creating opportunities for manipulation and unfair hiring practices.</p>		
Guiding questions	<ul style="list-style-type: none">i. Are there clear policies on interview processes which prevent favoritism or any undue influence?ii. Are interviews conducted in a standardised and transparent manner?iii. Are interviewers trained to avoid biases and conflicts of interest?iv. Is there a policy which restricts municipal officials from joining interview panels if the candidates are their friends or relatives?		
General description of the tender awarding process in the local municipality			
Corruption risks	Risk identified	Risk identified	
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 4	SHORTLISTING OF CANDIDATES		
Description	<p>Thorough background checks are crucial to verifying that candidates meet job qualifications and have no history of misconduct or unethical behavior. Proper screening helps prevent corrupt or unqualified individuals from being hired, protecting institutional integrity and ensuring competent service delivery. When background checks are inadequate or manipulated, corruption risks arise, leading to unfit hires, reputational damage, and compromised governance.</p> <p>Corruption risks include overlooking or falsifying background checks to favor a particular candidate, hiring individuals with criminal records or fraudulent qualifications, and exempting politically connected candidates from proper screening.</p>		
Guiding questions	<p>i. Are all candidates subject to comprehensive background checks?</p> <p>ii. Are background checks conducted by an independent third party?</p>		
General description of how/if the municipality conducts background checks on job candidates			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 5	HIRING DECISION		
Description	<p>The final hiring decision should be based on a transparent and well-documented review of the selection process, ensuring that candidates are chosen based on merit, qualifications, and experience. When corruption influences hiring decisions, it undermines institutional integrity, leads to inefficiencies, and erodes public trust in the municipality. A fair and accountable selection process helps ensure that only the most qualified candidates are appointed to serve the public effectively.</p> <p>Corruption risks include hiring decisions based on personal relationships or bribes, manipulating offer letters to include unselected candidates, appointing individuals who do not meet job qualifications, and failing to properly document the selection process, obscuring the rationale behind hiring decisions.</p>		
Guiding questions	<p>i. Are all hiring decisions documented and justified based on the selection process?</p> <p>ii. Are there controls to ensure that offer letters are issued only to candidates who</p> <p>iii. have passed an objective process?</p>		
General description of final hiring decision process in the municipality			
Corruption risks	Risk identified	Risk identified	Likelihood of occurrence (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

INDICATOR 6	JOB OFFER		
Guiding questions	i. Can a job offer be given to another candidate different from the panel's recommendation? ii. Are written records (e.g. interview scoring sheets, selection memos, approval notes) available and stored securely?		
General description of how the job offer is made to successful candidates			
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Risk Level (average)		
Drivers or sources of the corruption risks identified			
Evidence			

..... **End of Questionnaire**

A black and white photograph showing a person's hand sorting through a large stack of papers or documents. The person's face is partially visible in the background, looking down at the papers. The papers are stacked in a way that shows multiple layers, and the hand is positioned as if flipping or organizing them.

Annexures

ANNEX 1:

Research Plan and List of Stakeholders

DELIVERABLE	ACTIVITIES	TIMELINE	NOTES/ RISKS	MITIGATION MEASURES
Field research	Desk research			
	5 Key informant Interviews			
	5 Focus group discussions			
Data analysis	Review of notes from field work			
	Triangulation of data			
	Revise and final analyses			
Corruption risk assessment	complete corruption risk assessment questionnaire			
	Review by lead researcher			
	Finalise corruption risk assessment questionnaire			
	Complete risk matrix form			
Corruption risk assessment report	Draft report			
	Review by lead researcher			
	Finalise corruption risk assessment report			

List of stakeholders for data collection

NAME	POSITION AND ORGANISATION	FIELD	KEY INFORMANT INTERVIEW/ FOCUS GROUP DISCUSSIONS

ANNEX 2:

Asking the Right Questions

Our approach taken for this study is to identify **where and how corruption could arise**, rather than proving that it has actually occurred. This requires researchers to carefully gather and interpret evidence, often from interviews, documents, or observations, and to read between the lines.

This guide provides practical advice to help researchers **ask the right questions, probe effectively, and recognise warning signs** that indicate a corruption risk.

Setting the scene

Your role as a facilitator for the focus groups or interviews is very important. Your ability to make everyone comfortable, encourage everyone to speak up, enforce a respectful tone, and manage the pace will determine the quality of the discussion and the information you gather. **It is advised to enlist the help of a note taker and a recorder** as this will allow you to focus your attention on the discussions while also ensuring accurate notes are being recorded.

At the beginning of the session, it is important to explain to participants why they have been invited and that you will guide the discussion by asking the participants to reflect on specific questions. **It is also essential to point out that their privacy and confidentiality will be secured. Make it clear that their names or positions will not be shared outside that group, and that no findings will reveal any identifying information.**

Explain the ground rules for the discussion. These will set the tone and expectations for behaviour so that everyone will feel safe and willing to participate.

Some of the ground rules to consider are the following:

- Participation in the focus group or interview is voluntary.
- Participants encouraged to answer questions freely; all responses are valid—there are no right or wrong answers.
- Opinions of others must be respected, even if you don't agree.
- Participants encouraged to stay on topic
- Help protect others' privacy and opinions by not discussing details outside the group

Asking the right questions

As you are gathering evidence, you will interact with different stakeholders, and your key responsibility is to gain their insights in an objective and credible manner. This requires you to ask the right questions, which would allow them to provide you with the right information.

Avoid asking, "Is there corruption here?". Most respondents – particularly those working in the municipality - may say no or feel defensive making them less forthcoming in future questions, or even stopping the interview. Instead, **ask neutral, process-focused questions** that help reveal risk.

Use these strategies to keep conversations flowing:

- **Start safe:** There are some guidance questions that have been provided for each indicator which will help you understand the process before moving to concerns or exceptions. Start with these questions in order to set the scene.
- **Use examples and ask for examples:** "In some areas, budgets are adjusted last-minute to favour certain groups. Does that happen here? Do you have any examples you can provide?"
- **Stay neutral:** Use phrases like "I'm trying to understand how this works in practice."
- **Echo and dig:** If someone says, "It depends who you know," ask, "Can you say more about that?"

General Interview Tips

DOs

- Stay neutral and curious — you're learning, not judging.
- Ask open-ended questions ("how," "who," "what happens when").
- Let the interviewee speak — avoid interrupting.
- Use simple, everyday language — no technical terms.

DON'Ts

- Finish people's sentences or make assumptions about what is being said by someone.
- Take sides or challenge what is being said; remain impartial.
- Share your own opinions (verbally or non-verbally).
- Favour (or appear to favour) one participant over the others.
- Use jargon or technical terms

Interpreting what you hear: spotting the risk

When going over the information collected through the interview, ask yourself these questions regarding the different indicators:

- Is this a fair and transparent process?
- Could this process be manipulated or used for personal/political gain?

If yes, that's a risk, even if no one has accused anyone of corruption.

Simple note-taking format

Try to capture these 3 things for each topic discussed:

- What happens (facts/process)
- Who is involved (roles, influence)
- Why it may be a risk (gaps, concerns, unfairness)

Example for notes:

Budget allocation is done by the municipality with no community input. Funds often shifted toward projects in ruling party areas. No minutes available. High likelihood of political interference in allocations.

ANNEX 3:

Identifying Corruption Risks

Corruption risks are not always obvious. You are looking for **gaps in procedures, lack of transparency, unusual influence, or unclear decision-making**—things that **could allow corruption to happen**, even if no wrongdoing has been proven.

Common red flags or signals include:

- Decisions made by a single person with no oversight.
- Lack of clear criteria for who gets what (money, jobs, contracts).
- Sudden changes in plans or budgets without explanation.

- Community members or civil society being excluded from decisions such as budgeting municipal funds .
- Repeated cases of mismanagement, for example contravention of tender procedures noted in the Auditor General's report
- Disqualification of companies and job candidates from open tenders without explanation

Note: this table below contains an overview of red flags at every decision-making point in the three areas of assessment as well as the corruption risk. Please note that this list is not exhaustive, as there could be more red flags and corruption risks beyond this list.

FOCUS AREA	DECISION-MAKING POINT	RED FLAGS OR SIGNAL	CORRUPTION RISK
FINANCIAL MANAGEMENT	Budget preparation	Budgets are inflated more than required or necessary	Budget padding ²
		Budget is allocated to ghost projects or white elephant projects	Abuse of power
	Public participation	No public participation/ token or selective consultation of public (consultations held with selected members of the public - eg based on political affiliation, location)	Favouritism (applies when there is selective consultation of the public eg based on location, political affiliation) Lack of oversight (allowing for any corruption risk such as budget padding, abuse of power)
		False information or reports claiming public engagement	Abuse of power/ fabrication
	Spending authorization	Unapproved payments	Embezzlement/ abuse of power/ collusion between public officials and/or third parties
		Untraceable or unaccountable financial transactions	Embezzlement/ abuse of power/ collusion

FOCUS AREA	DECISION-MAKING POINT	RED FLAGS OR SIGNAL	CORRUPTION RISK
FINANCIAL MANAGEMENT CONT.	Payroll management	Salaries are paid to people who no longer work or never worked at the municipality	Ghost workers/embezzlement
		Inflated salaries or duplicate salaries for individuals	Double dipping/abuse of power
	Financial reporting	Omission of expenses or invoices	Embezzlement
		Falsified financial statements	Fraud/ falsification of documents
	Response to audit	Municipality ignores recommendations from the auditor general's reports Municipality does not take corrective action to address recurring audit findings	Lack of accountability and oversight (allowing for any corruption risk)
PROCUREMENT	Needs Assessment	Demand for goods/services without evidence of need Lack of criteria for needs assessment processes	Falsification/inflated demand Abuse of power
		The need to tender can be influenced by external powers or suppliers (eg pressure from political players/ tenderpreneurs)	Undue influence
	Tender advertisement	Lack of standardized requirements, such as lack of platform for publication of tenders; no requirement for call for tenders to be made public; and no minimum time required for call for tenders to be public Late/ no publication of opportunity	Favouritism/ manipulation of process
	Shortlisting of tenders	Lack of a committee responsible for shortlisting tenders or shortlisting is done by an individual There is no shortlisting criteria for tenders in the municipality	Abuse of power/ favouritism
		Qualified suppliers can be excluded from the shortlist without giving any justification	Abuse of power/ favouritism
		Certain suppliers are preferred and shortlisted for every call they participate in	favouritism/ patronage

² Budget padding is a corrupt practice of artificially increasing the proposed budget for a project or activity, either by inflating expenses or underestimating revenues

FOCUS AREA	DECISION- MAKING POINT	RED FLAGS OR SIGNAL	CORRUPTION RISK
PROCURE- MENT CONT.	Award process Response to audit	Contract can be awarded to suppliers without need for justification	Bribery/collusion
		Awarding of tenders with inflated costs (compared to market prices) and no value for money	Bribery/collusion
		There is no committee responsible for awarding contracts	Embezzlement
		Decision to award a contract is made by one person	Embezzlement
		Procurement outcomes not published online	Abuse of power/ manipulation of process
		Names of successful suppliers are not made public	Abuse of power/ manipulation of process
	Contract implementation	Weak/no oversight: The municipality does not check progress on projects by suppliers	Bribery/collusion
		There is no public update on projects, especially those being delayed	Bribery/collusion
		Ghost projects/ no delivery of goods/ services within agreed timelines	Bribery/collusion
RECRUITMENT	Job advertisement	Manipulated posts – ie job ads tailored to favor a particular person (eg based on political affiliation)	Favouritism/ patronage
		Limited/no advertising to restrict competition	Manipulation of process/ abuse of power
	Shortlisting	Manipulation of scoring sheets to favour a candidate	Favouritism/ fraud
		Qualified candidates excluded without justification	Favouritism/ nepotism/ patronage
	Interview	Interview questions are leaked in advance	Collusion/ abuse of power/ bribery
		Lack of interview panel/ interview conducted by one person	Abuse of power
		There are no requirements for interview panelists to declare any conflict of interest	Conflict of interest

FOCUS AREA	DECISION- MAKING POINT	RED FLAGS OR SIGNAL	CORRUPTION RISK
RECRUITMENT CONT.	Background checks	Ignored Vetting or findings from vetting process	Abuse of power
		Fake qualifications	Fraud
	Hiring decision	Hiring of friends or political affiliates	Favouritism/ nepotism/ patronage
		Manipulation of offer letters to include unselected candidates	Abuse of power/ fraud
		No proper document of selection proces	manipulation of process

ANNEX 4:

Scoring Criteria for Likelihood and Impact

Scoring Criteria (Likelihood)

SCORE	DESCRIPTION	INDICATORS
1	Rare	Highly unlikely; strong controls in place; no known previous cases
2	Unlikely	Possible but infrequent; controls generally effective
3	Possible	Known to occur occasionally; some weaknesses in controls
4	Likely	Occurs regularly; controls weak
5	Very Likely	Expected to occur; no effective controls; Previous incidents well known

Scoring Criteria (Impact)

SCORE	DESCRIPTION	INDICATORS
1	Negligible	Little impact on society or service delivery
2	Minor	Slight disruption to public service or benefits; minimal harm to individuals or communities.
3	Moderate	Noticeable decline in service quality or access; erodes trust in institutions among affected groups.
4	Major	Significant harm to public welfare or delivery of essential services; affects vulnerable populations; damages trust.
5	Critical	Wide-scale harm to public interests; collapse or capture of institutions; deep and lasting damage to social trust or rights.

ANNEX 5:

Example of Completed Questionnaire

INDICATOR 1	BUDGET PREPERATION		
Description	<p>A transparent budget preparation process requires publishing preliminary drafts, disclosing forecasting methodologies, and clearly outlining spending priorities. Openness in budget formulation allows stakeholders to scrutinise assumptions, detect discrepancies, and ensure proper allocation of funds. By making budget processes accessible, the risk of manipulation—such as inflating costs or diverting funds to favoured projects—is reduced. Transparency also strengthens financial accountability by providing a clear trail of fiscal decisions.</p> <p>However, corruption risks may arise when budget figures and priority areas are arbitrarily set without explanation, leading to potential misallocation of funds. When key budget proposals are also kept confidential and away from the public eye, this may create an opportunity for corruption such as favouritism in allocation of resources to projects or areas that benefit certain individuals or groups. Budget priorities and amounts can be changed behind closed doors without documentation, thereby creating opportunities for embezzlement and other misuse of funds.</p>		
Guiding questions	<ul style="list-style-type: none"> i. Are the methodologies and criteria for budget formulation clearly documented and publicly available? ii. Is there a clear timeline for budget preparation, review, and finalisation? iii. Are preliminary budget drafts released for public inspection before final approval? iv. Are the assumptions behind revenue forecasts and expenditure projections transparently communicated? 		
General description of budget preparation in the municipality	<p>The municipality has a formal timeline and process for budget preparation aligned with the Municipal Finance Management Act (MFMA). However, while some documents such as the draft budget summaries are published on the municipal website, the level of detail is limited. Preliminary budget drafts are often not shared with the public until late in the process, and forecasting assumptions are not explicitly outlined.</p>		
Corruption risks	Risk identified	Likelihood of occurrence (1-5) with justification	Impact (1-5) with justification
	Budget padding (inflating a budget artificially, either by overestimating costs or underestimating revenue, ensuring a surplus in the budget)	5 – there are very high chances of deliberate inflation of proposed budget so that it is higher than the actual need . The interviewees from the municipal office mentioned that last year the budget for cultural activities was doubled shortly before the	3 – This can lead to deprivation of public resources from projects that actually need them the most, undermining service delivery.

INDICATOR 1	BUDGET PREPERATION		
		approval without justification. Similarly, CSOs mentioned that the official budget for the construction of the new school is much larger than estimates for such a construction are in this locality	
	Undue influence	3 - there is medium risk of budgeting according to political priorities and where more supporters of the political party in government are based rather than on objective need. Budget allocation for health is higher in the districts where the party currently in government received a higher vote in the last election. Interviewee x mentioned that the local authority asked to prioritise spending for group x, which is a known supporter of the local authority..	5– Evidence indicate corruption at this stage at this stage distort equitable service delivery, leaving more vulnerable or less politically aligned communities underserved. An example, is the 2024 budget which prioritized building of another school in area X despite having a new school due to its importance to upcoming elections, whereas area Y within the same municipality and in need of a new school was not prioritized
	Risk Level (average)	4	4
Drivers or sources of the corruption risks identified	<ul style="list-style-type: none"> • There are no legal provisions calling for information to be shared and most officials have not received capacity building regarding how to perform their work in a transparent manner. Official x mentioned that they would like to give budget information to the public, but they are unaware of how to do it • There is political pressure on budget office staff from councillors or governing political party to allocate resources to their communities. Official Y mentioned that though he has control of the budget, he receives instructions from political leaders to allocate money without any questions asked. Failure to comply usually results in demotion or personal attacks 		
Evidence	<ul style="list-style-type: none"> • https://www.outa.co.za/blog/newsroom-1/poor-municipal-budgeting-needs-to-be-punished-1312 • https://www.corruptionwatch.org.za/local-government-in-south-africa-part-5-finances/ <p>Notes from the key informant interviews or focus group discussions: Based on the key informant interview, it was mentioned that decision making processes on proposed budgets are not clear. Usually, responsible department heads submit their budget with little justification provided.</p>		

ANNEX 6:

Risk Scoring Table and Risk Map

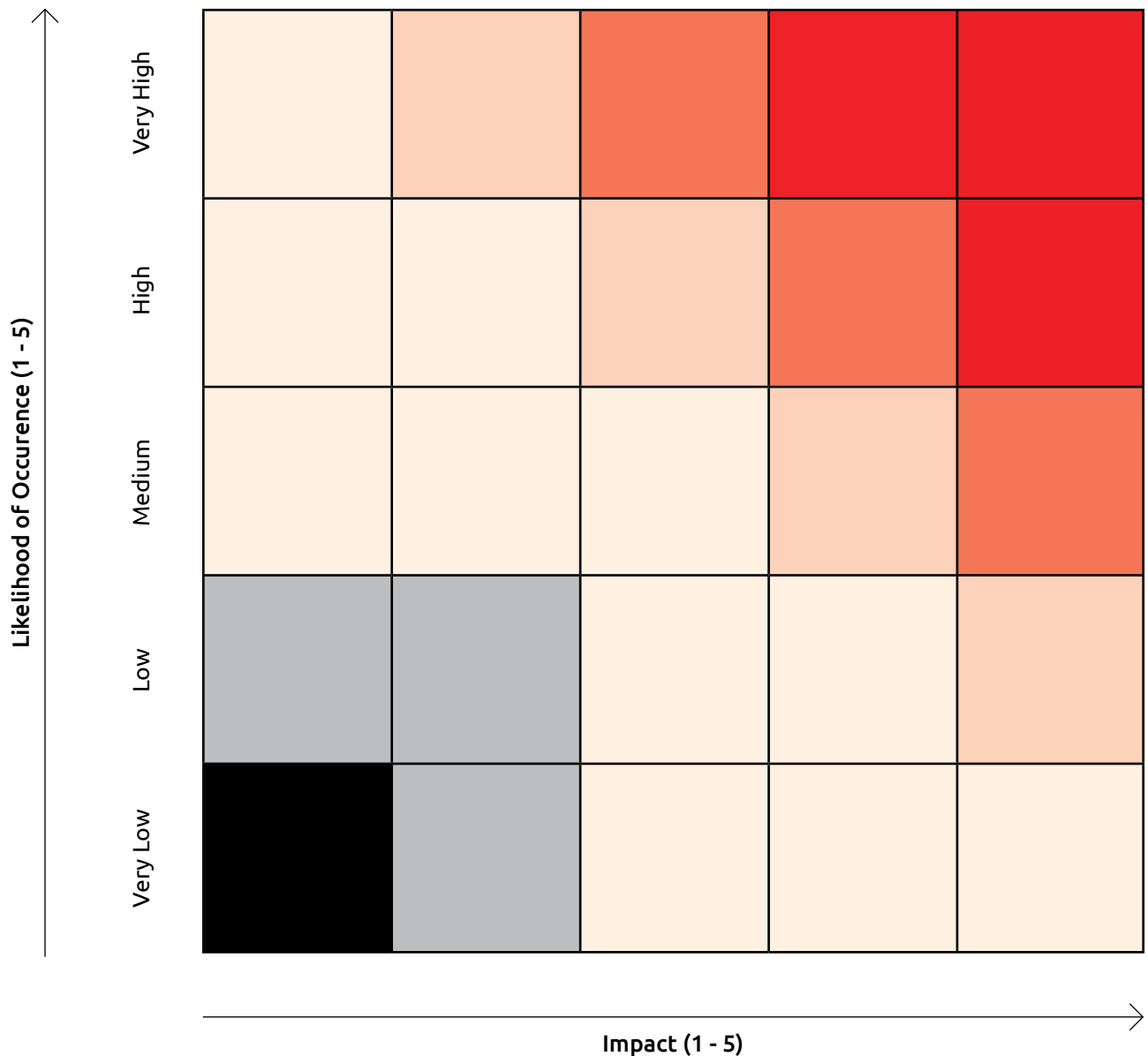
Focus Area 1: Financial Management

INDICATOR	LIKELIHOOD	JUSTIFICATION	IMPACT	JUSTIFICATION	RISK SCORE
Budget formulation	4	Evidence shows that budget allocations are highly likely to be influenced by political or private considerations rather than community needs. Pork-barrel spending is also possible, where allocations are prioritised in politically strategic wards rather than based on objective needs.	4	Distortion of equitable and effective service delivery, leaving more vulnerable or less politically aligned communities underserved.	4
Public participation	5	There are no spaces for the public to participate in the budgeting process and civil society has no oversight of spending. There is very high likelihood of decision makers involved in budget formulation allocating funds to benefit individuals or groups that form part of their network, and not the needs of the public	4	When public resources are at risk of not being allocated according to public priorities, disadvantaged communities, in dire need of resources, are overlooked, further disproportionately exacerbating inequalities within the municipality	4.5

ANNEX 7:

Corruption Risk Hit Map

Focus Area 1: Financial Management



ANNEX 8:

Corruption Risk Assessment Report Template

Name of the Local Municipality: _____

District: _____

Assessment Period: _____

Overview (Maximum 300)

Please give a summary of background information about the municipality, for instance:

- Briefly describe the municipality, including its governance structure, ie how the municipality is governed (e.g., elected officials, administrative bodies).
- What are some of the key challenges currently faced by the municipality?
- Are there any relevant anti-corruption policies, regulations or frameworks in place?

FINANCIAL MANAGEMENT (2-3 pages)

Please give an overview of the following:

- Give the main risks identified
- Give an explanation on the factors driving or enabling the risks
- Describe the impact of corruption occurring

PROCUREMENT (2-3 pages)

Please give an overview of the following:

- Give the main risks identified
- Give an explanation on the factors driving or enabling the risks
- Describe the impact of corruption occurring

RECRUITMENT (2-3 pages)

Please give an overview of the following:

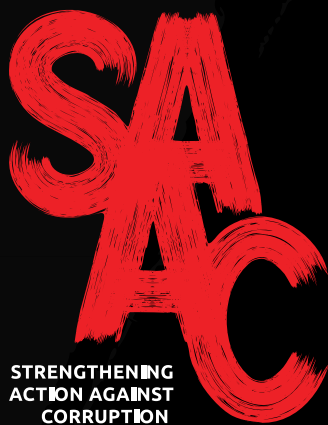
- Give the main risks identified
- Give an explanation on the factors driving or enabling the risks
- Describe the impact of corruption occurring

CROSS-CUTTING ISSUES AND SYSTEMIC DRIVERS (less than one page)

Based on your observations and analysis, please:

- Highlight systemic issues that cut across all areas (e.g., low accountability, weak whistleblower protections, culture of impunity).
- Identify institutional, legal, or political factors that enable corruption.
- Mention capacity gaps (e.g., understaffed internal audit units, limited external oversight).





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