



Preliminary report of the corruption risk assessment in the Eastern Cape

Introduction

This corruption risk assessment examined systematic vulnerabilities across selected nine municipalities in the Eastern Cape, namely Nelson Mandela Bay, Buffalo City, Nyandeni, Emalahleni, Senqu, Makana, Kouga, Ingquza Hill, and Umzimvubu. The analysis focused on financial management, procurement, and recruitment systems. The analysis focuses on three primary domains: financial management, procurement, and recruitment systems.

These domains dictate the allocation of public resources and the appointment of personnel. When governance safeguards weaken within these functions, corruption risk expands across the administrative system. Consequently, this assessment therefore examined the specific decision points where officials exercise discretionary authority over budgets, contracts, and appointments. The objective was not to investigate individual instances of misconduct but to identify systemic weaknesses that enable corruption risk within municipal governance structures.

To disrupt this cycle, the [Strengthening Action Against Corruption](#) project seeks to bridge the information gap between municipal leadership and the community. Funded by the European Union and implemented through a partnership between Transparency International, Corruption Watch, and the Social Change Assistance Trust, this initiative empowers community-based organisations and community advice offices across the province. This assessment serves as a technical "map" for these civic actors, utilising a decision-stage analytical framework to pinpoint exactly where discretionary power creates the highest exposure to corruption.

Methodology

The study relied primarily on a robust analysis of documentary and secondary data sources. Auditor-general (AG) reports across several audit cycles formed the core analytical foundation, providing a longitudinal view of compliance and financial health. To assess transparency during the early stages of the fiscal cycle, these reports were supplemented by a review of integrated development plans and medium-term revenue and expenditure framework budgets.

Furthermore, internal governance controls were evaluated through a critical analysis of supply chain management policies and municipal recruitment policies. Additional contextual evidence was obtained from newspaper reports, court judgments, and public statements issued by political actors. Where feasible, the research team conducted focus group discussions with

community members and civil society stakeholders to capture grassroots perceptions of accountability. However, direct access to municipal officials was severely limited; several institutions declined participation once they found out that the assessment was framed around corruption risk. Consequently, the study relied largely on documentary evidence and publicly available records rather than internal administrative interviews.

1. Financial management findings

Financial management systems represent the institutional backbone of municipal governance. This analysis identifies systemic vulnerabilities across five decision stages: budget formulation, expenditure authorisation, payroll administration, financial reporting, and response to audit findings.

- **Budget formulation and public scrutiny:**
Weak transparency during early budget formulation limits public scrutiny over spending priorities. Draft budgets and supporting information are often not made available in accessible formats. Community participants indicated that they seldom understand how project priorities are determined or why allocations change between planning stages and final approval. This opacity creates conditions where political or administrative actors can adjust allocations with limited oversight.
- **Participation governance vs. procedural compliance:**
Public participation processes during budgeting also demonstrate weaknesses. Although legislation requires participatory governance, community engagement is often treated as procedural compliance rather than meaningful deliberation. Consultation meetings are sometimes announced with minimal notice or held in locations that limit attendance. Documents presented during consultations are frequently technical and inaccessible to ordinary residents. Participants indicated that their inputs rarely influence final budget allocations. Such practices weaken horizontal accountability and reduce community capacity to challenge spending decisions.
- **Expenditure authorisation and internal controls:**
Risks intensify during expenditure authorisation. auditor-general reports across municipalities reveal recurring patterns of irregular expenditure, weak internal controls, and poor monitoring systems. In some municipalities, spending occurs without proper documentation or purchase orders. In others, payments are authorised despite incomplete verification of goods or services delivered. These conditions can enable fraudulent billing, ghost infrastructure projects, and inflated procurement costs. Weak segregation of duties further increases vulnerability. Where key financial roles remain vacant or filled in acting capacities, individuals may control multiple stages of financial transactions. Such concentration of authority reduces oversight and increases opportunities for manipulation.
- **Payroll administration**

Payroll administration also presents significant risk exposure. Weak verification systems create conditions where ghost employees or duplicate payroll entries may remain undetected. In municipalities where hiring, attendance verification, and payroll administration occur within the same office, manipulation becomes easier. Although some municipalities have introduced stronger payroll verification systems, these practices remain inconsistent across the province.

- **Financial reporting and audit cycles**

Financial reporting weaknesses reinforce these vulnerabilities. Late or incomplete financial statements, missing documentation, and recurring audit disclaimers reflect deeper failures in record keeping and compliance monitoring. When audit findings are not followed by corrective action, governance failures become entrenched across multiple financial cycles.

2. Procurement findings

Procurement systems represent one of the most significant areas of corruption exposure within local government. The assessment identified vulnerabilities across all stages of the procurement cycle including needs assessment, tender advertisement, evaluation, award decisions, and contract management.

- **Planning and needs assessment**

The planning stage often lacks transparency. Procurement plans and project priorities are not consistently disclosed to the public. Community participants frequently reported that they only become aware of infrastructure projects once contractors arrive on site. Such opacity reduces opportunities to question whether projects align with community needs or whether they were initiated through political or commercial pressure.

- **Tender advertisement and market access**

Tender advertisement processes also show recurring weaknesses. In several cases, tenders are advertised for limited periods or on restricted platforms. Such practices reduce competition and favour suppliers with insider access to municipal information. Audit reports further highlight instances where required documentation confirming advertisement periods was missing. These irregularities undermine fair competition and increase the likelihood of inflated pricing.

- **Bid evaluation and shortlisting**

Risks intensify during bid evaluation and shortlisting stages. Weak documentation of evaluation criteria, poor record keeping, and limited transparency over scoring systems create space for manipulation. Community participants expressed concern that certain contractors are repeatedly shortlisted regardless of past performance. Audit findings also identified undeclared conflicts of interest where municipal officials conducted

business with municipalities. These practices undermine impartial decision making and erode public confidence in procurement systems.

- **Award decisions and political interference**

The tender award stage remains highly vulnerable to political interference. Winning bidders are sometimes announced without publication of evaluation reports or justification for decisions. Limited disclosure prevents external scrutiny of procurement decisions.

- **Contract management and service delivery**

Weak contract management further compounds these risks. Several municipalities demonstrate delayed projects, incomplete infrastructure, and payments issued despite non-performance. When contractors are not held accountable for poor delivery, procurement systems become channels for wasteful expenditure rather than instruments of public service delivery.

3. Recruitment findings

Recruitment processes shape the competence and ethical orientation of municipal administrations. This assessment identifies high corruption risks across the entire employment lifecycle: job advertising, candidate shortlisting, interview processes, vetting procedures, and final appointment decisions.

- **Advertisement and access to opportunity**

The advertisement stage already presents vulnerabilities. Although vacancies are formally published, recruitment procedures and selection criteria are not always accessible or clearly communicated. Limited outreach may exclude qualified candidates from rural or disadvantaged communities. In some cases, media investigations have revealed senior positions filled without proper public advertisement. Such practices undermine merit-based recruitment principles.

- **Shortlisting: nepotism and the acting loophole**

Shortlisting procedures also reveal concerns about nepotism and political patronage. Community participants reported instances where candidates were shortlisted based on personal relationships or political affiliation rather than qualifications. Extended acting appointments represent another vulnerability. Individuals placed in acting senior positions may later be regularised through internal processes without open competition. These practices effectively bypass transparent recruitment procedures.

- **The interview stage and oversight deficits:**

The interview stage further concentrates risk. Interview panels often operate without independent oversight, and scoring systems are not publicly disclosed. Participants expressed concern that interviews sometimes serve merely to legitimise predetermined

outcomes. Where panel composition is politically influenced, interview processes may validate preferred candidates rather than evaluate merit objectively.

- **Vetting and background verification**

Weak background verification systems also create risk exposure. Some municipalities lack reliable access to qualification verification systems or criminal record checks. This allows fraudulent credentials or adverse findings to remain undetected.

- **Centralised appointment and governance implications**

Final appointment decisions often remain highly centralised. Municipal managers and councils retain decisive authority over senior appointments. When appointment rationales are not publicly communicated, perceptions of political influence intensify. Recruitment weaknesses therefore have wider governance implications. Politically influenced appointments may place compromised individuals within finance or supply chain units. These officials may then weaken internal controls, enabling further corruption within financial and procurement systems.

Recommendations

To mitigate the risks identified, the following systemic reforms are recommended:

- **Enhance budget transparency:** municipalities must publish "citizen budgets" that are simplified, non-technical versions of the MTREF, in local languages and on accessible digital platforms well before final approval.
- **Strengthening of internal audit units:** empower internal audit committees to track the implementation of AG recommendations quarterly, with mandatory reporting to the provincial treasury.
- **Automated procurement disclosures:** implement an "open contracting" portal where all tender evaluations, award justifications, and contractor performance records are published for public scrutiny.
- **Standardise recruitment oversight:** require an independent observer (e.g., from the provincial department of cooperative governance) to sit on interview panels for all senior administrative and financial positions.
- **Mandatory vetting:** enforce a policy where no permanent appointment can be finalised without a verified "certificate of integrity" and qualification authentication from accredited third parties.