

MATJHABENG MUNICIPALITY

ANNEXURES

of the

**1ST SPECIAL
COUNCIL MEETING**

held

WEDNESDAY, 28 FEBRUARY 2018

at

15h00

**COUNCIL CHAMBERS, CIVIC CENTRE,
WELKOM**

MATJHABENG LOCAL MUNICIPALITY

FINANCIAL RECOVERY PLAN



FINANCIAL RECOVERY PLAN

1. Purpose

The Financial Recovery Plan (FRP) has been developed in response to the Municipality's current financial situation and strategies that will be applied to ensure recovery and an on-going financially sustainable municipality.

2. Introduction

The Annual Financial Statements of the Municipality for the 2016/17 financial year was prepared on the basis of a going concern with an accumulated surplus of R 2 163 694 575 and assets exceeding liabilities with R 2 163 694 575. However the ability of the municipality to continue as a going concern is dependent on a number of factors.

The municipality reported a deficit of R 870 730 391 at 30 June 2017 and the closing balance for cash and cash equivalents was (R 4 875 486) for the same period.

From the above it is evident that the municipality is not financially viable and without sufficient cash flow it will not survive. The municipality is currently experiencing cash flow challenges resulting in insufficient cash to support its current service delivery obligations.

The municipality developed a FRP and was adopted by council on 24 April 2015 and reviewed during May 2015. It is of great importance that the current FRP be reviewed and updated in order to address the current situation.

A high level analysis was undertaken to understand the factors contributing to the cash flow challenges experienced by the municipality. The factors contributing to the negative cash flow position were as follow:

- Lack of a fully cash backed budget.
- Escalation of outstanding debtors across all customer group.
- Actions and spending that give rise to unplanned cash outflows.
- Limitation in revenue generation.
- Inadequate cash flow management.

The Municipal Finance Management Act provides for the criteria for a financial recovery plan in the event of a mandatory or discretionary provincial intervention.

3

Although neither a mandatory nor discretionary intervention is currently applicable to the Municipality, the MFMA guidelines for a FRP have been utilised.

In terms of Section 142(1) (a) of the MFMA, a financial recovery plan must:

- a) Identify the financial problems of the municipality.
- b) Be designed to place the municipality in a sound and sustainable financial condition as soon as possible.
- c) State the principle strategic objectives of the plan, and ways and means for achieving those objectives.
- d) Set out a specific strategy for addressing the municipality's financial problems, including a strategy for reducing unnecessary expenditure and increasing the collection of revenue, as may be necessary.
- e) Identify the human and financial resources needed to assist in resolving financial problems, and where resources are proposed to come from.
- f) Describe the anticipated time-frame for financial recovery, and milestones to be achieved.
- g) Identify what actions are necessary for the implementation of the plan, distinguishing between actions to be taken by the municipality and actions to be taken by other parties.

3. Root causes of the Cash Flow situation

3.1 Lack of cash backed budget

The budget pay rate for the 2017/18 was projected at 85%, the total income pay rate as at 31 December 2017 was 61% which is 24% below the set target.

3.2 Escalation of outstanding debtors.

- The total municipal debt book escalates with an average R 50 000 000 per month.
- The total outstanding debtors as at 31 December 2017 was R 2 716 090 913.
- The outstanding debtors escalated from R 2 465 055 693 in July 2017 to R 2 716 090 913 in December 2017, this represents an increase of R 250 035 219.
- Debtor's age analysis at 31 December 2017:

AGE ANALYSIS OF DEBTORS FOR THE MONTH DECEMBER 2017

Detail	> 30 days	>30 <60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
Water	31 024 357	24 443 997	24 772 995	28 945 331	35 327 727	57 235 621	154 474 102	570 599 047	926 823 177

Electricity	41 250 700	13 113 385	10 919 265	12 124 007	11 242 345	10 848 946	37 027 347	120 099 995	256 625 990
Property Rates	19 146 069	7 785 632	6 447 482	6 128 312	5 949 920	6 675 333	30 290 450	166 739 804	249 163 002
Sewerage	12 684 578	9 551 795	9 236 253	9 128 516	9 356 819	9 512 950	57 294 670	240 856 154	357 621 735
Refuse	7 702 684	5 661 419	5 475 683	5 431 101	5 574 355	5 689 510	37 158 615	165 249 690	237 943 058
Housing (Rental)	1 043 834	988 617	932 627	990 942	855 814	858 905	5 073 088	48 483 717	59 227 545
Interest on arrear	14 839 466	14 305 164	13 878 014	13 145 360	12 948 189	12 806 284	82 968 213	435 271 390	600 162 081
Other	1 364 637	1 389 625	959 964	3 782 652	613 019	2 324 603	6 100 768	11 989 057	28 524 325
Total	129 056 325	77 239 635	72 622 283	79 676 221	81 868 188	105 952 153	410 387 255	1 759 288 853	2 716 090 913

- ✓ 89% of the debt is older than 90 days = R 2 437 172 670.
- ✓ 10% is below 90 days = R 278 918 243
- ✓ 34% of the debt is for water
- ✓ 9.45% and 9.17% is represents electricity and assessment rates respectively.

3.3 Limitations in revenue growth/generation

- The total income percentage as at 31 December 2017 was 62% based on billing.
- Actual revenue received was at R931 994 134 and the budgeted revenue was at R 1 193 278 680 which is 78.10%.
- The actual consumer revenue and assessment rates were R 456 031 337 and the budget was R 740 797 828, which is 61% of the budget.

ACTUAL BILLING BY SOURCE(CONSUMER SERVICES) AGAINST ACTUAL RECEIPTS FOR THE SIX MONTHS PERIOD AS AT 31 DECEMBER 2017									
SOURCE	July-17 proj.	Actual	% Collected	Aug-17 proj.	Actual	% Collected	Sept-17 proj.	Actual	% Collected
Assessment rates	31 174 960	13 959 898	44,78%	23 648 950	16 494 152	69,75%	27 696 008	19 613 073	70,82%
Water	46 766 691	7 436 963	15,90%	28 734 435	10 323 890	35,93%	29 245 595	8 806 257	30,11%
Electricity	55 803 773	28 949 375	51,88%	57 887 791	44 962 645	77,67%	59 516 576	44 541 271	74,84%
Sanitation	15 759 881	5 702 794	36,19%	15 023 464	4 167 539	27,74%	15 006 748	4 093 067	27,27%
Refuse removal	8 744 639	2 529 266	28,92%	9 420 079	3 140 385	33,34%	9 493 840	2 955 016	31,13%
TOTAL REVENUE	158 249 944	58 578 296	37,02%	134 714 721	79 088 611	58,71%	140 958 767	80 008 684	56,76%
			0						
SOURCE	Oct - 17 proj.	Actual	% Collected	Nov-17 proj.	Actual	% Collected	Dec-17 proj.	Actual	% Collected
Assessment rates	24 028 351	26 694 585	111,10%	23 901 055	17 064 669	71,40%	23 720 954	22 240 639	93,76%
Water	31 746 632	10 048 877	31,65%	29 487 946	10 620 542	36,02%	27 108 471	9 036 308	33,33%
Electricity	47 729 758	47 029 756	98,53%	41 597 698	40 897 130	98,32%	41 468 220	33 480 619	80,74%
Sanitation	13 241 834	3 752 303	28,34%	15 023 508	4 560 109	30,35%	15 030 920	4 039 895	26,88%
Refuse removal	9 496 436	3 047 124	32,09%	9 408 384	3 266 301	34,72%	9 457 873	2 576 890	27,25%
TOTAL REVENUE	126 243 011	90 572 645	71,74%	119 418 591	76 408 751	63,98%	116 786 438	71 374 350	61,12%

- The average consumer revenue is +/- R 76 000 000 and the average for other revenue is +/- R 12 000 000 per month.
- The average total revenue is +/- R 88 000 000.

5

- Only 33.19% of Other Revenue has been collected which is R 50 366 587 against the budget of R 151 745 473.
- It is clear from the above that revenue collection on other revenue is not being prioritised.
- The pay rate of customers for services on the billing was 61%.
- 27 out of the 36 wards have a payment rate of below 50%.

DECEMBER 2017 - Payments per ward less than 50%

Councillor	Ward	Registered Indigents	Billings	Income	% Payment to less than 50%
P M I Molelekoa	5	430	2 982 184	982 537	33%
T Mosia	28	613	1 555 878	492 912	32%
H A Mokhomo	31	148	1 088 378	285 524	26%
S J Tsatsa	26	827	1 334 303	347 587	26%
S Ramalefane	10	902	2 301 998	489 163	21%
V R Morris	11	303	2 002 758	331 635	17%
T J Thelingoane	13	286	1 071 127	172 043	16%
P Ramatisa	19	767	1 832 698	287 760	16%
B Ntuli	15	527	2 347 333	367 683	16%
B Nkonka	20	670	2 064 878	307 395	15%
S J Liphoko	4	331	2 061 074	263 298	13%
I Poo	22	769	1 540 617	183 018	12%
N Moloja	18	432	1 580 816	181 701	11%
B H Mahlumba	6	388	992 033	112 010	11%
Z S Moshoeu	12	415	1 803 420	164 851	9%
S E Tshabangu	2	310	959 354	85 180	9%
N E Monjovo	7	563	1 567 328	136 263	9%
S Pholo	21	552	2 467 277	185 705	8%
M Molefi	30	348	2 020 295	112 482	6%
D M Mafa	29	588	1 285 927	44 065	3%
M Chaka	14	902	1 790 924	26 312	1%
M A Mphikeleli	24	0	339 998	4 210	1%
TS Meli	16	873	2 073 711	23 606	1%
T D Khalipha	17	331	1 437 921	15 158	1%
K R Tlake	23	209	289 147	520	0%
BN Ntuli	15	355	2 487 556	40 039	2%
MS Chaka	14	1024	2 104 985	29 378	1%
TS Meli	16	635	2 415 686	25 133	1%

- Not all the indigents are registered, abuse of indigent scheme
- Unaccounted for water and electricity consumption.
- Inadequate and/or ineffective Customer Care
- Incorrect billing.
- Limitation in the growth in the economy.
- Government employees debt
- Government debt.
- Non-market related general tariffs

3.4 Inadequate cash-flow management and controls.

- Currently we only focus on the receipts side of cash-flow management but no proper forecasting is performed.
- The municipality has adequate controls regarding the daily cash management function eg. Daily balancing, safeguarding of cash etc.
- The daily reconciliations concentrate on safeguarding of cash and cash equivalents and expenditure is not controlled within the cash flow limits.

AGE ANALYSIS OF CREDITORS FOR THE MONTH DECEMBER 2017

Detail	< 0 - 30 days	> 30 < 60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
Bulk Electricity	50 211 311	-	49 074 850	49 428 715	1 594 561 851				1 743 276 726
Bulk Electricity - FBE	379 428	-	362 437	345 993	1 125 445				2 213 303
Bulk Electricity - Small Accounts	-	-	-	-	-				-
Bulk Water	45 957 705	55 393 510	49 468 574	52 346 934	1 785 195 319				1 988 362 042
PAYE deductions									-
VAT (output less input)									-
Pensions/Retirement									-
Loan repayments									-
Trade Creditors	28 424 690	9 080 634	10 353 018	11 008 065	25 506 565				84 372 972
Auditor General	1 378 312	2 234 282	2 047 153	73 493	479 131	9 052			6 221 423
Other									-
Total	126 351 445	66 708 427	111 306 032	113 203 200	3 406 868 311	9 052	-	-	3 824 446 466

- ✓ The outstanding creditors as at 31 December 2017 was R 3 824 446 466.
- ✓ Bulk electricity = R 1 743 276 726
- ✓ Bulk water = R 1 988 362 042
- ✓ Trade creditors = R 84 372 972

➤ Creditors are not paid within 30 days.

3.4 Actions/spending that give(s) rise to unplanned cash outflows

- ✓ Inadequate departmental procurement plans and implementation thereof.
- ✓ Inadequate financial discipline across the municipality.
- ✓ Lack of value for money spending
- ✓ Non adherence to Cost Containment measures

4. Municipal Monthly commitments

The current average monthly commitments is indicated in the table below:

Description	Estimated average monthly amount payable
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9

Eskom	R 44 000 000
Sedibeng	R 44 000 000
Salaries	R 56 000 000
Trade Creditors	R 15 000 000
Total average amount	R 159 000 000

Cognizance should be taken of the fact that these estimates are conservative and only represent the minimum payments pertaining to service delivery.

The above paragraphs clearly indicates that the municipality is not financially viable and does not have sufficient cash-flows to cover our monthly commitments.

4.1 Bulk services arrears

Eskom

Eskom informed the municipality that they will be commencing with the PAJA process, this in layman's terms is the disconnection of electricity. The conditions from Eskom was a 15% upfront payment and 20% annual towards arrears. The municipal current account must be serviced on a monthly basis.

The calculations below gives an indication of the repayment term and the financial implications.

Outstanding balance	1 743 276 726,13	
Interest	12,50%	(Prime + 2,5%)
Period	5 years	

Year	Begin Debt	Payment	Interest	Capital	Closing debt
year 1	R1 743 276 726,13	R489 606 309,70	R217 909 590,77	R271 696 718,93	R1 471 580 007,20
year 2	R1 471 580 007,20	R489 606 309,70	R183 947 500,90	R305 658 808,80	R1 165 921 198,40
year 3	R1 165 921 198,40	R489 606 309,70	R145 740 149,80	R343 866 159,90	R822 055 038,50
year 4	R822 055 038,50	R489 606 309,70	R102 756 879,81	R386 849 429,89	R435 205 608,61
year 5	R435 205 608,61	R489 606 309,70	R54 400 701,08	R435 205 608,62	-R0,02

The table above gives an indication of the annual payment towards Eskom over a 5 year period.

Monthly Eskom Payment Plan

Month	Estimated current account payment	Arrears installment	Estimated interest	Estimated Current account excl interest	Estimated monthly current account incl. interest	Estimated monthly payment exclusive of interests
Jan-18	R50 211 310,81	R0,00	R19 190 116,88	R30 000 000,00	R50 211 310,81	R30 000 000,00
Feb-18	R48 327 420,53	R0,00	R17 251 594,00	R30 000 000,00	R48 327 420,53	R30 000 000,00
Mar-18	R48 327 420,53	R39 362 800,00	R17 251 594,00	R30 000 000,00	R87 690 220,53	R70 438 626,53
Apr-18	R48 327 420,53	R0,00	R17 251 594,00	R30 000 000,00	R48 327 420,53	R30 000 000,00
May-18	R48 327 420,53	R0,00	R17 251 594,00	R30 000 000,00	R48 327 420,53	R30 000 000,00
Jun-18	R77 538 064,39	R0,00	R17 251 594,00	R60 286 470,39	R77 538 064,39	R30 000 000,00

The estimated monthly amount payable to Eskom will be R 30 000 000, this amount represents an average monthly account excluding interest.

Sedibeng

The monthly arranged amount payable to Sedibeng is R 25 000 000, however we can anticipate that Sedibeng will also demand payment of the monthly billing and an amount towards the arrears.

The municipality will therefore have to incorporate future payment agreements in their budget and FRP.

Year	Begin Debt	Payment	Interest	Capital	Closing debt
year 1	R2 029 906 296,21	R202 990 629,62	R0,00	R202 990 629,62	R1 826 915 666,59
year 2	R1 826 915 666,59	R202 990 629,62	R0,00	R202 990 629,62	R1 623 925 036,97
year 3	R1 623 925 036,97	R202 990 629,62	R0,00	R202 990 629,62	R1 420 934 407,35
year 4	R1 420 934 407,35	R202 990 629,62	R0,00	R202 990 629,62	R1 217 943 777,73
year 5	R1 217 943 777,73	R202 990 629,62	R0,00	R202 990 629,62	R1 014 953 148,11
year 6	R1 014 953 148,11	R202 990 629,62	R0,00	R202 990 629,62	R811 962 518,49
year 7	R811 962 518,49	R202 990 629,62	R0,00	R202 990 629,62	R608 971 888,87
year 8	R608 971 888,87	R202 990 629,62	R0,00	R202 990 629,62	R405 981 259,25
year 9	R405 981 259,25	R202 990 629,62	R0,00	R202 990 629,62	R202 990 629,63
year 10	R202 990 629,63	R202 990 629,62	R0,00	R202 990 629,62	R0,01

An annual payment of R 202 990 629.62 will have to be paid in order to settle the arrears over a 10 year period. This will mean a monthly payment of R 16 915 885.80 will have to be paid additional with the current account. The municipality is unable to enter into a payment agreement of such a nature which will therefore result in noncompliance and ultimately disconnection of water.

A realistic payment plan has thus been developed. The premise of the plan is based on the ring-fencing of income received from water and pay the amount over to

Sedibeng Water, additional payments will also be made when we receive the Equitable Share allocation.

PAYMENT PLAN		
MONTH	MIN.MONTHLY PAYMENT	EQUITABLE SHARE
FEBRUARY	10 000 000	0
MARCH	10 000 000	30 000 000
APRIL	10 000 000	0
MAY	10 000 000	0
JUNE	10 000 000	0
TOTALS	50 000 000	0

5. Municipal Cost Containment measures

The President announced the cost-containment measures in the State of the Nation address and it was re-emphasised by the Minister of Finance during the Budget Speech. It must further be noted that MFMA Circular 58, 66, 70, 72, 74 and 75 on cost containment measures are still applicable with regard to curbing of non-priority spending. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved as per the financial recovery plan.

The municipality has already embarked on the process of the implementation of cost containment measures. On 24 April 2015, Council resolved that a Financial Recovery Plan should be developed and that Cost Containment Measures should form part of the plan. On 20 May 2015 the Financial Recovery Plan containing the cost containment measures was tabled in Council. The cost containment measures involved the following cutting of cost and or elimination of cost on the following items:

1. Catering for all meetings
2. Office groceries
3. Training of officials
4. Transportation
5. Overtime
6. Advertising fees – limited to notices and adverts

7. Internet usage – be limited to government websites
8. Printing cost – centralization of printing and limit colour printing
9. Matjhabeng News
10. No new appointments
11. Procurement of furniture
12. Telephone usage (both landlines and cell phones)

The above austerity measures have been reviewed by analysing cost driving votes, this measure will ensure that all non-priority spending are eliminated.

6. Strategic objectives of the Financial Recovery Plan

The principle objective of the FRP is to ensure financial viability and sustainability of the municipality, to ensure its ability to meet its obligations in terms of the SDBIP and IDP.

In order to achieve the objective as stated above the municipality will have to develop plans to address all the challenges identified above. These plans should be developed by all departments of the municipality. Each business unit should indicate where costs will be saved and how revenue will be increased or generated. The FRP should also be accepted by all employees and councillors in the municipality and should form part of the Operational Plans and Procurement Plans. The FRP should be aligned to all planning documents of the municipality and performance should be reported to on a quarterly basis.

The following has been identified as key objectives:

1. Debt Collection
2. Asset Management
3. Cost reduction
4. Billing
5. Internal Control
6. Revenue Enhancement

MATJHABENG LOCAL MUNICIPALITY

FINANCIAL RECOVERY PLAN



Focus Area	Problem Description	Proposed Solution	Targeted Date	Responsible official
Debt Collection	The outstanding debt of the municipality as at December 2017 amounts to R 2 716 090 853 and is increasing	<ul style="list-style-type: none"> Review the debt collection strategy and procedures and training thereon. 	31 May	CFO & M:Credit Control
		<ul style="list-style-type: none"> Review of the credit control and debt collection policy and monitor implementation thereof. 	31 May	CFO & M:Credit Control
			30 June	CFO & M:Credit Control
		<ul style="list-style-type: none"> Review the roles & responsibilities and functions of all debt collection staff for the purpose of redistribution of work load to facilitate faster & effective service provision. 	Ongoing	CFO,M:Credit Control, SM:Legal Services
		<ul style="list-style-type: none"> Institute legal action against defaulters on municipal services other than indigents. 	31 May	CFO & M:Credit Control

		<ul style="list-style-type: none"> • Develop a comprehensive indigent verification strategy & procedures to determine authenticity of all indigents. Identify an office & personnel dedicated solely to this function. • Monitoring of reconnections and disconnections as well as to verify illegal connections. • Ward councillors to be given a debtors age analysis per ward so they can interact with the consumers in their ward to encourage payment. • Terminate all rental units' contracts and enter into new contracts, the old contracts are not market related. Adjustment of all rentals on municipal properties to market value. • Development of a control strategy for administration of hostels and rental units. • Conduct quarterly road shows to encourage community to pay for their municipal services 	<p>Ongoing</p> <p>31 May</p> <p>31 May</p> <p>Quarterly</p> <p>Quarterly</p> <p>30 June</p>	<p>M:Credit Control, Infrastructre Disconnection contractor</p> <p>CFO & Speakers Office</p> <p>CFO, SM:Legal Service,SM:Housing,M:Credit Control</p> <p>CFO,SM:Housing,SM:Legal,M;Credit Control,M:Revenue</p> <p>CFO,Office of the Speaker, MCredit Control</p> <p>CFO, M:Credit Control</p>
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		including usage of ward committees (4 times a year)		
	A number of Provincial Departments have outstanding debt with the municipality.	<ul style="list-style-type: none"> Encourage persons with arrear accounts to make arrangements through the use of ward committees and ward councilors. Improve the management of arrangements. 	30 June	CFO, M:Credit Control
			30 June	CFO, M:Credit Control & M:Revenue
		<ul style="list-style-type: none"> Develop an incentive scheme for consumers who pay on a voluntary basis e.g. discounts, vouchers from Easy Pay retailers. 	31 May	CFO, M: Revenue and Dir: Infrastructure
		<ul style="list-style-type: none"> Improve the Financial enquiry desk 	31 May	CFO & Speaker's office
		<ul style="list-style-type: none"> Improve inter departmental communication to address the revenue leakages caused by disjointed processes. 		
		<ul style="list-style-type: none"> Ensure that all accounts for employees and councillors are up to date and thereafter encourage them to have automatic deduction for services from their monthly salaries, including payments for arrears. 	31 May	SM: Electricity & MR
			31 May	

		<ul style="list-style-type: none"> Electricity losses report to be produced monthly and an action plan drawn-up, implemented and monitored. 	31 May	SM: Electricity, Dir: Infrastructure & M:Revenue Dir: Infrastructure
		<ul style="list-style-type: none"> Determine the costs related to tariffs to ensure recovery of all costs including all overheads incurred in delivering the service. Reduce water pressure to areas in MLM which experiences water losses due to infrastructure problems as an interim step. Liaise with government departments for payments of their services and sign payment agreements that when default legal action will be instituted as well as disconnections of services. 	31 May	MM, CFO, M:Credit Control & M:Revenue
Focus Area	Problem Description	Proposed Solution	Targeted Date	Responsible Official
Asset Management	Theft and misuse of municipal assets.	<ul style="list-style-type: none"> Bar-coding of all new and old assets without barcodes including computers and laptops. 	30 June 30 June	CFO, Assets unit CFO, Directors, Assets unit

		<ul style="list-style-type: none"> • Create an asset register (inventory register) for every office occupied in the building and enforce rules that any additions or removals be signed for by the supervising manager. This register must be kept in the office at the back of the door. • Fast track the registration of all repossessed properties into the municipality's name. • Create an asset possession checklist for every individual employee and upon termination of employment it must be checked. This must be communicated with staff. • Develop a traveling schedule for all municipal vehicles users e.g. when an employee leaves Welkom for Virginia, the schedule must be signed in Welkom by the Director or delegated official authorizing the departure and signed in Virginia by a supervisor who's unit/department received services & signed on return back to Welkom by the signing Director or delegated official who initially authorized the departure. 	<p>30 June</p> <p>30 June</p> <p>31 May</p>	<p>CFO,SML</p> <p>CFO, Asset unit,</p> <p>CFO, Asset unit</p>
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Focus Area	Problem Description	Proposed Solution	Targeted Date	Responsible Official
Cost Reduction	Monthly expenditure of the municipality exceeds the revenue collected.	<ul style="list-style-type: none"> Minimize/stop the procurement of office furniture and check storerooms for better replacements. Stop recruitment – Employee related cost for the month of December 2017 was R 338544095, Switching off of office lights, computers and air conditioners etc. after 16h00. Reduce catering and office groceries budget limited only to special events. Reduce attending of workshops, training and seminars. 	Immediately	CFO, ME, MSCM
			Ongoing	MM
			Ongoing	ALL
			Ongoing	MM, CFO, All Directors,ME,MSCM
			Ongoing	MM, CFO, All Directors, ME,MSCM
Billing	Poor payment of municipal services by residents can be attributed to incorrect billing information.	<ul style="list-style-type: none"> Conduct regular audits of water & electricity meters in collaboration with engineering departments and update the Finance system with the information. Updating consumer information and maintenance thereof on a regular basis. 	Monthly	CFO,MR, Infrastructure
			Ongoing	CFO, MR
			31 May	CFO, MR

Internal Controls	Poor payment of suppliers resulted in reluctance of suppliers to offer service to the municipality. The total amount owed to creditors at December 2017 was R 3 824 446 466.	<ul style="list-style-type: none"> Develop procedures & measures to control returned service accounts. <p>Develop and implement a Creditors management plan to ensure that creditors are paid within 30 days and communication with the suppliers is improved. Develop & implement customer relations management. Develop a payment plan for all outstanding creditors and enter into payment arrangements to minimize litigation.</p>	31 May	CFO, ME and SML
Revenue Enhancement	Municipality only generates revenue from services rendered to the residents. A number of avenues can still be explored through which more revenue could be generated.	<ul style="list-style-type: none"> Generate income by charging fees (market related) from: <ul style="list-style-type: none"> ➤ Funeral escorting ➤ Dog licenses ➤ Taxi rank fee payments ➤ Advertising at taxi ranks ➤ Advertising on municipal service accounts. ➤ Charge for registration buildings without approved plans ➤ Businesses operating on residential stand 	31 May	MM, CFO, All Directors, MR, MBR

		<p>without prior approval of stand to become a business stand.</p> <ul style="list-style-type: none"> ➤ Business pollution and illegal dumping. • Instill measures to ensure surpluses form the Fresh Produce Market. 		CFO, MFPM
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