

**Ramotshere Moiloa Local Municipality**

**Preparation of a Financial Recovery Plan**

**Status Quo Report Review**

**Towards Financial Viability and Sustainability**

PRESENTED BY:

**National Treasury  
MFRS**

**04 May 2023**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



**STAY  
SAFE**

VACCINATE TO SAVE SOUTH AFRICA



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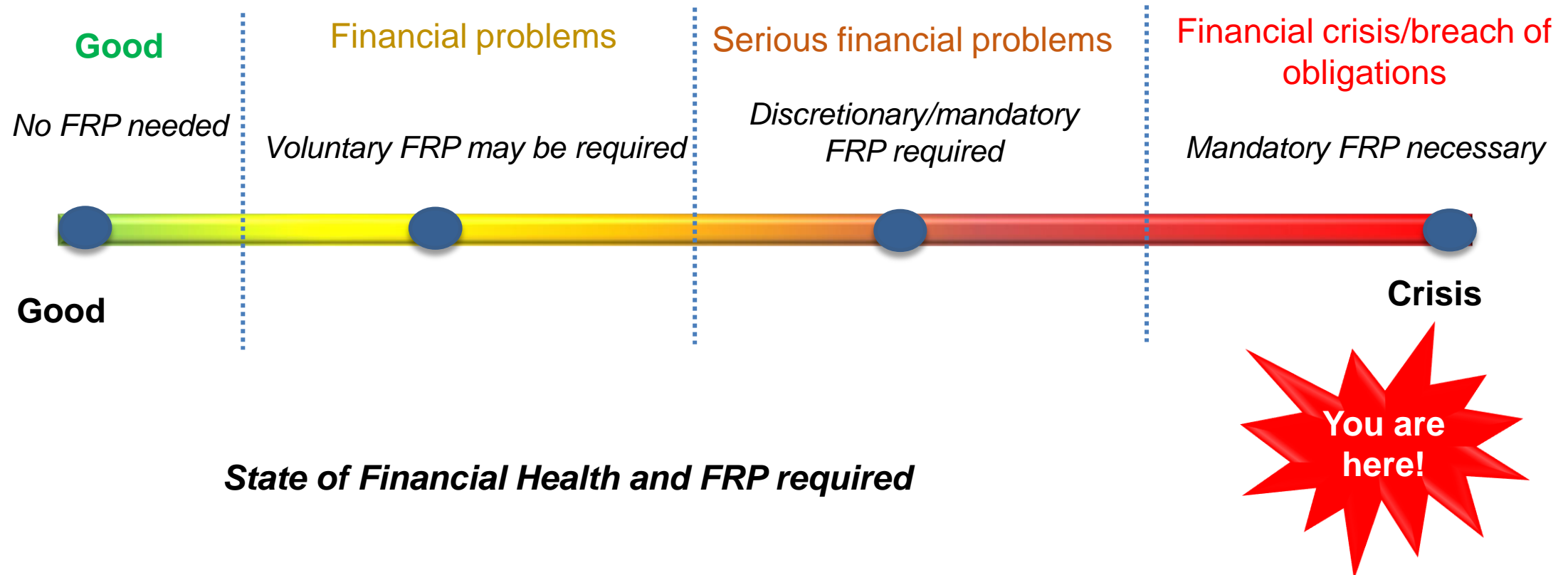
To present to Stakeholders of Ramotshere Moiloa Local Municipality the outcome of an assessment conducted to determine the reasons for the crisis in the financial affairs of Ramotshere Moiloa Local Municipality.



- The intervention was instituted in terms of S139 (5)(a) and (c) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read in conjunction with Section 139 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).
- When there is a financial crisis, Sec 139 of the MFMA requires that the following specific steps must be followed:
  - Request Municipal Financial Recovery Services (MFRS) to determine the reasons, assess the municipality state of affairs and prepare an appropriate Financial Recovery Plan
  - Consult the mayor to obtain the municipalities corporation
- S139(5)(a) of the Constitution reads as follows: “the provincial executive must impose a recovery plan aimed at securing the municipality’s ability to meet its obligations to provide basic services or its financial commitments, which:
  - i. is to be prepared in accordance with the national legislation; and
  - ii. binds the municipality in the exercise of its legislative and executive authority but only to the extent necessary to resolve the crisis in its financial affairs”
- The Provincial EXCO requested National Treasury to deploy the services of MFRS to amongst others to prepare a financial recovery plan, which considers the reasons for the financial crisis and an assessment of the municipality’s financial status (status quo assessment) as required by S139 (1) of the MFMA.

## WHERE IS RMLM ON THE SPECTRUM OF FINANCIAL HEALTH?

There are various gradations of municipal financial health – ranging from good to crisis:



# HOW TO KNOW IF THE MUNICIPALITY IS IN A FINANCIAL CRISIS?

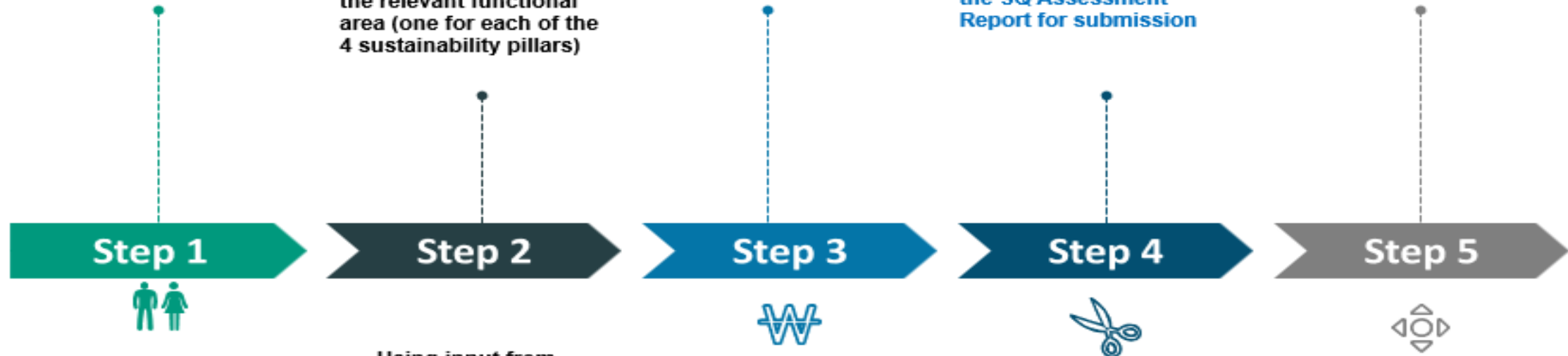
## HOW DO WE KNOW IF MUNICIPALITY IS IN A FINANCIAL CRISIS

- ❖ The criteria to determine if a municipality is in a financial crisis are contained in **S140 of the MFMA**
- ❖ **S140 states that only one or more of the following factors/criteria has to be evident:**
  - The municipality is failing to make repayments to lenders or investors when due;
  - The municipality is failing to meet a contractual obligation for which it provided security to S48 of the MFMA;
    - ✓ The municipality fails to make any other payment when it is due – these payments must either on its own or when combined exceed a prescribed amount or 2% of the municipality's budgeted operating expenditure for that year;
  - The municipality is failing to meet its financial commitments and this is impacting on the availability and price of credit to other municipalities;
    - ✓ The recurring failure by the municipality to meet its financial commitments affects its ability to procure goods, services or credit on usual commercial terms



## Basic process followed

*Collect and Analyse all information needed to conduct SQ assessment*



Workstream meetings for the relevant functional area (one for each of the 4 sustainability pillars)

Determine status quo, root causes of financial problems or crisis and key findings as baseline information to prepare an appropriate FRP

Consider all input received from stakeholders and finalise the SQ Assessment Report for submission

Prepare Draft Status Quo Assessment Report in line with MFRS Framework

**FOR EACH FOCUS AREA:**

- Perform a diagnostic analysis
- Identify key issues
- Design a strategy to solve

Using input from workstream meetings, update and conduct further comprehensive diagnostic assessment to determine reasons for crisis/ Assess municipal state of affairs



The methodology used for the Status Quo Assessment comprises the detailed technical assessment of the state of the municipality in terms of the four sustainability pillars per the framework as detailed below





- The NT MFRS use a Status Quo Assessment Framework to assess key elements of the 4 Municipal Sustainability Pillars of Governance, institutional, Financial Management and Service Delivery.
- NT MFRS working with 4 workstreams, one for each pillar with municipal staff and stakeholder participation.
- Distinguishes between 3 distinct but interrelated phases.
- Purpose: to facilitate better/easier implementation and improve oversight and monitoring.

## RESCUE

### Phase 1

*Minimal set of key indicators across all four pillars necessary to neutralise financial turbulence (6-8 months):*

- **Focus is on cash and short term liquidity:** Funded Budget, Cost Containment, Cash Flow Management, Trading Debtors and collections, Creditor Management
- **Include service delivery projects with high visibility such as streetlights and potholes**

## STABILISATION

### Phase 2

*To address the underlying causes of failure focusing on eradicating problems at the root (8-24 months): “Plugging the holes and fixing the leaks”*

## SUSTAINABILITY

### Phase 3

*To ensure financial and service delivery sustainability and prevent a regression (Subject to progress in Phase 2)*

# GOVERNANCE

SQA | FRP

### GOVERNANCE

- Council and various council committees are in place but not effective in their oversight roles.
- Functionality of some oversight committees such as MPAC could not be confirmed due to lack of recent minutes.
- Non-payment for services by councillors impacting integrity of municipality's governance and debt recovery. Four councillors owed the municipality R102 365 as at 30 June 2022 (FY2020/21: R46 906). 3 councillors' debt aged older than 90 days amounting to R 93 943.
- Community concerns regarding service delivery not adequately addressed.
- Poor service delivery in relation to water and sanitation services, maintenance of municipal roads and supply of electricity.
- Unfunded mandates and lack of SLAs in relation to War Veterans and Disaster Management Services could potentially result in unforeseen costs.
- Municipality has not been receiving licensing commission due debt owed to DOT. Acknowledged debt as of Dec 2020 was R 9 774 000 but balance as of 28 Feb 2023 was R316 330.09.

### GOVERNANCE

- Inadequate implementation of council resolutions and lack of consequence management
- Poor contract performance monitoring and reporting processes
  - Contract register not effectively monitored
  - Irregular contracts awarded and implemented without following SCM processes as reported by AG.
    - Evergreen contracts (Activa Valuation Service (Pty) Ltd R 6 831 706,05, Telemasters R 1 237 332,88, MTN R 101 998,82, Lateral Unison Insurance Brokers (Pty) Ltd R 4 599 054,94, Reyakopele Trading 149 CC R 192 100,00 ) –paid more than contracted value
  - AG’s findings re: R13 899 119.69 paid to SP mSCOA Management Services contract in the FY2021/2022 – no supporting documents to confirm that the services were indeed received.
- Lack of an accurate litigations and claims register may result in unforeseen lawsuits.
- Contingent Liabilities amounted to R2 819 068 in the FY2020/21 and R2 520 000 in FY2021/22.
- Poor litigation documents management.
- Failure to pay suppliers on time may result in court action and attachment of the municipality’s assets.

### GOVERNANCE

- System of delegations does not cascade down from accounting officer to other senior managers and lower level employees
- Lack of role clarity on the powers and functions for all functionaries, organs, political office bearers, administration, and committees of council roles between political office bearers and accounting officer incorporated in the System of delegations
- Inadequate by-law enforcement resulting in loss of revenue
- Rising Unauthorised, Irregular Fruitless and Wasteful expenditure (UIF&W). Irregular expenditure was reported as R 391 540 991 for FY 2021/22 which is a 2,48% increase from the 2020/21 FY (R382 048 886). Fruitless and wasteful expenditure was reported as R33 784 557 in the 2021/22 FY which is a significant increase of 16,23% from the 2021/21 FY R 29 066 082
- Lack or delays in investigation of UIF&W and no consequence management
- Disclaimer audit opinion for three (3) successive years except for the financial year 2021/22.
- No evidence that the PAAP is reported quarterly to council.
- Delays in approving the Risk Management Framework document that was reviewed in 2020/2021.
- Lack of a Business Continuity Plan.



## GOVERNANCE

- Inadequate Implementation of risk and internal audit strategies and plans.
- IT Unit not adequately capacity.
- Insufficient IT infrastructure and maintenance.
- Poor ICT general and application controls.
- No off-site back up of financial information is in place.
- Lack of an asset management system to ensure immovable assets are updated in a timely manner.
- Rental property which earned R96k per annum but the rental income is not market related.
- Illegal occupation of land.



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Governance</b> <b>Model: Council functionality</b></p>	<p>According to management representations the municipality has a fully constituted council. However, no recent Council meeting minutes were made available to validate this.</p> <p>The municipality has been adopting and operating an unfunded budget for the past three (3) successive years up to and including FY 2020/21.</p> <p>Slow progress and partial implementation of actions plans of both internal and external auditors.</p> <p>Leadership did not effectively provide oversight in monitoring and enforcing the corrective actions.</p> <p>The municipality received successive</p>	<p>Inadequate oversight role by Council over the implementation of audit action plan.</p> <p>Successive disclaimer of audit opinion and no consequent management.</p> <p>UIF&amp;W expenditure not being investigated.</p>	<ul style="list-style-type: none"> <li>▪ Lack of accountability on the part of Council administration.</li> <li>▪ Council not performing its oversight role.</li> <li>▪ Lack of oversight</li> <li>▪ MPAC being rendered ineffective by not referring matters to MPAC.</li> <li>▪ Lack of accountability.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Council must perform its oversight role on management to ensure accountability.</li> <li>▪ Capacitate MPAC to enhance efficiencies, responsiveness, accountability, and corporate governance best practices.</li> <li>▪ Implementation of Section 32 of the MFMA and</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Powers and Functions</b></p>	<p>The municipality performs the following unfunded mandates:</p> <ul style="list-style-type: none"> <li>• War Veterans services within the community</li> <li>• Disaster Management services</li> </ul> <p>The municipality also performs the following funded mandates</p> <ul style="list-style-type: none"> <li>• Grant funded Library services</li> <li>• Vehicle Control and Licencing Services. In terms of an agreement signed in 2013 the municipality is entitled to 20% of the total revenue collected.</li> </ul> <p>The municipality is currently not receiving licencing fees due to a debt they accrued with the Department of Transport. All collections are currently being paid directly to the Dept of Transport. As of December 2020, the Municipality acknowledged a debt of R9</p>	<p>Increase in operational expenditure.</p> <p>The municipality does not have adequate funding to perform all its functions.</p> <p>The lack of SLAs relating to War Veterans and Disaster Management Services could potentially result in unforeseen costs as the cost implications are not clearly defined</p> <p>Management not honouring contractual commitments (Vehicle Licensing)</p>	<ul style="list-style-type: none"> <li>▪ Lack of clear mandate between the municipality and stakeholders.</li> <li>▪ There was no legal representative in the municipality prior to November 2022 to attend to legal matters including SLAs.</li> <li>▪ Unfunded budgets (cashflow challenges)</li> <li>▪ Lack of consequence management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Redesign and negotiate mandate agreements.</li> <li>▪ Negotiate with District Municipality for them to be part of mandates.</li> <li>▪ Perform a cost benefit analysis</li> <li>▪ Newly appointed Legal Manager must urgently work on concluding SLAs to protect the Municipality's interests.</li> <li>▪ Monitor and report spending on unfunded mandates</li> <li>▪ Implementation of the Budget Funding Plan</li> <li>▪ Implement consequence management and instil a culture of accountability. (Conducting workshops with assistance from SALGA &amp; CoGTA).</li> <li>▪ The municipality should stick to the current</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Political and Administrative interface</b></p>	<p>There is relative political and administrative stability.</p> <p>There is no mechanism in place to track implementation of Council resolutions.</p> <p>The incumbent Council is newly elected and still in its first year in office. Currently the interface is not fully stable.</p>	<p>Some Council resolutions are not being implemented.</p> <p>These resolutions have to do with service delivery which is the core mandate of the municipality.</p> <p>This reduces the effectiveness of the council.</p>	<ul style="list-style-type: none"> <li>▪ Lack of consequence management. No corrective measures taken for failure to implement council resolutions</li>   <li>▪ Lack of understanding of roles and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of council resolutions must be included as a standing agenda item for all council meetings to ensure continuous monitoring of the resolutions issued.</li>   <li>▪ Implementation of consequence management: relevant municipal officials must face disciplinary action to ensure that Council resolutions are taken seriously. Disciplinary Board to report quarterly to council.</li>   <li>▪ Council must engage SALGA and CoGTA to train councillors and clarify their roles and responsibilities.</li> </ul>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Contract Management</b></p>	<p>A Contract Management Committee has been established however this committee is not functional.</p> <p>A contract register is in place however it is not effectively monitored resulting in non-compliances.</p> <p>There are contracts which are continuously being extended without following proper procedures in line with the SCM Regulations.</p> <p>Procurement plan is in place but no evidence of formal collaborative processes with SCM for long and short-term planning for contracting in place.</p> <p>The municipality has adopted a Contract Management Policy Framework from the Provincial Treasury but Policy is not being fully implemented.</p> <p>Several contracts were awarded and implemented without following SCM process. (Irregular contracts).</p> <p>There are no processes in place to monitor the following Contract Administration and Renewal, Legality of Contract, Contracts Planning and Collaboration, Contracts Execution - management and</p>	<p>Badly drafted contracts, drafted without considering the timeframe within which the municipality requires the goods or services.</p> <p>Contracts Register is maintained in Excel Format., There is no adequate monitoring of contracts</p> <p>Some contracts that have been paid more than the contracted value. The following service providers have been paid over their contract amount:</p> <ul style="list-style-type: none"> <li>• Activa Valuation Service (Pty) Ltd R 6 831 706,05</li> <li>• Telemasters R 1 237 332,88</li> <li>• MTN R 101 998,82</li> <li>• Lateral Unison Insurance Brokers (Pty) Ltd R 4 599 054,94</li> <li>• Reyakopele Trading 149 CC R 192 100,00</li> </ul> <p>Evergreen contracts: telephone contracts - MTN</p>	<ul style="list-style-type: none"> <li>▪ Lack of capacity.</li> <li>▪ Budget constraints</li> <li>▪ Poor procurement planning.</li> <li>▪ Lack of collaboration between departments to ensure all information is timeously updated.</li> <li>▪ Lack of consequence management.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engage qualified legal personnel to draft contracts</li> <li>▪ Audit and review all contracts to ensure legality</li> <li>▪ Align Procurement Planning with Contract Management.</li> <li>▪ Terminate irregular month to month contracts</li> <li>▪ Monitor the implementation of the procurement plan on a monthly basis.</li> <li>▪ Implement consequence management and instil a culture of accountability.</li> </ul>





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<p><b>Litigations / Contingencies</b></p>	<p>Contingencies amounting to R2 819 068 in the 2020/21 financial year.</p> <p>Contingent assets amounted to R15 297 784 in 2021/22 FYI. This is mainly due to debt owed to the Municipality by Pamodzi on prepaid electricity. The municipality has instituted legal action against the debtor.</p> <p>A qualified attorney was appointed by the Municipality to fill the Legal Manager position effective 1 November 2022.</p> <p>The municipality has a panel of legal experts to advise and handle legal cases on behalf of the municipality where the Municipality's internal Legal Manager is not able to do so. The panel's term of office expired 28 February 2023 and is in the process of being renewed</p>	<p>The municipality does not maintain the Litigations and Claims Register.</p> <p>Completeness of contingencies is compromised resulting in unforeseen lawsuits.</p> <p>The municipality might be unable to meet future commitments when they fall due leading to loss of service delivery assets through court orders.</p> <p>There is no Business Plan for legal services unit.</p> <p>Failure to pay suppliers and service delivery.</p> <p>Poor litigations document management.</p>	<ul style="list-style-type: none"> <li>▪ Lack of competent management (legal).</li> <li>▪ Lack of discipline and poor case management.</li> <li>▪ Budget constraints.</li> <li>▪ Council questioning amounts charged by service providers such as attorneys causing delays in payment of service providers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop and update the Litigations and Claims Register.</li> <li>▪ Report to council on diagnostic analysis of root causes or litigations and claims</li> <li>▪ Conduct a legal assessment on reasonable prospects of success on all pending litigations.</li> <li>▪ Development and implementation of MFMA legal compliance matrix.</li> <li>▪ Management must provide documentation to justify amounts charged by attorneys</li> <li>▪ Payment of creditors within 30 days.</li> <li>▪ Establish a litigation management system to ensure accurate and complete documentation to support</li> </ul>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>System of Delegations</b></p>	<p>The municipality has a system of delegation that was approved in May 2022 in line with the provisions of the Local Government Systems Act, 2000 in terms of content, in as far it relates to delegations to the Accounting Officer.</p> <p>However, it is none compliant as it does not cover powers and functions for all functionaries, organs, political office-bearers, administration, committees of council.</p> <p>There is lack of role clarification between political office bearers and Accounting Officer incorporated in the System of delegations.</p>	<p>There is no official delegations' structure from the MM</p> <p>The municipality does not have sub-delegations.</p> <p>Unavailability of approved delegation system may result in delay in processes in an event the accounting officer is not available.</p> <p>The delegations of authority in place does not cover delegations that covers powers and functions for all functionaries, organs political office-bearers, administration, and committees of council</p> <p>Further the system of delegations does not clarify roles between political office bearers and the accounting officer</p>	<ul style="list-style-type: none"> <li>▪ Lack of experience of both administration and new councillors.</li> <li>▪ Lack of understanding of rationale behind System of Delegation.</li> <li>▪ Lack of proper Management of the system of delegation due to lack of appropriate internal control systems to monitoring work of delegates.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The municipality must develop a clear delegation system from the accounting officer to CFO &amp; other Senior Managers with sub-delegations from the senior managers/department heads to their divisions up to the lowest level of staff.</li> <li>▪ Review the delegation of powers and functions on SCM by Municipal Manager (MM).</li> <li>▪ Develop a system of delegations that is compliant to the provisions of systems Act, 2000 in terms of content in it that covers powers and functions for all functionaries, organs political office-bearers, administration, and committees of council. There should be clarity of roles between political</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>By-Laws</b></p>	<p>The council has promulgated the by-laws in 2015. These by-laws were adopted by council in 2022.</p> <p>The SPLUMA by-law was promulgated in 2019.</p> <p>The municipality has a Code of Conduct.</p> <p>The municipality has by-laws that regulate provision of basic services.</p> <p>Lack of visible by-laws enforcement officers.</p> <p>There is reporting on revenue generated from enforcement of by-laws; however; it is not reconciled monthly.</p>	<p>Loss of revenue as there is no visible implementation of by laws.</p> <p>No reconciliations of revenue generated from by-laws.</p> <p>No evidence of training of staff and key personnel on by-laws and their strategic importance.</p>	<ul style="list-style-type: none"> <li>▪ No strategic leadership and direction</li> <li>▪ Poor human resources management.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Management should exercise oversight in the implementation of municipal by-laws by;</li> <li>▪ Undertaking annual reviews of by-laws</li> <li>▪ Reconciliation of revenue generated from by-law enforcement.</li> <li>▪ Reviewing the budget and where possible re-prioritising recruiting additional bylaws enforcement officers</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>UIF&amp;W</b></p> <p><b>Expenditure and Consequence Management</b></p>	<p>The municipality has a UIF&amp;W Expenditure Reduction Strategy last approved in 2020 per Council Resolution item 19/12/2020. However, the implementation of the strategy is not monitored.</p> <p>Unauthorised expenditure was reported as R208 249 738 in FY 2021/22, 165 891 959 in the FY 2020/2021 and FY:2019/20 was R164 911 709.</p> <p>Irregular expenditure was reported as R 391 540 991 for FY 2021/22 which is a 2,48% increase from the 2020/21 FY figure of R382 048 886. (FY 2019/20: R371 493 595).</p> <p>The irregular expenditure register is in place.</p> <p>Disciplinary body was constituted and is in place but not functional.</p> <p>No investigations are currently being performed to determine whether the staff who caused UIF&amp;W are personally liable, in terms of S32(2)(a) and (b) of the MFMA. The last investigation was attempted in 2016.</p> <p>No reasonable steps were taken to prevent unauthorised expenditure.</p> <p>The municipality is in a process of appointing a Panel of Service Provider for the review of UIF&amp;W.</p>	<p>Overspending on budget exposing the municipality to financial losses.</p> <p>UIF&amp;W is not being investigated.</p>	<ul style="list-style-type: none"> <li>▪ Unrealistic revenue targets set.</li> <li>▪ There is no consequence management for incurring UIF&amp;W</li> <li>▪ Ineffective consequence management (Financial Misconduct).</li> <li>▪ Inadequate system in place to identify and record UIF&amp;W Expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Configure system to prohibit any payments from a vote after the budget has been exhausted.</li> <li>▪ Establish a cashflow committee to prevent spending on unbudgeted votes.</li> <li>▪ Prepare cashflow forecasts to manage the use of available funds.</li> <li>▪ MPAC must report to Council on a quarterly basis on the outcome of investigations and consequent management.</li> <li>▪ Implement consequence management for historical UIF&amp;W as per Council approved section 32 investigation still to be conducted.</li> <li>▪ Develop, approve, and implement strict policies governing irregular, unauthorised,</li> </ul>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Audit action plans (internal &amp; external)</b></p>	<p>Disclaimer audit opinion for three (3) successive years.</p> <p>The municipality has developed a Post Audit Action Plan (PAAP) which is being monitored and reported at the audit committee.</p> <p>The PAAP has been uploaded on the new website for the web enabled PAAP however the municipality has not been consistently updating the implementation of the action plans.</p> <p>Although the PAAP has been developed, there is no evidence that the PAAP is reported consistently to council on a quarterly basis.</p> <p>There is currently no Audit steering committee meeting to monitor the implementation of the PAAP.</p> <p>The CFO reports the progress of the Financial Statements preparation to the ARCOM meetings.</p> <p>A Three-year Rolling Strategic Plan (2022/23 – 24/25) and one-year operation plan (2022/23) exists.</p>	<p>Possible repeat of findings as some of the compliance matters and internal controls persist</p> <p>Poor record management system</p> <p>Annual financial statements prepared by the municipality contain material misstatements.</p> <p>Financial misstatements findings not yet fully cleared.</p> <p>Reliance on consultants during reporting circle with limited skills transfer to BTO.</p> <p>There are no regular updates given to the Council on PAAP progress</p>	<ul style="list-style-type: none"> <li>▪ Lack of accountability for poor performance</li> <li>▪ Lack of internal controls</li> <li>▪ Ineffective monitoring of consultants</li> <li>▪ Management not committed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Introduction of performance management measures to instil culture of accountability.</li> <li>▪ Establish a Document Management System to ensure that there is adequate backup of supporting documents. (Offsite backup or cloud)</li> <li>▪ Enforce skills transfer model and internal audit to provide monthly assurance on the reported progress.</li> <li>▪ Biweekly audit steering committee to monitor progress.</li> <li>▪ Progress report should be presented to the executive authority on a quarterly basis to evaluate the extent with which the findings are being addressed.</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Risk Management</b></p>	<p>The municipality has Risk Management Framework document that was last approved in 2015/16. The document was reviewed in 2020/21 and was sent to Council for approval. Approval delayed because council needed to apprise itself on matters covered by the document The Framework document consists of the risk management policy, risk management strategy, risk management implementation plan, and risk register.</p> <p>The last risk assessment was conducted for 2021/22 and the municipality must still conduct risk assessment for the year 2022/23.</p> <p>There is no approved business continuity plan in place.</p> <p>Quarterly reports are submitted to the Audit and Risk Committee.</p> <p>An Insurance Management Policy exists.</p> <p>Currently there are no forensic investigations underway in</p>	<p>SMART principal compliance deficiencies.</p> <p>The municipality lacked formalized standard operating procedures (SOPs) for Risk Management.</p> <p>There is no submission of audit action plans progress to council.</p> <p>There are delays in the approval of Risk Management Framework documents (Policies and Strategies) for the past five years.</p> <p>The municipality lacks a Business Continuity Plan</p> <p>Inadequate Implementation of risk and internal audit strategies and plans.</p>	<ul style="list-style-type: none"> <li>▪ Risk management not institutionalised.</li> <li>▪ Misdiagnosis of organisational risks</li> <li>▪ No reporting guidelines in place, approval delays by council</li> <li>▪ Lack of accountability by Management.</li> <li>▪ Risk Management not part of senior management Performance Plans /scorecards</li> <li>▪ Lack of appreciation of risk management issues</li> </ul>	<ul style="list-style-type: none"> <li>▪ Institutionalise the risk management function.</li> <li>▪ Quarterly reports on risk management must be submitted to council.</li> <li>▪ Conduct risk assessment annually.</li> <li>▪ Annual council approval of Risk Management Framework documents (Policies and Strategies) for the 2020/21 financial year</li> <li>▪ Liaise with CoGTA and fastrack training workshops for council members on Risk Management</li> <li>▪ Capacitate the Risk management unit to be able to fully perform their mandate.</li> <li>▪ Develop Business Continuity Plan</li> <li>▪ Capacitate the Internal Audit Unit to also perform their assurance function where</li> </ul>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>ICT Governance</b>	<p>The municipality has an IT Unit but the Unit is not adequately capacitated.</p> <p>There is no ICT steering Committee.</p> <p>Insufficient IT infrastructure and maintenance.</p> <p>IT Unit not well capacitated to address infrastructure challenges.</p> <p>Poor ICT general and application controls.</p> <p>No off-site back up of financial information is in place.</p> <p>No electronic document management system in place.</p> <p>No regular reviews performed on the approved IT governance framework to ensure consistency and relevance to strategic objectives of the Municipality.</p> <p>IT acquisition and disposal processes are not included in the IT Governance framework.</p> <p>The framework was last reviewed in 2016;</p> <p>No evidence that the IT risk register was reviewed.</p> <p>No regular reviews performed on the approved IT security policy to ensure it remains</p>	<p>The ICT committee is non-functional.</p> <p>ICT strategy not aligned to the IDP,</p> <p>Action to guard against unforeseen accidents and damages to municipality infrastructure not being practised.</p> <p>Ageing computers and network switches which can only be replaced in phases annually.</p> <p>The is no Business Continuity and Disaster Recovery Plan in place.</p> <p>. Aged ICT network infrastructure that does not support business processes and applications.</p>	<ul style="list-style-type: none"> <li>▪ Capacity constraints</li> <li>▪ Limited ICT budget</li> <li>▪ Lack of management and leadership oversight</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resuscitate the ICT steering committee. The accounting officer must appoint a capable chairperson to oversee the functions of this committee.</li> <li>▪ Align the ICT strategy to the IDP.</li> <li>▪ Review the budget allocation for the ICT department during the midterm adjustments and prioritise the infrastructure required because of limited funds.</li> <li>▪ Annual testing of the disaster recovery plan.</li> <li>▪ Develop Business Continuity and Disaster Recovery plan</li> <li>▪ Review of the policies, strategies and submit them to the ICT</li> </ul>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Immovable Property Management</b>	<p>The municipality has immovables register in excel format however they did not have an appropriate system to ensure that all immovables are updated on a timely basis</p> <p>The municipality has only 1 rental property which earned them R96k per annum for which is not market related</p> <p>The property was constructed based on an agreement with ABSA where they provided the land and ABSA contributed the finance to construct. As a result, ABSA occupies the building and lets out the rest of the units. In return the municipality get 95% of the rental income and they pay administrative costs to ABSA. The rentals are at market value a total of R96k for 2020/21</p> <p>The investment property is valued at market value.</p> <p>Illegal occupation of land.</p>	<p>The lack of system could result in immovable assets not being recorded in the registered and losing track of the assets owned by the municipality</p>	<ul style="list-style-type: none"> <li>▪ Reliance on consultants in reporting on assets.</li> <li>▪ Lack of skills to manage the Immovable properties.</li> <li>▪ Lack of oversight by management</li> <li>▪ Assets management structure not ideal to management the assets owned by the municipality</li> </ul>	<ul style="list-style-type: none"> <li>▪ Audit of council owned immovable properties and occupancy focussing on residential and commercial properties</li> <li>▪ Council to fast track the approval of the Land use scheme.</li> <li>▪ Capacitation of the employees in charge of assets management.</li> <li>▪ Review the assets' structure and perform a skills assessment to determine the level of skills required and if additional employees are required for the unit</li> </ul>

# GOVERNANCE

IP



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Council Committees and Oversight</b>	Successive disclaimer of audit opinion and no consequence management.	Capacitate/train members of council on their oversight roles	Improved Oversight	X	X	
	Inadequate oversight role by council over the implementation of audit action plan.	Develop, approve, and adopt an Audit Action Plan to resolve findings raised by AGSA in Management Report Internal Audit must provide assurance to Council by reporting quarterly on progress with the implementation of the Audit Action Plan	Improved Audit Opinion Reports to Council on AAP; improved oversight and consequence management	X		
	Reports are not submitted on time to the various committees to effectively perform their oversight functions.	Capacitate MPAC & other committees to effectively perform their roles by ensuring timely submission of relevant reports to the committees to enhance efficiencies, responsiveness, accountability, and corporate governance best practices.	MPAC Meetings. Improved Consequence Management	X		
	UIF&W expenditure not being investigated.  Delays in the municipality's attendance to disciplinary matters. Lack of consequence management. The Disciplinary Board has not convened and there is no schedule of meetings.	Investigate UIF&W expenditure in a timely manner and implement section 32 of the MFMA and Circular 68 by holding responsible parties personally liable	Section 32 Investigation reports with recommendations	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Council Committees and Oversight</b>	Management not implementing Audit and Risk Committee Resolutions resulting in disclaimer opinions.	Capacitation - through training - of the newly established FDB to ensure that they are well informed on their roles and responsibilities.	Schedule of Training provided	X		
	Revenue loss. As of 30 June 2022, 4 councillors owed the municipality R102 364.38. 3 Councillors debt aged older than 90 days.	Audit and Risk Committee reports should be tabled before council and council must ensure ARC recommendations are implemented.	Reports tabled to Council	X		
	Inadequately addressing the concerns of the community regarding service delivery.	Implementation of Municipal Systems Act Schedule 7 and/or institute debt recovery process	Reduction in Debt owed to the municipality	X		
		Development of a workplan for all the oversight committees to ensure that the reports are received on time.	Approved workplan for oversight committees	X		
		Implementation of institutional calendar for disciplinary board and increase frequency of meetings.	Approved Institutional Calendar	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Powers and Functions</b>	Increase in operational expenditure	Redesign and negotiate mandate agreements	Negotiated Agreement	X		
	The municipality does not have adequate funding to perform all its functions	Negotiate with the District Municipality for them to be part of mandates.	Minutes of Meeting held with District	X		
	The lack of SLAs could potentially result in unforeseen costs as the implications are not clearly defined	Perform a cost benefit analysis.	Cost benefit Analysis Report	X		
	Management not honouring contractual commitments (Vehicle Licensing)	Implement consequence management and instil a culture of accountability. (Conducting workshops).	FDB Reports/Minutes	X		
		The municipality should stick to the current arrangement with the Department until the debt is paid off	Settlement Agreement Concluded	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Political/Administrative Interface</b>	Some council resolutions are recorded but not implemented.	Make council resolution implementation a standing agenda item to all council meetings to ensure the continuous monitoring of the resolutions issued.	Council Agenda Containing Schedule of Council Resolutions.	X		
		Implementation of consequence management to ensure that all resolutions are taken seriously. Disciplinary Board to report quarterly to council.	FDB reports to Council	X		
		Councillors should undergo training to clarify their roles and responsibility to hold management accountable	Improved Oversight	X		





# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Contract Management</b>	Badly drafted contracts, drafted without considering the timeframe within which the municipality requires the goods or services.	Audit and review all contracts considering issues like legality, SLA signatures, Unauthorised and Irregular Expenditure.	Revised SLA's	X		
	Extension of contracts and overpaying the contracted value without following proper SCM processes and leading to increased irregular expenditure.	Align Procurement Planning with Contract Management. Monitor the implementation of the procurement plan monthly. Implement consequence management and instil a culture of accountability.	Revised and Updated SLAs aligned to Procurement Plan. Quarterly Reporting. Improved Accountability	X		
		Identify goods and services required on an ongoing basis and procure long-term contracts.	Needs Analysis Report	X		
	There are no processes for contract performance monitoring and reporting.	Submission of monthly Performance Monitoring Reports on contracts. The reports must be tabled as part of the Audit committee meeting or other oversight committee meetings. Implement consequence management and instil a culture of accountability	Monthly Performance Reports Improved Accountability	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Contract Management</b>	Evergreen contracts: telephone contracts - MTN	Terminate irregular month to month contracts	Contracts Terminated/Reduction in UIFW.	X		
	Inadequate implementation of the Contract Management Policy Framework adopted from Provincial Treasury	Development and approval of Contract Management Framework and Policy. Strictly monitor compliance with the Framework and Policy.	Draft Contract Management Framework	X		
	Contracts were awarded through a competitive bidding process that were not adjudicated by the bid adjudication committee - due process.	Consider automating the contract management function to ensure that all payments are updated in real time and notifications are sent immediately to the relevant stakeholders for implementation. This will also allow for electronic saving of all contracts.	Draft Proposal on Contract Management Automation.	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Litigation/Contingencies</b>	The municipality does not maintain the Litigations and Claims Register	Develop and update the Litigations and Claims Register.	Updated Litigation Register.	X		
	Completeness of contingencies is compromised resulting in unforeseen lawsuits.	Report to Council on diagnostic analysis of root causes of litigations and claims	Council Minutes/Agendas	X		
	The municipality might be unable to meet future commitments when they fall due leading to loss of service delivery assets through court orders.	Conduct a legal assessment on reasonable prospects of success on all pending litigations.	Assessment Report.	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>System of Delegations</b>	No official delegations system from MM to Senior Managers and lower level staff	Establish official delegations, sub delegations of powers and functions.	Draft Systems of Delegations	X	X	
	Existing system of delegations silent on powers and functions for all functionaries, organs political office-bearers, administration, and committees of council	The municipality must develop a Clear delegation system from the accounting officer to CFO & other Senior Managers.	Draft Systems of Delegations	X	X	
		Further delegation system from the senior managers/department heads to their divisions up to the lowest level of staff.	Draft Sub-delegations per department	X	X	
	Existing system of delegations does not clarify roles between political office bearers and the accounting officer.	Review the delegation of powers and functions on SCM by Municipal Manager (MM).	Revised SCM Delegations of powers and functions	X	X	
		Develop a system of delegations that is compliant with the provisions of systems Act, 2000 in terms of content in it that covers powers and functions for all functionaries, organs political office-bearers, administration, and committees of council. There should be clarity of roles between political office bearers and the accounting officer.	Draft System of Delegations for all functionaries	X	X	



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>By-Laws</b>	Lack of visible bylaws enforcement officers.	Management should exercise oversight in the implementation of municipal by-laws by; -	Revised By-Laws Reconciliation of Revenue			
	Revenue generated from enforcement of by-laws is reported; however, there are no monthly reconciliations prepared.	Including as a standing item review of by-laws for council meeting or sub-committee. - Reconcile the revenue from the by-laws. - Review the budget to see if there can be re-prioritisation of the resources to allow for recruiting additional bylaws enforcement officers	From Bylaws 2022/23 Revised Budget	X	X	



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE	
<b>UIF&amp;W and Consequence Management</b>	Overspending on budget exposing the municipality to financial losses	The system should be configured to not allow any payments from a vote after the budget has been exhausted.	Updated Configuration System Report on Budgetary Spending Limits	X			
		Establishment of the cashflow committee to prevent spending on unbudgeted votes.	Appointment Letter/ Minutes and Agendas	X			
		Prepare cashflow forecasts to manage the use of available funds.	Monthly cashflow forecast reports	X			
	Non-compliance with SCM policies as various appointments were made without following SCM process	The municipality must comply with SCM as well as laws and regulations. The municipality should implement strategies to reduce UIF&W.	Quarterly Reports to Council (SCM Regulations. 6)	X			
	UIF&W is not being investigated.	Identify, investigate, and report on irregular, unauthorised, fruitless, and wasteful expenditure in a timely manner and as per legislation (Regulations).	Report on compliance with S32 of MFMA	X			
			Implement a training program for the Officials responsible for Disciplinary matters.	Approved Training Schedule.	X		
			MPAC must report to Council on a quarterly basis on the outcome of investigations and consequent management.	Council Reports/Minutes/ Agendas	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>UIF&amp;W and Consequence Management</b>	Lack of consequence management.	Implement consequence management for historical irregular expenditure as per Council approved section 32 investigation still to be conducted.	Consequence management register on UIF&W expenditure transgressions	X		
	Lack of preventative process to address UIF&W Expenditure.	Develop, approve, and implement strict policies governing irregular, unauthorised, fruitless, and wasteful expenditure.	Draft UIFW Policy	X		
	The municipality does not monitor the implementation of the UIF&W Reduction Strategy.	Monitor the implementation of the UIF&W Expenditure Reduction Strategy monthly and Internal Audit should give assurance on the implementation of that strategy.	Monthly Reports & Quarterly IA Reports	X		
		Consider establishing an anonymous reporting hotline to protect whistle-blowers.	Draft Proposal/Strategy Draft Anti-Fraud and Corruption Policy	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Audit action plans (internal and external)</b>	Possible repeat findings as some of the compliance, document management and internal controls deficiencies persist.	Introduction of performance management measures to instil culture of accountability.	Draft Performance Management Framework/Policy	X		
	Poor record management systems.	Establish a Document Management System to ensure that there is adequate backup of supporting documents. (Offsite backup or cloud)	Document back up system in place	X		
	There are no regular updates given to the Council on PAAP progress.	Progress report should be presented to the executive authority on a quarterly basis to evaluate the extent to which the findings are being addressed	IA Quarterly Reports	X		





# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Risk Management</b>	Inadequate Implementation of risk and internal audit strategies and plans.	Capacitate the Risk management unit through training to be able to fully perform their mandate.	Improved Control Environment. Approved Training Schedule	X		
		Capacitate the Internal Audit Unit to also perform their assurance function where risk management mitigation plans are concerned	Improved Control Environment. Approved Training Schedule	X		
	There are delays in the approval of Risk Management Framework documents (Policies and Strategies) for the past five years	Development and approval of risk management policy and risk register for financial year 2022/23	Improved Control Environment. Approved Training Schedule	X	X	
	Poor internal Control Environment and material non-compliances with legislation	Quarterly progress report on implementation of remedial actions	Quarterly Reports. Improved Control Environment	X		



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
ICT Governance	No ICT committee is in place.	Resuscitate the ICT steering committee. The accounting officer must appoint a capable chairperson to oversee the functions of this committee.	Minutes/Agendas of ICT Steering Committee Meetings.	X		
	ICT strategy not aligned to the IDP.	Align the ICT strategy to the IDP.	Draft ICT Strategy/IDP	X	X	
	Lack of off-site back up of financial information and other critical non-financial information could result in complete loss of information.	Develop and implement appropriate strategies to provide for off-site back up of financial and other critical non-financial information.	Draft ICT Strategy/Policy	X	X	
	Ageing computers and network switches which can only be replaced in phases annually.	Review the budget allocation for the ICT department during the midterm adjustments and prioritise the infrastructure required because of limited funds.	2022/23 Adjustment Budget	X	X	
	ICT governance reports not submitted to the Audit Committee for them to perform their oversight function.	ICT governance reports to be a standing item on the Audit committee	Improved Oversight Quarterly Reports	X	X	
	The is no Business Continuity and Disaster Recovery Plan in place.	Develop Business Continuity and Disaster Recovery plan and undertake annual testing of the disaster recovery plan.	Business Continuity and Disaster Recovery Plans in Place. Annual Testing Report with recommendations	X	X	
		Review of the policies, strategies and submit them to the ICT committee for further inputs.	Revised Strategy/Policy	X	X	



# GOVERNANCE

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Immovable Property Management</b>	Absence of an assets management system could result in immovable assets not being recorded in the register as well as losing track of assets owned by the municipality	Review the assets' structure and perform a skills assessment to determine the level of skills required and if additional employees are required for the unit.	Draft Revised Organisational Structure	X	X	
	Municipal properties let out at below-market rentals resulting in loss of revenue.	Audit of council owned immovable properties and occupancy focussing on residential and commercial properties.	Audit Report and Improved Revenue	X	X	
		Council to fast track the approval of the Land use scheme.	Draft Land Use Scheme	X	X	

# FINANCIAL MANAGEMENT

SQA | FRP



# OVERVIEW OF FINANCIAL RATIOS

Nr	Indicator	Norm	2021	2022	Interpretation/ comments
1	Net operating surplus margin	> 0%	3 %	-4 %	The municipality is operating within the norm in the FY2020/21; however the situation deteriorated in the FY2021/22 indicating that the municipality had an operating deficit.
2	Cash coverage (months)	1-3 months	-0.02 months	0,02 months	<p>The municipality liquidity ratio is critical (intensive care). It remained way below the norm.</p> <p>The municipality's ability to meet its obligations to provide basic services and honour its financial commitment is compromised.</p> <p>To improve the situation, the following must be achieved in the shortest possible time: -</p> <ul style="list-style-type: none"> <li>Immediate reduction in expenditure on nonessentials, non-core activities, non- revenue generating activities.</li> <li>Increase revenue through improved collections and billing efficiencies and seeking alternate revenue sources. Some of these alternate sources of revenue are contained in the revenue enhancement strategy 2022.</li> </ul>
3	Collection rate	95%	5 %	14 %	The annual collection ratio is way below the norm. The municipality should therefore aim to achieve a collection rate of more than 95% to ensure a reduction in the outstanding debt accrued from previous years. The municipality's collection rate is very low. Revenue collection (billing), and credit control of the municipality requires urgent attention and corrective measures should be implemented.
4	Net Debtor Days (days)	30 days	2 311 Days	2 533 Days	<p>Net Debtors' Days ratio for the past years is excessive and way above the norm of 30 day.</p> <p>The ability of the municipality to manage debtors is questionable and poses risks associated with the provision of debt to consumers.</p>



# OVERVIEW OF FINANCIAL RATIOS

Nr	Indicator	Norm	2021	2022	Interpretation/ comments
5	Creditors payment period	30 days	77 Days	77 Days	The ratio is well outside the National Treasury norm of 30 days. It is evident that the municipality is in liquidity issues and does not have the required cash flows to keep up with its obligations. The Municipality has certain payment arrangements with some creditors.
6	Current ratio	1.5-2:1	0.98	1	The municipality's Current Ratio for the past financial years is below the norm. Current liabilities exceed current assets. This implies that there is insufficient cash to meet short-term financial obligations. The municipality must increase its current assets to appropriately cover current liabilities or risk that non-current assets will need to be liquidated to settle current liabilities.
7	Employee Related costs	25 – 40%	45 %	41 %	The ratio results are above the norm of 25% - 40%. Given the liquidity position of the Municipality, it will be wise for the Municipality to control its payroll budget but plan for the acquisition of skills in line with cash flow improvements.  The municipality must consider the filling of critical vacancies in line with any new organogram that may be proposed in the recovery process.



# OVERVIEW OF FINANCIAL RATIOS

Nr	Indicator	Norm	2021	2022	Interpretation/ comments
8	Contracted Services	2 – 5 %	3 %	3 %	<p>Contracted Services' ratio is within the norm of 2%-5% for the comparative financial years.</p> <p>The municipality is not over reliant on contracted services to perform municipal related functions</p>
9	Irregular Expenditure	0%	153 %	152 %	<p>The norm set for Irregular, Fruitless and Wasteful and Unauthorized expenditure is 0%.</p> <p>The municipality's ratio for the past financial years is significantly above the norm. This indicates weaknesses within the municipality's SCM process and non-compliance with procurement regulations and guidelines. The municipality must investigate the incurrence of this expenditure in line with applicable legislation.</p>
10	Distribution losses: Water	15 - 30 %	N/A	N/A	<p>The municipality is unable to calculate distribution losses as they do not have bulk meters in place.</p> <p>The water losses are expected to be higher due to the following factors:</p> <ul style="list-style-type: none"> <li>• Unmetered customers.</li> <li>• Some customers not being billed at all.</li> </ul>
11	Distribution losses : Electricity	7%-10%	N/A	N/A	<p>The municipality is unable to calculate distribution losses as they do not have bulk meters in place. There are possible high distribution losses because of illegal connections and unmetered consumption. There are no proper records to quantify the losses for the year.</p>



## FINANCIAL MANAGEMENT

- The municipality has been operating an unfunded budget for the past two (2) successive years due to poor expenditure management and weak revenue base.
- The financial sustainability of the municipality is threatened due to low internal revenue as well as lack of management oversight over revenue enhancement strategies.
- Government grants & subsidies as a percentage of total revenue was 66% and 67% in the financial year 2021/22 and 2020/21 respectively. This indicates that the municipality is grant reliant.
- There are no systems of internal controls to ensure all meters are read for water and electricity resulting in billing inconsistencies.
- No register is maintained of all installed meters which can be used to review the completeness of meter readings and billing for metered services.
- Broken meters are not investigated and replaced on a regular basis.
- The municipality does not review prepaid electricity sales to identify meters that are not buying.
- No reconciliations are performed between meter reading reports and consumption on billing reports.
- Low revenue from property rates due to incorrect market values being used in the billing system and not all customers being billed.
- The billing system is not cleansed as there are no processes in place to ensure that the billing system is updated with the reconciliation results.
- No monthly debtors reconciliations are performed.





## FINANCIAL MANAGEMENT

There are no systems of internal controls to ensure that unallocated balances are cleared timely, as evidenced by:

- The suspense accounts sitting at R 10 272 920 and R 15 972 406 in the financial years 2020/21 and 2021/22 respectively. Indicates a 55.48% increase.
- Debtors with credit balance of R781 781 144.12 and R 662 615 800.8 in the financial years 2021/22 and 2020/21 respectively. R582 930 187.22 as at 30 June 2022 (FY2020/21: R568 472 873.85) is sitting in the “blank” category and should be allocated.
- Debtors with credit balances increased to R834 876 445.65 as at 05 April 2023, which is a 7% increase as compared to R781 781 144.12 as at 30 June 2022. R595 990 568.07 should further be allocated to the different service lines as at 05 April 2023.

The Credit Control and Debt Collection Policy is not regularly reviewed. This ultimately results in high levels of consumer debtors as its implementation could not be determined:

- As at 05 April 2023, 1% of the debtors were in the 90 + category, 1% in the 120 + category, 1% in the 150 + category and 95% in the 180+ category. This indicates weak credit controls at the municipality contributing to the low collection rate.
- Consumer debtors balance amounted to R 1 100 142 014.07 as at 05 April 2023 excluding debtors with credit balance of R 834 876 445.65, at R 1 020 666 035.65 as at 30 June 2022 excluding debtors with credit balance of R781 781 144.12. This indicated an increase in debtors of 7% between 1 July 2022 to 05 April 2023.

Despite the council’s approval to charge interest on outstanding customer accounts; the implementation is too slow.



## FINANCIAL MANAGEMENT

- No effective customer care management Unit and Policy.
- Customer details on the billing system are outdated resulting in statements being send to incorrect customers. Ultimately, this contributes to the low collection rate.
- Loss of revenue due to the use of non-cost reflective tariffs. Except for over recoveries on electricity on domestic - conventional (726 874), Commercial - conventional (R10 895 810), Other consumers (R926 810) and sold to other municipal department customer (R1 963 373).
- No Indigent Management Committee.
- There are no processes in place to ensure accurate recording of indigents as well as ensuring that an accurate indigent register is maintained.
- Non-compliance with SCM policies and regulations resulting in high levels of UIF&W expenditure.
- AG issues not timely resolved resulting in misstatements in the AFS. This indicates lack of management commitment to resolve issues.
- Poor records management resulting in limitations of scope.
- Some invoices are not processed in the month incurred due to cashflow issues, thus affecting S71 reports send to NT.
- Creditors are not paid within the legislated 30-day period. RMLM owed creditors a combined amount of R 110 272 264.90 excluding creditors with debit balances of R 6 218 237.59 as at 23 March 2023; of which 73% of the creditors are in the 90 + days category.
- The creditors payment period remained constant at 77 days in the 2020/21 and 2021/22 financial years.



## FINANCIAL MANAGEMENT

The following are the top creditors that the municipality owes for more than R1 million as at 23 March 2023:

- Eskom is owed R94 904 470.72 which contributes 86% of its creditors.
- Vimtsire Security & Protection Services is owed R2 540 454.66 which contributes 2% of its creditors.
- Cemblocks (Pty) LTD is owed R2 302 215.54 which contributes 2% of its creditors.
- Lateral Unison Insurance Brokers (Pty) LTD is owed R1 594 457.28 which contributes 1% of its creditors.
- Auditor General is owed R1 143 366.84 which contributes 1% of its creditors.
- Mafoko Brothers Logistics is owed R1 016 196.05 which contributes 1% of its creditors.

RMLM has incurred interest expense on outstanding debt as broken down below:

Creditor	30-06-2022	31-01-2023
Eskom	3 235 025.56	3 833 291.07
Auditor General	203 878.83	13 907.43
SARS	1 279 570.61	0.00
<b>Total</b>	<b>4 718 475.00</b>	<b>3 847 198.50</b>



## FINANCIAL MANAGEMENT

- Poor expenditure management practices as the municipality does not have a Cost Containment Policy.
- Poor document management as the municipality does not have grants allocation and disbursements letters.
- Misappropriation of grant funds due to liquidity challenges which results in financial mismanagement practices.
- Underutilisation of grant funds resulting in the municipality forfeiting available funds to improve service delivery.
  - ✓ For the financial year 2021/22, RMLM's unspent grants were as follows:
    - MIG = R 13 637 151.48,
    - NNMDM = R 1 382 602.93 and
    - LGSETA = R 919 182.38
  - ✓ Unspent conditional grants increased significantly by 142% from R6 585 957.00 in the financial year 2020/21 to R 15 938 937.00 in the financial year 2021/22.
  - ✓ Utilisation of grants as a percentage of grants available deteriorated from 98% in FY2021 to 94% in FY2021/22.
- The municipality has not submitted an mSCOA roadmap.
- There is no indication that mSCOA Steering Committee Meetings are scheduled monthly.
- Despite RMLM having a System Vendor contracted to provide mSCOA support there is slow progress on making the system fully mSCOA compliant and data integrity is still compromised by misallocations.
- RMLM is yet to have the Contract Management, Asset Management - AMS360 and Business Process Management for SCM modules integrated on the financial system.



## FINANCIAL MANAGEMENT

- Lack of capacity in BTO to prepare financial statements.
- No responsibilities have been assigned for the preparation of Financial Statements.
- Per management representations, the municipality has not yet started with the preparation of 2022/23 financial statements as at 31st of March 2023.



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Budget Management (Funding Status, Policies, etc.)</b>	<p>RMLM has been operating an unfunded budget for the past two years.</p> <p>The municipality developed and approved an unrealistic and unfunded budget for 2022/23 due to the following:</p>	<p>Financial sustainability of the municipality is threatened.</p>	<p>High grant dependency</p>	<p>Prepare and adopt a funded 2023/24 MTREF and prepare a 3-Year Budget Funding Plan with clear activities and goals.</p>
	<ul style="list-style-type: none"> <li>Property rates billing increased by 200% as compared to 2021/22 financial year.</li> </ul>	<p>Unfunded budget.</p>	<p>Incorrect implementation of tariff structures.</p>	<p>Undertake budget and actual line-item analysis for the 2021/22 and 2022/23 financial years.</p>
	<ul style="list-style-type: none"> <li>Electricity revenue increased by 32% as compared to the 2021/22 financial year which is considered unrealistic in view of past performance and NERSA increase of 7.47% for 2022/23 review.</li> </ul>	<p>The revenue baseline is insufficient.</p>	<p>Lack of capacity of BTO staff in budget preparation.</p>	<p>Tariff Review to reflect cost (include cost-of-supply exercise)</p>
	<ul style="list-style-type: none"> <li>Licences and permits are budgeted to increase by 154% from 2021/22 figures with no explanation of the reasons for the increase. Therefore, operating revenue is overstated in comparison to the previous period.</li> <li>Provision for Contracted services is set to increase by 47% in 2022/23 as compared to the past periods against the cost containment measures.</li> <li>Insufficient provision for debt impairment (There was no increase in debt provision despite debtors increasing year on year).</li> </ul>	<p>Unrealistic projected Collection Rates.</p>	<p>Non implementation of credit control and debt collection policy</p>	<ul style="list-style-type: none"> <li>Compile a zero-based 2023/24 MTREF Budget in line with reviewed targets for realistically anticipated revenue and expenditure trends and ensure revised budget to be credible and cash funded.</li> <li>Implementation of the budget funding plan (BFP).</li> <li>Austerity and cost cutting measures to be reflected in the 2023/24 Budget.</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Revenue Management</b>	<p>The municipality does not reconcile the billing system to the valuation roll; therefore, not all consumers are metered, and the number of unmetered customers is unknown.</p> <p>Prepaid vendor reconciliation not performed monthly.</p> <p>No co-ordination between technical and Finance on meter readings.</p> <p>No effective customer care management Unit and Policy.</p> <p>Debtors book not reviewed to identify indigents and write offs of irrecoverable debts.</p> <p>The municipality has developed a revenue enhancement strategy and it was presented to Council in March 2022 ; however, it is yet to be approved.</p> <p>Billing tariffs are approved by council on an annual basis; however, the municipality does not have any processes in place to ensure that all customers are billed on the correct</p>	<p>The Council is yet to approve the Revenue Enhancement Strategy.</p>	<p>Lack of management oversight over revenue enhancement strategies.</p>	<ul style="list-style-type: none"> <li>▪ Prioritise the review of the Revenue Enhancement Strategy and seek council approval.</li> <li>▪ Investigate and instil improved revenue management processes.</li> </ul>
		<p>Financial sustainability of the municipality is threatened due to low internal revenue.</p>	<p>Low collection rate.</p>	<p>Ensure that the Revenue Technical Committee conduct weekly meetings. This committee must be clearly mandated to prioritise activities to improve revenue collection and all members must be fully committed to the mandate.</p>
		<p>There are no procedures in place to ensure all meters are read for water and electricity.</p>	<p>Over reliance on the work of external service providers.</p> <p>Ineffective monitoring of meter readings and no-go areas.</p>	<ul style="list-style-type: none"> <li>▪ SOPs should be developed and implemented in line with National Treasury guidelines to address deficiencies in billing.</li> <li>▪ Run billing campaigns promoting customer awareness on the importance of municipal billings.</li> </ul>
		<p>No reconciliations between meter reading reports</p>	<p>Ineffective monitoring of</p>	<ul style="list-style-type: none"> <li>▪ Water and electricity meter numbers</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Revenue Management</b>	<p><b>Property Rates</b></p> <p>The Municipality General Valuation Roll 2019-2024 was affected by disputes and debtors were not making Payments towards the Rates Account.</p> <p>The valuation roll is not accurate as it does not incorporate all approved objections and appeals.</p>	<p>BTO capacity challenges.</p> <p>Low revenue billing due to incorrect market values being used in the billing system and not all customers being billed.</p>	<p>Lack of monthly reconciliations between the Valuation Roll and the Billing System.</p>	<p>Management should review the valuation roll and engage the valuer to ensure all properties within the municipality's area of jurisdiction are correctly valued.</p>
	<p>Based on the reconciliations that were performed for the financial year 2021/22, it was noted that the municipality underbilled customers by R 6 891 783.10. There are however no processes in place at the municipality to ensure that changes are effected on the billing system.</p> <p>The municipality does not maintain a complete list of all properties in its jurisdiction including land use to ensure correct billing of all properties.</p>	<p>The billing system is not cleansed as there are no processes in place to ensure that the billing system is updated with the reconciliation results.</p> <p>Not all properties are recorded on the Financial Management System.</p>	<p>Lack of consequence management</p> <p>Lack of integration of the revenue value chain with town planning.</p>	<p>RMLM should update the billing system with the results of the reconciliations that were performed in the FY2021/22.</p> <p>Monthly reconciliations between the valuation roll and the billing system should be prepared, reviewed, and approved in line with the DoA.</p> <p>Correct categorisation of properties in terms of the Municipal Property Rates Policy; this impacts usage and property rates tariffs</p>





FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Revenue Management</b>	<p><b>Debtor's Management</b></p> <p>Reconciliations of the debtors age analysis and the GL are not performed monthly and reviewed by management.</p> <p>Unallocated deposits and the suspense accounts are not investigated on a timely basis to ensure correct allocation of debtor's payments. The balances are R 10 272 920 and R 15 972 406 in the financial years 2020/21 and 2021/22 respectively.</p> <p>Debtors with credit balance of R781 781 144.12 and R 662 615 800.8 in the financial years 2021/22 and 2020/21 respectively. The municipality should further allocate a balance of R582 930 187.22 as at 30 June 2022 (FY2020/21: R568 472 873.85) to their respective services lines as currently it is sitting in the "blank" category.</p> <p>Debtors with credit balance further increased to R834 876 445.65 as at 05 April 2023, which is a 7% increase as compared to R781 781 144.12 as at 30 June 2022. In addition, a balance of R595 990 568.07 should be allocated to the different service lines as at 05 April 2023.</p> <p>Consumer debtors balance amounted to R 1 100 142 014.07 as at 05 April 2023 excluding debtors with credit balance of R 834 876 445.65, at R 1 020 666 035.65 as at 30 June 2022 excluding debtors with credit balance of R781 781 144.12 and the balance as at 30 June 2021 was R 909 102 143.49</p>	<p>The Credit Control and Debt Collection Policy is not regularly reviewed</p>	<p>Lack of consequence management</p>	<ul style="list-style-type: none"> <li>Review the Credit Control and Debt Collection Policy.</li> <li>Fasttrack the implementation of interest charging on outstanding debtors.</li> </ul>
		<p>No monthly reconciliations are performed.</p> <p>The suspense accounts are not investigated.</p>	<p>Inadequate review processes.</p>	<ul style="list-style-type: none"> <li>Reconciliations of the debtors age analysis and the GL should be performed monthly and reviewed by management.</li> <li>Unallocated deposits and the suspense accounts should be investigated on a timely basis to ensure correct allocation of debtor's payments.</li> <li>The municipality should review debtors with credit balances and reconcile those accounts to ensure correct billing and correct allocation of payments and adjustments.</li> </ul>
		<p>Debtors book not</p>	<p>Debtors book</p>	<p>Review the debtor's book and identify long</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Customer care and data accuracy</b>	<p>Customer care and data accuracy</p> <p>The municipality does not have a functional customer care unit.</p> <p>A Customer Care Policy is not in place.</p> <p>The municipality has customer data integrity issues emanating from:</p> <ul style="list-style-type: none"> <li>▪ Incomplete, outdated, and inaccurate customer information makes it difficult to implement debt control processes.</li> <li>▪ Lack of unique identifier between different reports such as billing reports and valuation roll, and the general ledger makes it impossible to perform reconciliations and investigations.</li> <li>▪ Information from other departments such as town planning, technical services and community services does not filter through to the billing system resulting in crucial information not being considered on billing.</li> <li>▪ Lack of regular review of billing information.</li> <li>▪ Lack of regular review of indigents result in inaccurate indigent information.</li> </ul> <p>Data integrity issues contributes to low collection rate as customer statements are sent to incorrect customer contact details.</p>	<p>No effective customer care management Unit and Policy</p>	<p>Budget constraints</p>	<ul style="list-style-type: none"> <li>▪ Develop and implement a Customer Care Policy.</li> <li>▪ During the review of the Organisational Structure provide for a customer care unit adequately resourced with adequate employees.</li> <li>▪ Develop a custom-made windows-based customer queries system, that enables the customers and senior staff to track the queries progress.</li> <li>▪ Provide training to Customer Care Unit personnel to capacitate them on their roles and responsibilities.</li> </ul>
		<p>Customer details on the billing system are outdated resulting in statements being send to incorrect customers. Ultimately, this contributes to the low collection rate.</p>	<p>There are no systems in place to update customers details.</p>	<p>Develop and implement customer care procedures to ensure that customers information is updated timely.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Cost-reflective tariffs</b></p>	<p>Ramotshere Moiloa Local Municipality (RMLM) have not reviewed and benchmarked their tariffs in a long run except for electricity tariffs.</p> <p>Rural areas where some of municipal services are rendered are not considered in full when determining the tariffs. For example, there could be road maintenance, grave digging, water, and electricity supply that are not being billed accordingly by the municipality.</p> <p>In the 2022/23 financial year RMLM conducted a Cost of Supply Study to assess the cost reflectivity of their 2020/21 electricity tariffs. The results of the study indicated the following results:</p> <ul style="list-style-type: none"> <li>▪ The highest under recovery is Domestic (pre-paid) customer category with an under-recovery of R 16 529 406 per customer.</li> <li>▪ Manufacturing / Industrial is producing an under recovery of R 13 756 221 per customer.</li> <li>▪ RMLM is also under recovering on Free Basic Electricity (2 117 402), Agriculture, Commercial – prepaid (R1 924 127) and street lighting.</li> <li>▪ Total under recovery for the above categories is therefore R 34 327 156 outweighing an over recovery of R 14 512 868 by 136.52%.</li> <li>▪ RMLM is producing an over-recovery in the Domestic - conventional (726 874), Commercial - conventional (R10 895 810), Other consumers (R926 810) and sold to other municipal department customer (R1 963 373). All the</li> </ul>	<p>Loss of revenue due to the use of non-cost reflective tariffs.</p>	<p>Lack of systems of internal controls on tariffs review and approval.</p>	<ul style="list-style-type: none"> <li>▪ Develop systems of internal controls to ensure that tariffs are reviewed timely for council approval.</li> <li>▪ Extend the Cost of Supply Study to other service charges and Assessment rates ensure correctness and cost reflectiveness of tariffs.</li> <li>▪ Thereafter, recommend tariffs increases to the council.</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Indigent Management</b></p>	<p>There is no indigent management committee as provided for in the Indigent Management policy.</p> <p>Lack of reviews and verification of applications for indigents, resulting in an inaccurate indigent register.</p>	<p>No Indigent Management Committee.</p>	<p>Lack of management oversight over indigents.</p>	<ul style="list-style-type: none"> <li>▪ Establish an Indigent Management Committee through the ward committee system and proactively table list of all new indigent applications for approval to Council through the Finance Portfolio Committee after verification processes.</li> <li>▪ Monthly Indigent Management Committee meetings should be convened with minutes kept for future use.</li> </ul>
	<p>The municipality does not have an indigent management system and hence verifications of indigents applicants is not conducted.</p> <p>The municipality does not have proper processes to monitor extent of indigent expenditure.</p> <p>Indigents are not reviewed on an annual basis.</p> <p>BTF's contract expired on the 28<sup>th</sup> of Nov 2022 slowing down the registration of indigents. This was a service provider who was assisting the municipality in registering indigents.</p> <p>The municipality in the 2022/23 Revenue Enhancement Strategy recorded 1397 registered</p>	<p>There are no processes in place to ensure accurate recording of indigents as well as ensuring that an accurate indigent register is maintained.</p>	<p>Lack of management oversight over Indigent Management.</p>	<p>Annual, periodic review and alignment of the indigent policy.</p> <p>Develop a procedure manual for indigent management.</p> <p>Implement an Indigent Management System (IIMAS System).</p> <p>Perform indigents register cleansing to facilitate the removal of those who no longer qualify as indigent upon council approval.</p> <p>Obtain quarterly reports from Ward Committees to confirm status of the registered indigents.</p> <p>Perform comprehensive checks on a quarterly basis, to ensure that employees of other municipalities, district municipalities, Provincial Departments and National Departments are not included on the Indigent Register.</p> <p>Perform a comprehensive check on a quarterly basis to ensure that councillors of the</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Supply Chain Management</b></p>	<p>A Supply Chain Management Policy is in place as last approved in Jan 2022.</p> <p>Some procurements are done outside the Procurement Plan.</p> <p>There is no evidence of policy implementation monitoring, - and reports were not submitted quarterly to council.</p> <p>High levels of UIF&amp;W expenditures pointing towards SCM deficiencies.</p> <p>The SCM function is decentralised as some goods and services are procured outside SCM processes resulting in invoices being submitted without accompanying requisitions and orders.</p> <p>Furthermore, the SCM environment is compromised due to the following issues as reported by the Auditor General in the financial year 2021/22:</p> <ul style="list-style-type: none"> <li>Some of the goods and services of a transaction value above R200 000 were procured without</li> </ul>	<p>Non-compliance with SCM policies and regulations resulting in high levels of UIF&amp;W expenditure.</p> <p>Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a).</p> <p>Some of the contracts were awarded through a competitive bidding process that were not adjudicated by the bid adjudication committee as required by SCM Regulation 29(1)(a).</p> <p>Some quotations were accepted on bidders who did not submit declarations on whether they are employed by state or connected to any person employed by the state.</p>	<p>Decentralisation of the SCM function.</p> <p>There are no systems of internal controls to ensure that there is timeous procurement of goods or services.</p> <p>No effective steps are in place to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).</p> <p>Poor planning from departments resulting in goods and services being purchased on an emergency basis.</p> <p>Lack of capacity in the SCM department.</p>	<p>Centralise the SCM function to minimise or eliminate deviations from procurement processes.</p> <p>Develop and implement systems of internal controls to fully monitor compliance with SCM Policies and regulations.</p> <p>Coordination between Departments and the SCM Unit on the acquisition of goods and services as guided by the Procurement Plan.</p> <p>Commence procurement processes timely to ensure compliance with the SCM policies and regulations.</p> <p>Procure long term contracts for goods and services required for ongoing basis through long term contracts.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Financial control environment</b></p>	<p>The status of accounting records is unreliable.</p> <p>SOPs are not fully implemented.</p> <p>Inadequate reconciliation control.</p> <p>Financial resources are not utilised effectively, efficiently, and economically.</p> <p>Full and proper records of financial affairs are not kept in line with set prescripts. The municipality does not have an online platform to keep its financial records.</p> <p>Some expenditure items are not captured/recorded in time due to cashflow challenges. The end users do not capture invoices when they know that there is no cash available to make payments.</p>	<p>AG issues not resolved. This indicates lack of management commitment to resolve issues.</p> <p>Misstatements of AFS.</p> <p>Poor records management resulting in limitations of scope.</p> <p>Some invoices are not processed in the month incurred due to cashflow issues, thus affecting S71 reports send to NT.</p>	<p>Lack of following Standard procedures for BTO activities</p> <p>Poor skills &amp; capacity in BTO – particularly on Standard Operating Procedures.</p> <p>Financial constraints</p> <p>Liquidity problems</p>	<p>Develop and implement SOPs that covers monthly preparation of all reconciliations, reviews, and approval processes in line with the Delegations of Authority.</p> <p>Train officials on reconciliation control requirements.</p> <p>Procure an online platform to store the municipality's documents.</p> <p>Capture all expenditure items timely.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Expenditure and Creditor management</b>	<p>The expenditure department has 1 Manager &amp; 2 Clerks resulting in workload overburden &amp; threat to segregation of duties.</p> <p>A Cash Flow Committee was established in the FY2022/23; however, its functionality could not be determined as no minutes of monthly meetings were received.</p> <p>RMLM is not paying creditors within the legislated 30-day period due to cash flow challenges. Resulting in long outstanding creditors.</p> <p>The municipality owed creditors a combined amount of R 110 272 264.90 excluding creditors with debit balances of R 6 218 237.59 as at 23 March 2023; of which 73% of the creditors are in the 90 + days category.</p> <p>The creditors payment period increased from 75 days (FY2020/21) to 77 (FY2021/22) days and is still higher than the norm of 30 days.</p> <p>Top creditors owed more than R1 million as at 23 March 2023:</p> <ul style="list-style-type: none"> <li>▪ ESKOM is owed R94 904 470.72 which contributes 86% of its creditors.</li> <li>▪ Vimtsire Security &amp; Protection Services is owed R2 540 454.66 which</li> </ul>	<p>Creditors are not paid within the legislated 30-day period.</p>	<p>Failure to manage liquidity of the municipality.</p>	<ul style="list-style-type: none"> <li>▪ Ensure that the newly established cash flow committee meets monthly to deliberate on its mandate per the Terms of Reference.</li> <li>▪ All resolutions should be communicated to council for approval and the implementation should be strictly tracked.</li> <li>▪ All minutes and resolutions should be filed for future use.</li> <li>▪ Enter into / re-negotiate payment plans with major creditors and strictly adhere to them.</li> <li>▪ Create awareness and communicate all fundamental changes and requirements relating to the procurement and payment of goods and services to both internal and external stakeholders.</li> <li>▪ Prepare creditors reconciliations, reviewed, and approved in line with the CFO.</li> <li>▪ Ring fence revenue from bulk purchases to settle the outstanding debt on bulk purchases.</li> </ul>
		<p>There is inadequate control on spending.</p>	<p>Management not committed</p>	<ul style="list-style-type: none"> <li>▪ Develop and implement a Cost Containment Policy that is aligned to MFMA circular 82 for guidelines on cost containment measure, MFMA circular 97 and the Municipal Cost Containment Regulations (Gazette No: 42514).</li> <li>▪ The cash flow committee should strictly monitor compliance with the Cost Containment Policy. Officials who are noncompliant</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Grant management</b>	<p>RMLM does not have adequate systems of internal controls to ensure that:</p> <ul style="list-style-type: none"> <li>▪ All grants that it is entitled to are applied for and received;</li> <li>▪ For the received grants they are utilised according to their conditions and</li> <li>▪ Adequate documentation is kept for the grants received.</li> </ul> <p>There are instances whereby grants were utilised not for their purpose to the amount of R6 263 080 per AG Report for FY2021/22.</p> <p>The municipality had a cash and cash equivalents balance of R5 993 925 as at 30 June 2021, which was not sufficient to cover the unspent conditional grants of R6 585 957.00. This implies that some grants were utilised not for their purpose.</p> <p>Government grants &amp; subsidies as a percentage of total revenue was 66% and 67% in the financial year 2021/22 and 2020/21 respectively. This indicates that the municipality is grant reliant.</p> <p>For the financial year 2021/22, RMLM's unspent grants were as follows:</p> <ul style="list-style-type: none"> <li>▪ MIG = R 13 637 151.48,</li> <li>▪ NNMDM = R 1 382 602.93 and</li> <li>▪ LGSETA = R 919 182.38</li> </ul>	<p>Poor document management as the municipality does not have grants allocation and disbursements letters for some grants received.</p> <p>Misappropriation of grant funds which results in financial mismanagement practices.</p>	<p>No adequate controls to ensure that grants received are accounted for.</p> <p>Liquidity challenges</p>	<ul style="list-style-type: none"> <li>▪ BTO should get all the grants allocations and disbursements letters to ensure that grants are accounted for.</li> <li>▪ All letters should be kept safe for future use.</li> <li>▪ The municipality should implement systems of internal controls to adhere to grant conditions.</li> <li>▪ For the identified instances of noncompliance with the grant conditions the officials responsible should be held accountable. Noncompliance should be rectified immediately.</li> <li>▪ Internal audit must quarterly provide assurance on the existence and appropriateness of preventative controls in place.</li> <li>▪ Prepare monthly reconciliations; reviewed and approved in line with the Delegation of Authority.</li> <li>▪ Maintain separate account, reconciling to the disbursement schedule.</li> <li>▪ All unspent conditional grants must be 100% cash-backed by reserves and investments</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>mSCOA implementation</b>	<p>The municipality is utilizing SAGE Evolution accredited by mSCOA with all mSCOA compliant modules.</p> <p>RMLM is yet to have the Contract Management, Asset Management - AMS360 and Business Process Management for SCM modules integrated on the financial system.</p> <p>Per management representation, the municipality is utilising all the modules that it is paying for.</p> <p>There is no indication that mSCOA Steering Committee Meetings are scheduled monthly, the minutes and resolutions are not shared with the Provincial Treasury.</p> <p>Moreover, Provincial Treasury is not invited to the steering committee meetings. It is also not known whether the progress on the implementation of the mSCOA reforms is reported to Council and its committees (as relevant).</p>	<p>Slow progress on the implementation of an mSCOA compliant system.</p>	<p>mSCOA steering committee not functional.</p>	<ul style="list-style-type: none"> <li>The mSCOA Champion should ensure that the mSCOA Steering Committee conduct monthly meetings with PT invited.</li> <li>All mSCOA Steering Committee minutes should be circulated to PT and filed for future use.</li> <li>The progress on the implementation of mSCOA reforms should be reported to the Council and its committees (where relevant).</li> </ul>
			<p>BTO capacity constraints to run an mSCOA compliant system.</p>	<ul style="list-style-type: none"> <li>Train BTO personnel on mSCOA Financial System and circulars.</li> <li>Skills transfer should be included in the Terms of Reference (ToR) for system vendors.</li> <li>Ensure that the systems vendors transfer skills to the municipal employees/</li> <li>The IT Manager should monitor the transfer of skills and report the progress to the relevant committees.</li> </ul>
			<p>No systems of internal controls to monitor performance of service providers.</p>	<ul style="list-style-type: none"> <li>The system vendor should prepare weekly status and monthly reports that gives overall summary of the following: On-going activities, Completed tasks, Upcoming milestones and releases, Bug fixes and Action items across different application areas.</li> <li>IT manager should review the reports as evidence that the goods and services were received.</li> <li>Payments should be made to the system vendors only when the above is satisfied.</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Preparation of AFS</b></p>	<p>Overreliance on the work of consultants due to lack of skills within the municipality.</p> <p>The financial statements for the FY2020/21 were not submitted within 2 months after the end of the financial year per the requirements of the MFMA S126 (1) (a).</p> <p>RMLM has shown an improvement in the financial year 2021/22 as it submitted its AFS by the 31<sup>st</sup> of August 2022, which was within the legislated deadline.</p> <p>RMLM received a qualified audit opinion in the financial year 2021/22 as compared to prior years successive disclaimers.</p> <p>Per management representations, the municipality has not yet started with the preparation of 2022/23 financial statements as at 31<sup>st</sup> of March 2023. This will have a negative impact on the quality to the financials as the municipality has five (5) months left to submit them to the Auditor General for audit purposes. In addition, the improvement on the audit opinion might be impacted negatively.</p>	<p>Lack of capacity in BTO to prepare financial statements.</p> <p>No responsibilities have been assigned for the preparation of Financial Statements.</p>	<p>Capacity constraints in BTO</p>	<ul style="list-style-type: none"> <li>▪ Skills transfer should be included in the Terms of Reference (ToR) for service providers.</li> <li>▪ Management to effectively monitor skills transfers to municipal employees.</li> <li>▪ Upskill existing employees through the provision of training related to financial statements preparation and review.</li> <li>▪ BTO should have clearly defined roles and responsibilities assigned to its personnel for the preparation and review of financial statements.</li> <li>▪ RMLM should fast-track the preparation of financial statements for 2022/23 to meet the statutory deadline of the 31<sup>st</sup> of August 2023 and improve on its audit opinion.</li> </ul>

# FINANCIAL MANAGEMENT

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# FINANCIAL MANAGEMENT

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Budget Management</b>	Adoption of an unfunded budget.	<p>Review all tariffs to reflect cost.</p> <p>Compile a zero based budget for the financial year 2023/24 in line with reviewed targets for realistically anticipated revenue and expenditure trends.</p> <p>Implement severe cost cutting measures in the preparation of the 2023/24 budget.</p> <p>Prepare a 3-Year Budget Funding Plan with clear activities and goals.</p>	<p>Funded Budget for 2023/24</p> <p>Clearly defined 3-year budget funding plan.</p>	X		



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Revenue Management</b>	<p>No Revenue Enhancement Strategy.</p> <p>No procedures in place to ensure all meters are read for water and electricity.</p> <p>No reconciliations are performed between meter reading reports and consumption on billing reports.</p> <p>Billing inconsistencies.</p> <p>No register of all meter installations thereby affecting completeness of readings and billing for metered services.</p> <p>No reviews of prepaid electricity sales to identify meters that are not buying.</p> <p>Use of estimates due to broken meters.</p>	<p>Review the Revenue Enhancement Strategy and seek council approval.</p> <p>Perform a meter audit.</p> <p>Replace all broken meters with smart meters.</p> <p>Perform meter reading for all the meters and prevent the use of estimates.</p> <p>Revenue Technical Committee must conduct weekly meetings.</p>	<p>Approved Revenue Enhancement Strategy.</p> <p>A meter audit performed.</p> <p>Smart meters installed.</p> <p>Timeous monthly actual meter reading (No estimates).</p> <p>Weekly meetings conducted with resolutions implemented and minutes kept.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p>



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Revenue Management</b>	<p><b>Property Rates</b></p> <p>Low revenue billing due to incorrect market values being used in the billing system and not all customers being billed.</p> <p>Billing system is not cleansed as there are no processes in place to ensure that the billing system is updated with the reconciliation results.</p>	<p>Reconcile the General Valuation Roll to the Deeds Register to ensure that all rateable properties are included on the GVR.</p> <p>Engage the Valuer to ensure that all the rateable properties are correctly valued.</p> <p>Perform an audit to determine the uses of properties and correctly categorise them in the financial system in line with the Municipal Property Rates Policy.</p> <p>Approve and update the billing system (not through journals but updating the variables on the billing system) with the results of the reconciliations that were performed in the FY2021/22 as well as FY2020/21.</p> <p>Review all the variables on the billing system to ensure that they are accurate per the GVR and</p>	<p>Accurate GVR</p> <p>Accurate market values</p> <p>Correct categorisation of properties on the billing system</p> <p>Updated and accurate billing system</p> <p>Accurate variables on the billing system</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>		



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
Revenue Management	<p><b>Debtors Management</b></p> <p>The suspense accounts are not investigated.</p> <p>The Credit Control and Debt Collection Policy is not regularly reviewed.</p>	Investigate and correctly allocate balances in the suspense account.	Zero suspense account balance.	X		
		Review debtors with credit balance and those balances in the “blank” category in the age analysis and allocate them to the correct customers accounts.	Zero credit balances and “blank” category in the debtors age analysis.	X		
		Review the Credit Control and Debt Collection Policy for compliance and appropriateness.	Credit control and Debt Collection Policy.	X		
		Implement and monitor the Credit Control and Debt Collection Policy .	Improved collection rate.	X	X	X
		Implement charging of interest on outstanding debtors.	Debtors charge interest.	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Customer care and data accuracy</b>	No effective customer care management Unit and Policy	Develop and implement a Customer Care Policy.	Improved handling and resolving of customer queries.	X		
	Customer details on the billing system are outdated resulting in statements being send to incorrect customers. Ultimately, this contributes to the low collection rate.	Monitor implementation of a Customer Care Policy.	Improved handling of customer queries.	X	X	X
		Review the current workforce and reallocate idle employees to the customer care unit.	Capacitate Customer Care Unit.	X		
		Train Customer Care Unit personnel to capacitate them on their roles and responsibilities.	Capacitate Customer Care Unit.	X	X	X
		Develop a custom-made windows-based customer queries system to manage customers queries.	Capacitate Customer Care Unit.	X		
		Customer Care Unit manager or supervisor must perform weekly reviews of customer queries and ensure that long outstanding queries are addressed	Improved handling and resolving of customer queries.	X	X	X





FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Cost-reflective tariffs</b>	Loss of revenue due to the use of non-cost reflective tariffs.	Develop systems of internal controls to ensure that tariffs are reviewed timely for council approval.	Approved tariffs systems of internal controls	X		
		Review systems of internal controls on tariff reviews on a yearly basis to ensure relevancy.	Annual review of tariffs		X	X
		Extend the Cost of Supply Study to other service charges and assessment rates to ensure correctness and cost reflectiveness of tariffs. Thereafter, recommend tariffs increases to the council for approval.	Cost reflective tariffs	X		
		Council must approve cost reflective rates.	Cost reflective tariffs	X	X	X
		Upload cost reflective tariffs on the billing system.	Accurate tariffs on the billing system.	X	X	X
		Reconcile the tariffs on the billing system to the	Accurate tariffs on the	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Indigent Management</b>	No Indigent Management Committee.	Establish an Indigent Management Committee through the ward committee system and proactively table list of all new indigent applications for approval to Council through the Finance Portfolio Committee after verification processes.	Improved indigent management	X		
	No processes in place to ensure accurate recording of indigents as well as ensuring that an accurate indigent register is maintained.	Monthly Indigent Management Committee meetings should be convened with minutes kept for future use.		X	X	X
		Annually or periodically review and alignment of the indigent policy.		X	X	X
		Develop or review a procedure manual for indigent management.		X	X	X
		Implement an Indigent Management System (IIMAS System).		X	X	X
		Perform indigents register cleansing to remove those			X	



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Indigent Management</b>	Non-compliance with SCM policies and regulations resulting in high levels of UIF&W expenditure.	Centralise the SCM function to minimise or eliminate deviations from procurement processes.	SCM Unit performing all procurement activities.	X	X	X
		Develop and implement systems of internal controls to fully monitor compliance with SCM Policies and regulations.	Compliance with SCM policies and regulations	X	X	X
		Coordination between Departments and the SCM Unit on the acquisition of goods and services as guided by the Procurement Plan.	Procurement in line with the Procurement Plan	X	X	X
		Commence procurement processes timely to ensure compliance with the SCM policies and regulations.	Timely procurement.	X	X	X
		Procure long term contracts for goods and services required for ongoing basis through long term contracts.	Timely procurement.	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
Supply chain management compliance and value for money procurement	Non-compliance with SCM policies and regulations resulting in high levels of UIF&W expenditure.	Centralise the SCM function to minimise or eliminate deviations from procurement processes.	SCM Unit performing all procurement activities.	X	X	X
		Develop and implement systems of internal controls to fully monitor compliance with SCM Policies and regulations.	Compliance with SCM policies and regulations	X	X	X
		Coordination between Departments and the SCM Unit on the acquisition of goods and services as guided by the Procurement Plan.	Procurement in line with the Procurement Plan	X	X	X
		Commence procurement processes timely to ensure compliance with the SCM policies and regulations.	Timely procurement.	X	X	X
		Procure long term contracts for goods and services required for ongoing basis through long term contracts.	Timely procurement.	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Financial control environment</b>	AG issues not resolved. This indicates lack of management commitment to resolve issues.	Develop and implement SOPs that covers monthly preparation of all reconciliations, reviews, and approval processes in line with the Delegations of Authority. Address all the reconciling items timely.	Reconciliations are performed and reconciling items are resolved	X	X	X
	Misstatements of AFS.	Train officials on reconciliation control requirements.		X	X	X
	Poor records management resulting in limitations of scope.	Procure an online platform to store the municipality's documents.	Existence of an online document management system	X		
	Some invoices are not processed in the month incurred due to cashflow issues, thus affecting S71 reports send to NT.	Capture all expenditure items daily.	Expenditure items are captured daily.	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Expenditure and Creditor management</b>	Creditors are not paid within the legislated 30-day period.	Develop or annually review and implement a Cost Containment Policy.	Reduced expenditure	X	X	X
	There is inadequate control on spending.	Review SCM Policy and monitor implementation thereof.	Reduced Irregular expenditure	X	X	X
	Poor expenditure management practices.	The established cash flow committee must meet monthly to deliberate on its mandate per the Terms of Reference.	Improved municipal cashflow management	X	X	X
	Additional pressure on limited financial resources to service debt.	The cash flow committee should strictly monitor compliance with the Cost Containment Policy. Officials who are noncompliant should be held accountable.	Reduced expenditure	X	X	X
		Cash flow Committee resolutions must be tabled to council for adoption.	Improved municipal cashflow management	X	X	X
		Track implementation of council approved and	Improved municipal	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Grant management</b>	Poor document management as the municipality does not have grants allocation and disbursements letters, which is the instance with the Water Grants from Ngaka Modiri Molema District Municipality. This results in repeated findings from the Auditor General.	Develop and implement a yearly Project Plan that ensures that the municipality delivers the projects per the grant requirements and that no grants are forfeited.	Full utilisation of available grants.	X	X	X
		Monitor project completions in line with the Project Plan and apply proactive measures where delays are identified..	Full utilisation of available grants.	X	X	X
	Misappropriation of grant funds which results in financial mismanagement practices. Should the grant opportunity be lost the municipality will be in financial crisis as it is grant dependent.	Get all the grants allocations and disbursements letters to ensure that grants are accounted for. File them for future use.	Complete grants register	X	X	X
	Underutilisation of grant funds resulting in the municipality forfeiting available funds to improve service delivery.	Develop systems of internal controls to adhere to grant conditions.	Improved grant management	X		
		Implement systems of internal controls to adhere to grant conditions.	Improved grant management	X	X	X
		Review systems of internal controls to adhere to grant conditions.	Improved grant management	X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>mSCOA implementation</b>	Slow progress on the implementation of an mSCOA compliant system.	Development and implementation of MSCOA Roadmap.	Fully mSCOA compliant financial system.	X	X	X
	Misallocations and compromised data integrity.	The mSCOA Champion must ensure that the mSCOA Steering Committee conduct monthly meetings with PT invited.		X	X	X
		All mSCOA Steering Committee minutes should be circulated to PT and filed for future use.		X	X	X
		The progress on the implementation of mSCOA reforms should be reported to the Council and its committees (where relevant).		X	X	X
		Train BTO personnel on mSCOA Financial System and circulars.		X	X	X
		Skills transfer should be included in the Terms of Reference (ToR) for system vendors.		X	X	X





FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
Preparation of AFS	Lack of capacity in BTO to prepare financial statements.	Skills transfer should be included in the Terms of Reference (ToR) for service providers.	Municipal employees preparing the financial statements.	X	X	
	No responsibilities have been assigned for the preparation of Financial Statements.	Management to effectively monitor skills transfers from the service providers to municipal employees.	Municipal employees preparing the financial statements.	X	X	
		Upskill existing employees through the provision of training related to financial statements preparation and review.	Municipal employees preparing the financial statements.	X	X	
		BTO should have clearly defined roles and responsibilities assigned to its personnel for the preparation and review of financial statements.	Municipal employees preparing the financial statements.	X	X	X
		Start the preparation of financial statements for 2022/23 to meet the statutory deadline of the 31st of August 2023 and improve on its audit opinion. Thereafter ensure that financial statements preparation commences timely.	Credible AFS submitted for audit	X	X	X

# SERVICE DELIVERY

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### SERVICE DELIVERY

- Most infrastructure plans are either outdated or not developed due to lack of funding and inadequate consequence management from management.
- Lack of timely replacement of aged infrastructure and inability to build new infrastructure to cater for increased demand. Aging infrastructure due to poor maintenance.
- Inadequate repairs and maintenance also resulted in interruptions of service delivery to the consumers.
- Failure to account for water and electricity distribution losses from illegal connections as bulk meters were not installed on major substations and water treatment plants.
- Inconsistent water provision and no adequate meter reading. The municipality relies on borehole water supplied by the district municipality.
- Poor road conditions (potholes) due to poor road maintenance, lack of resources (financial and human).
- No land audits have been conducted recently.
- Aged sewer systems due to lack of maintenance resulting in spillage.
- Non review and enforcement of by-laws also contributing to increased distribution losses through illegal connections resulting in high operating losses.



# SERVICE DELIVERY

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>SDF and Master Plans</b>	<p>The municipality developed the SDF for 2022-2023 and was adopted by the council in May 2022.</p> <p>No updated records of the zoning of Land Use. Current updated were done before 2015.</p> <p>Inadequate staff in town planning unit.</p>	<p>No updated records of the zoning of Land Use. Current updated were done before 2015.</p> <p>No GIS system</p> <p>There is a possibility that the municipality has land that could be made available to private developers.</p> <p>The position of the town planner is currently vacant.</p>	<p>Inadequate skills set available.</p> <p>The unfunded budget and cashflow challenges inhibiting the municipality from outsourcing to 3rd parties.</p>	<p>Presently make use of contractors with specific skills.</p> <p>Utilise the shared service with other municipalities within the district.</p> <p>Cashflow committee should be established to deal with the cashflow management for the municipality.</p> <p>Appoint additional town planning staff; 2 town planners and 3 land use inspectors</p>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Water Master Plans (Portable Water Supply and Bulk Water)</b></p>	<p>The municipality has a population of 48 744 households and is servicing 2 925 urban households, 8 076 rural households and 32 786 tankering.</p> <p>The municipality does not have Master Plans, Water Infrastructure Maintenance Plan, Water Conservation and Water Demand Management Plan (WCWDMP) and Water Services Development Plan (WSDP),</p> <p>Water is provided by the district. The municipality only purify the water without owning the reservoirs. There is no SLA with NMMDM.</p> <p>Leaks are not investigated, and not system to immediately report leaks.</p> <p>A register of bulk meters is not maintained, hence no effective review and monitor of bulk meters.</p> <p>The municipality is incurring significant water distribution losses because of illegal connections.</p> <p>The billing system is not cleaned adequately.</p> <p>The municipality does not have a Bulk Contribution Policy.</p> <p>There are no procedures or processes in place to mitigate the risk of illegal connections for water.</p> <p>The municipality last presented the laws in 2015</p>	<p>No Master Plans, Maintenance Plans, and WCWDMP or WSDP. They are still in draft stage.</p> <p>Water leaks not attended to.</p> <p>Irregular water meter reading.</p> <p>The municipality does not maintain a register of bulk meters.</p> <p>The municipality has not water debt and it does not have a water SLA with NMMDM.</p>	<p>Budget constraints.</p> <p>Lack of standard operating procedures guiding readings for water.</p> <p>Overreliance on the work of external service providers.</p>	<p>Develop all the required sector plans</p> <p>Implement Network Maintenance.</p> <p>Attend to all reported faults and leakages</p> <p>Improve customers services; Attend to customer complaints urgently</p> <p>Install bulk water meters and maintain a register of installed meters.</p> <p>Finalise the water SLA with NMMDM.</p> <p>Seek assistance from the political office to deal with non-paying consumers</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Sanitation Master Plans (Sanitation Services)</b></p>	<p>The municipality has a population of 48 744 households and is servicing 8 288 urban (waterborne) households and 2 000 urbans (VIP).</p> <p>The municipality does not have a Sanitation Master Plan and Sanitation Infrastructure Maintenance plan.</p> <p>The municipality does not have Service Delivery Backlogs Reports from NMMDM.</p>	<p>No Master Plans for Sanitation and no sanitation maintenance plans.</p> <p>Failure to perform network maintenance services timely.</p>	<p>Budget constraints.</p> <p>Capacity constraints.</p>	<p>Develop and implement the 1) Sanitation Master Plan, and 2) Sanitation Infrastructure Maintenance Plan.</p> <p>Network Maintenance: 1) Attend to all reported faults and blockages, 2) Address sewage spillages, and 3) Reduce sewer blockages. This may require an awareness campaign with the assistance of the political office.</p> <p>Provision of additional VIP toilets to reduce the backlog</p> <p>The Septic suction tanker services must be provided at cost reflective tariffs</p> <p>The municipality should determine the Service Delivery Backlogs and all reported backlogs or faults must be attended to urgently.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Electricity Master Plans (Electricity Distribution and Supply)</b></p>	<p>The municipality has a population of 48 744 households and is servicing 5 551 households (connections) and Eskom is servicing 32 590.</p> <p>The municipality does not have Master Plans and Electricity Infrastructure Maintenance Plan. They are still in draft stage.</p> <p>A register of bulk meters is not maintained, thereby creating the risk that management may not effectively review and monitor bulk meters.</p> <p>The municipality is incurring significant electricity distribution losses because of illegal connections.</p> <p>The is no Electricity Loss Control Plan.</p> <p>The municipality does not have a Bulk Contribution Policy.</p> <p>There are no procedures or processes in place to mitigate the risk of illegal connections for electricity.</p>	<p>Lack of Electricity Master Plan, Maintenance Plan, Refurbishment Plan and Loss Management Plan.</p> <p>Vandalism and aging infrastructure.</p> <p>Electricity losses</p> <p>Electricity backlogs in rural areas.</p> <p>No meter audits were done recently.</p>	<p>Lack of Capacity.</p> <p>Poor network maintenance because of inadequate staff, fleet, material, and equipment.</p> <p>Capacity constraints</p> <p>Inadequate funding</p>	<p>Develop and implement the 1) Electricity master plan, 2) Electricity Maintenance and Refurbishment plan, 3) Electricity Loss Management Plan.</p> <p>Urgent maintenance on priority electrical failures</p> <p>Refurbish / upgrade electrical network according to priority implementation programme.</p> <p>Conduct electricity loss tests and update maintenance plans as required.</p> <p>Conduct meter audits and replace faulty meters.</p> <p>Submit a five-year business plan to DOE in line with the IDP needs per ward.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Roads and Stormwater Master Plans</b></p>	<p>The municipality does not have a Roads and Stormwater Master Plan and the Maintenance Plan. They are still at draft stage.</p> <p>The road infrastructure in the CDB, Groot Marico, Sandvlagte, Ikageleng and Lehurutse are in bad condition. Most of the roads have reached their life span, these roads need to be rehabilitated.</p> <p>The municipality does not have a Pavements Management System (PMS).</p> <p>The municipality does not collect data to determine the condition of the road infrastructure for decision making purposes.</p>	<p>Lack of road maintenance. Especially internal roads in the township and rural areas; rutting;</p> <p>Resulting in potholes; stormwater drain blockage; and vegetation growth on stormwater channels.</p> <p>Lack of road maintenance.</p> <p>No internal roads in townships and rural areas.</p> <p>Stormwater drains blockage; and vegetation growth on stormwater channels.</p> <p>Roads condition data not collected for monitoring purposes.</p>	<p>Capacity constraints.</p> <p>Lack of planning at the Municipality.</p> <p>Inadequate repairs and maintenance budget, unreliable machinery.</p> <p>Inadequate funding</p>	<p>Develop and implement the Roads and Stormwater Maintenance plan.</p> <p>Implement urgent Road Maintenance:.</p> <p>Attend to all reported potholes, stormwater drainage and clean related blocked drains, and urgent maintenance on priority surfaced and gravel roads.</p> <p>Rehabilitate roads as per Maintenance Plan.</p> <p>The municipality must have a PMS that outlines the following components: evaluation of optimal pavement performance; evaluation of the most efficient allocation of resources given budget constraints; analysis of data and resources; and Database management.</p>





FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Loss control (Water)</b></p>	<p>There is a high number of leakages in the water infrastructure network due to old asbestos pipes.</p> <p>Water losses due to illegal connections</p> <p>There is lack of material for maintenance.</p> <p>No inspections are conducted on illegal water and electricity connections.</p>	<p>The Municipality does not have water loss control measures in place.</p> <p>Water losses increased by 429.39% in the Financial Year 2020/21 as compared to 2019/20.</p> <p>There is lack of material for maintenance.</p> <p>There is no register of existing meters being maintained.</p>	<p>Rapid deterioration of infrastructure and inadequate infrastructure.</p> <p>Human resource constraints.</p> <p>Theft of water meters.</p> <p>Ageing fleet.</p> <p>No meter's register is maintained.</p> <p>Lack of management oversight on illegal connections.</p> <p>Inadequate funding</p>	<p>Develop and maintain a complete register of installed meters.</p> <p>Regular inspection of the existing infrastructure must be performed to determine any potential leaks.</p> <p>The municipality must have adequate employees on standby to address reported leaks.</p> <p>Adhoc investigations must be performed in properties to determine illegal connections.</p> <p>All illegal connections must be disconnected, and the perpetrators must be fined.</p> <p>Appointing a service provider to program faulty meters for accurate measurement.</p> <p>Install a metering system that uses advanced technology. A cost benefit analysis should be performed and approved in line with the Delegation of Authority.</p>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Loss control (electricity)</b></p>	<p>For 2019/20 Financial Year the distribution loss for electricity was R 22 725 781 (19 594 051 KWH) and for the Financial Year 2020/21 amounted to R23 293 345 (218 155 173 KWH).</p> <p>Ramotshere Local Municipality has no processes/procedures in place to mitigate the risk of illegal connections for electricity.</p> <p>The municipality does not have a register of installed meters.</p> <p>The appointment of service provider to install Smart meters is on hold due to a circular issued by treasury indicating intention to have a transversal contract.</p>	<p>There is no evidence of follow ups by meter readers on non-reading and large deviations.</p> <p>There is no exception report created for non-readings of more than one (1) month.</p> <p>Non-readings are not followed up and controls not implemented to perform a reading.</p> <p>There is no evidence that an estimate report is run for accounts where no meter readings were obtained.</p> <p>Smart meter installation on hold.</p>	<p>Lack of capacity in the programming of bulk meters.</p> <p>Aging electricity infrastructure.</p>	<p>Meter readers must report illegal connections identified during readings.</p> <p>Produce exceptions reports. All exceptions generated must be reviewed and corrective measures must be implemented immediately.</p> <p>Follow up and correct all deviations noted timely.</p> <p>Run estimates reports for accounts where meter readings were not obtained.</p> <p>Consider modernising the metering system rather than installation of meters in the reservoirs to measure consumption. A cost benefit analysis should be performed and approved in line with the Delegation of Authority.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Asset Management</b></p>	<p>The Asset Management Unit capacitated by three (3) permanent employees (Manager Assets Senior Clerk movable and immovable assets; and Senior Clerk Insurance and Liabilities.)</p> <p>The municipality does not have an Asset Management Plan.</p> <p>The municipality does not have inhouse engineering skills to oversee projects.</p> <p>The municipality utilises External Consultants support for GRAP 16 and GRAP 17.</p> <p>The municipality does not have an Assets Management System.</p> <p>Disposal and acquisition schedules are not regularly maintained.</p> <p>Poor asset management, asset register not GRAP compliant resulting in poor audit outcomes.</p> <p>There is an Asset Management Policy in place.</p> <p>Land to the value of R4,467,562.00 was sold without the knowledge of the Municipality.</p> <p>Lack of systems in place to avoid misuse and abuse of the municipality assets.</p>	<p>Lack of important asset management documents e.g. Asset Management Plan; Infrastructure Management Master Plans</p> <p>Continued increase in illegal occupation of municipal land.</p> <p>The risk of asset theft and or abuse.</p> <p>Movement of assets is not formally controlled</p>	<p>Capacity Constraints.</p> <p>Lack of consequence management.</p> <p>Inadequate transfer of skills.</p> <p>Absence of by-laws to control illegal occupations</p> <p>Lack of consequence management.</p> <p>Inadequate funding</p>	<p>Develop key important assets management documents.</p> <p>Adopt by-laws that regulates occupation of land.</p> <p>Perform a Land Audit.</p> <p>Ensure there are efficient systems in place to account for all municipal assets.</p> <p>Develop procedures to prevent misuse and abuse of municipal assets.</p> <p>Movement of assets must be recorded and approved in line with the Delegation of Authority.</p> <p>Perform follow-ups on land sold to determine the progress of the matter. Implement consequences management on involved municipality employees, in line with the policies.</p>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Revenue assets provision and maintenance (bulk meters and meters)</b>	<p>The Municipality is managing five reservoirs 1 in Kokstad Street, 2 in Kopitopi, and 2 in Smoeked Street where the bulk meters are installed. The new bulk meters were installed on the 1st of June 2022.</p> <p>The reservoir in Groot Marico is yet to be handed over to the municipality to manage.</p> <p>A register of Bulk Meters is not maintained.</p> <p>The municipality's infrastructure is aging and poorly maintained resulting in numerous faults and continuous outage in electricity.</p> <p>There is rapid deterioration of infrastructure and inadequate infrastructure, human resource constraints, theft of water meters and ageing fleet.</p>	<p>Lack of a GIS system to regularly review property information.</p> <p>Billing exception reports are not generated and reviewed by management to identify and resolve billing errors.</p> <p>The municipality does not maintain an updated list of all property falling within its juristic or demarcated area in its financial system.</p> <p>There is no approved list/ register of revised zonings been obtained from Corporate Department.</p> <p>There is no list/ register of "monthly final inspections", with "Occupation Certificates", confirming that the erection of the building has been completed &amp; that the building is ready to be occupied.</p> <p>The property records are not updated with detail of all structures on a plot from approved building</p>	<p>Lack of management reviews and oversight.</p> <p>Lack of standard operating procedures guiding the management of property rates, town planning and land use.</p> <p>Lack of effective communication between key departments as well as clear definition of roles and responsibilities.</p> <p>There is no budget to upgrade 11kv infrastructure for the 2020/21 Financial</p>	<p>Prepare and maintain the property register as required by section 23 of the MPRA.</p> <p>Develop and implement standard operating procedures guiding the management of property rates, including the requirement to prepare and regularly update the property register.</p> <p>Develop standard operating procedures relating to collection and management of property information, land use and zoning.</p> <p>Develop and maintain clear lines of communication should be established between all departments as well as clear definition of roles and responsibilities.</p> <p>Regularly review the property rates register and reconcile to the valuation roll and billing reports.</p> <p>Obtaining support from an external Service Provider to enhance capacity .</p> <p>Maintain a complete Revenue Assets register, reviewed</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Fleet Management</b></p>	<p>The Municipality has a few vehicles that are old and are due for replacement.</p> <p>Inadequate fleet poses challenges to the municipality to deliver basic services.</p> <p>The municipality has a Fleet Management Policy but no Fleet Management Strategy and Plan; Vehicle maintenance plan; and Vehicle replacement plan.</p> <p>The municipality has an Insurance Management policy</p> <p>The vehicles are insured.</p> <p>This financial year 5 bakkies were purchased and delivered through the district grant. By March 2023, the following equipment and trucks were purchased and await delivery;</p>	<p>The municipality's fleet is not roadworthy thereby compromising on service delivery such as attendance to water leaks.</p> <p>License fees continue to be paid on redundant vehicles.</p> <p>The fleet is not roadworthy thereby compromising on service delivery such as attendance to water leaks.</p>	<p>Capacity constraints.</p> <p>Lack of consequence management.</p> <p>Inadequate repairs and maintenance</p> <p>Nonavailability of Qualified Mechanics to perform regular repairs of vehicles.</p> <p>Inadequate funding</p>	<p>Develop and implement;</p> <ol style="list-style-type: none"> <li>1) Fleet Management Strategy and Plan,</li> <li>2) Vehicle Maintenance Plan,</li> <li>3) Insurance and Fuel Management policies,</li> <li>4) Vehicle Replacement Plan</li> </ol> <p>Cancel licenses of redundant vehicles and update new licenses.</p> <p>Check all operable vehicles for roadworthiness repaired and certified as roadworthy. If unsalvageable, then use as scrap parts or auction off vehicle in terms of legislation and policy.</p> <p>Perform a cost benefit analysis between the cost of acquiring new vehicles and the maintenance costs.</p> <p>Ensure that enough vehicles are acquired and allocated to the Departments to improve service delivery.</p>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Planning and Building Control</b></p>	<p><b>Building Control</b>            Operations and process of building plans approval in place.</p> <p>Building control regulations not enforced</p> <p>Lack of capacity &amp; tools of trade</p> <p><b>Land Development</b>            Township establishment process in place.</p> <p>Development and land use tariffs            Implementation of SPLUMA.</p> <p>The municipality does not have a list of buildings that were built without plans.</p> <p><b>Local Economic Development</b>            LED Forum and strategy and</p>	<p>Mushrooming of informal settlements</p> <p>No Cost reflective building approval tariffs</p> <p>In adequate bylaws addressing building contraventions and enforcing the building bylaws including compliance with zoning status.</p> <p>Limited land use inspections and building inspections.</p> <p>Lack of land for development which will result in potential revenue losses.</p> <p>Slow economic development which will result in potential revenue losses.</p>	<p>Lack of bylaws enforcement.</p> <p>Lack of capacity</p> <p>Inadequate budget</p> <p>Shortage of land.</p> <p>Lack of consequence management.</p> <p>Tariffs not cost reflective.</p>	<p><b>Building Control</b></p> <ul style="list-style-type: none"> <li>▪ Position of Town Planner be created and filled. There should be a vehicle allocated to the Building Control.</li> <li>▪ Streamline the building plans approval process</li> <li>▪ Set cost reflective building approval tariffs</li> <li>▪ Address building contraventions and enforce the building bylaws. This includes compliance with zoning status.</li> </ul> <p><b>Land Development</b></p> <ul style="list-style-type: none"> <li>▪ Improve the township establishment process, and thus levying of rates.</li> <li>▪ Make land available and attractive to private sector developers.</li> <li>▪ Review development and land use tariffs. Such as rezoning costs. Promulgate updated by-laws as required.</li> <li>▪ Generally, improve the implementation of SPLUMA (e.g., charging rezoning application fees)</li> </ul> <p><b>Local Economic Development</b></p> <ul style="list-style-type: none"> <li>• Operational LED Forums</li> <li>• Develop LED strategy and implementation plan</li> <li>• Generate revenue by exploiting tourism, mining development and other private business development opportunities.</li> </ul>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Housing Delivery</b></p>	<p>The municipality has a total of 48 744 households of which 92.4% of these are in formal settlements. The municipality have two (2) employees under the housing services.</p> <p>The municipality only plays facilitation role and Department of Human Settlement is implementing.</p> <p>The municipality does not have a Housing Sector Plan.</p> <p>There are RDP house that were allocated to the owners; however, the transfer of ownership has not been done to date. The number of the properties could not be determined as the municipality is in the process of identifying them.</p>	<p>The municipality does not have a Housing Sector Plan.</p> <p>No urgent approval of request for emergency houses.</p> <p>Conveyancing of “Old Stock” housing. No allocation of housing for the Municipality</p> <p>Abandoning of housing projects by the service providers</p> <p>Slow progress in transfer of houses.</p>	<p>Lack of capacity</p> <p>Lack of consequence management.</p> <p>Lack of coordination between the municipality and the Department of Local Government and Human Settlement and Housing Cooperation.</p>	<p>Adoption and review of a Housing Sector Plan.</p> <p>Urgent attention should be given to approval for emergency housing.</p> <p>Conveyancing of old stock houses be fast tracked by the Department of Local Government and Human Settlement and Housing Cooperation.</p> <p>Engage the department of human settlement and consider Public Private Partnership (PPP) to provide social housing.</p> <p>Engage the Department of Local Government and Human Settlement to develop a projects monitoring evaluation strategy.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Capital Projects and Grant Funded Projects (PMU and performance)</b></p>	<p>Some conditional grants are not utilised for the purposes that meet the conditions of the grant.</p> <p>The grant register is not updated during the year and is only updated at the end of the year.</p> <p>The PMU department maintains their own grant register which does not necessarily reconcile to the one maintained by the Budget Unit.</p> <p>The following projects were incomplete as the projects are due to be completed in 2022 and 2023 financial years:</p> <ul style="list-style-type: none"> <li>• Borakalalo Internal Roads and Stormwater – now completed</li> <li>• Gopane Bridges and Stormwater – in progress</li> <li>• Water Supply in Rietpoort – now completed</li> </ul>	<p>Incomplete grant funded projects.</p> <p>The grant register being updated at the end of the year exposes the Municipality to a risk of not fully utilizing their grant in the year in which it is allocated.</p> <p>There are poor projects planning and implementation; and this resulted in late appointment of service providers for some projects.</p> <p>Lack of coordination with the SCM delay procurement.</p>	<p>Lack of consequence management.</p> <p>Lack of coordination with the SCM.</p>	<p>Improve administration and unlock the grant funded projects</p> <p>Improve capacity and technical skills e.g., MISA, DM, etc.</p> <p>Provide training in grant conditions and guidelines</p> <p>Improve planning and implementation</p> <p>Continuous oversights on the Projects' Scope.</p> <p>On the table feasibility studies for projects.</p> <p>Capital projects to be included in the internal audit plan.</p> <p>Improve coordination with the SCM.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Waste and Refuse Removal</b></p>	<p>The three landfill sites are permitted. That is Zeerust landfill site at Lehurutshe landfill site at Groot Marico landfill site.</p> <p>The Landfill Site is filthy with no proper monitoring.</p> <p>The fencing of the Landfill site was approved through the MIG grant.</p> <p>The Department of Forestry, Fisheries and the Environment has donated a front-end loader to the municipality to be used for illegal dumps.</p> <p>The Municipality has a few vehicles that are old and are due for replacement.</p> <p>The municipality relies on contracting with the external Service Providers.</p> <p>Medical waste from the medical health facilities is taken away by a Medical Waste Company for incineration. No problems with the disposal of medical waste.</p>	<p>The Landfill Site are not compliant with the requirements of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).</p> <p>Lack of landfill site monitoring.</p> <p>The municipality does not have a Refuse Removal Management Maintenance and Refurbishment Plan.</p> <p>Poor and inconsistent collection of household waste.</p> <p>Aged and inadequate fleet compromises waste and refuse removal.</p>	<p>Lack of consequence management</p> <p>Lack of consistent review of bylaws.</p> <p>Lack of capacity</p> <p>Inadequate funding</p>	<p>Adequate repair and maintenance of plant and equipment for example front end loader and bulldozer.</p> <p>Adhere to legislation to become compliant as a landfill site operator.</p> <p>Review Waste Management bylaws and promulgate them. Ensure enforcement of those bylaws.</p> <p>Install weighbridges on landfill sites; fence and electrify the landfill sites. And collect revenue from users at landfill sites.</p> <p>Develop and implement Refuse Removal Management Maintenance and Refurbishment Plan</p> <p>Ensure that the equipment for maintenance and operations of refuse removal is repaired and maintained adequately.</p> <p>Review Waste Management bylaws and promulgate them. Ensure enforcement of those bylaws.</p> <p>Conduct awareness campaigns for illegal dumping.</p>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Community Facilities, Operational Buildings, Sports, and Recreational Facilities</b></p>	<p>Recreational facilities are currently run with no maintenance plan and operation Plan.</p> <p>No refurbishments of facilities are planned.</p> <p>Tariffs currently in use are none Cost reflective on all services rendered.</p> <p>There is no evidence of review of SLAs</p> <p>The Municipality is managing four cemeteries in the urban areas of Zeerust, Groot Marico, Ikageleng and Lehurutshe. In rural areas the municipality only assists with fencing. They are confronted with several challenges that emanate from operating under budget constraints.</p>	<p>The municipality does not have a Recreational Facilities Maintenance Plan and a Maintenance and Operations Plan.</p> <p>The recreational facilities are being operated with no maintenance plan and operational plan in place.</p> <p>The tariffs in use are outdated.</p> <p>There are no SLAs.</p> <p>The municipality faces several challenges in managing the cemeteries:</p> <ul style="list-style-type: none"> <li>▪ Free graves as Indigent register not updated</li> <li>▪ Lack of adequate budget to maintain the cemeteries.</li> <li>▪ Challenges in acquiring land for new cemeteries.</li> <li>▪ Lack of cemetery management system.</li> <li>▪ Vandalism of tombstones and theft of artefacts and railings.</li> </ul>	<p>Lack of capacity.</p> <p>Lack of consequent management.</p> <p>Inadequate funding</p> <p>Lack of land</p>	<ul style="list-style-type: none"> <li>• Develop and implement Recreational Facilities Maintenance Plan</li> <li>• Review the Maintenance and Operation Plan in order to be effective</li> <li>• The municipality should refurbish priority facilities.</li> <li>• Review Waste Management bylaws and promulgate them. Ensure enforcement of those bylaws.</li> <li>• Introducing cost reflective tariffs on all services rendered; (e.g., pruning of trees, cleaning of erfs)</li> <li>• Review leases for Public Amenities i.e., halls, Ikageleng, stadium etc.</li> <li>• Verification of the Indigent Register to curb provision of free burial sites to no indigent's residents.</li> <li>• Negotiate with DSAC with the view of requesting financial funding for library services.</li> </ul>



# SERVICE DELIVERY

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Mechanical workshops</b>	<p>The municipality is operating a poorly equipped workshop with most of the repair work on the fleet outsourced.</p> <p>There are vacant posts to be filled of two mechanics (one diesel and one petrol mechanic)</p>	<p>The mechanical workshops are poorly equipped.</p> <p>There are no qualified mechanics to work in the workshops.</p>	<p>Unavailability of funds to properly equip the workshop and employ qualified mechanics to provide inhouse maintenance.</p> <p>Lack of consequent management.</p> <p>Budget constraints</p>	<p>The municipality should ensure that the mechanical workshops is functional to repair vehicles and equipment internally.</p> <p>The workshop should be equipped with basic tools and equipment and stock.</p> <p>The workshop should comply to OHS standards.</p> <p>The municipality should repair / salvage dysfunctional equipment.</p> <p>The municipality should auction off redundant equipment in line with legislation and policy.</p>



# SERVICE DELIVERY

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Security Services</b>	<p>The Municipality does not have a Security Policy and all the security services are outsourced to Vimtsire security and protection services. The contracted price month is R1 090 584,18 (VAT inclusive subject to PSIRA escalations) for the period 1 May 2020 to 30 April 2023. The total contract value over the 3 years is R39 261 030.48.</p> <p>The contract with Vimtsire security and protection services is for the protection of all municipal assets.</p>	The framework or policy for security services provision and safeguarding municipal assets is not in place.	<p>Inadequate control environment.</p> <p>Lack of security policy.</p>	Develop and implement a security policy, that safeguard municipal assets including service delivery assets.



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Public Safety, Traffic and Licensing</b></p>	<p>There Traffic Officers who resigned and retired have not yet been replaced.</p> <p>Traffic Officers at political offices must go back to their workstations.</p> <p>There are issues of skills audit and job grading that will be embarked on for Traffic Officers for Rank structure.</p> <p>Municipality has currently six (6) traffic officers out of 13 approved in the structure.</p> <p>The municipality had a roadblock trailer which was used for collection of outstanding traffic fines.</p> <p>This function is one of revenue generation and needed to be scaled up.</p> <p>The municipality intends appointing additional six (6) traffic officers to supplement the current cohort of traffic officers.</p> <p>SLA for roadblock machine has been extended for another 3 years.</p>	<p>Inadequate resources to perform public safety, traffic, and licensing services.</p> <p>Loss of revenue from licenses due to possible fraudulent activities within DLTC.</p> <p>The municipality did not pay the 80% Department of Transport entitlement as per the agreement</p>	<p>Budget constraints</p> <p>Unfunded budget.</p> <p>Failure to allocate funds for their purposes.</p> <p>Lack of systems to ensure accountability.</p>	<p>Recruit additional Traffic Officers.</p> <p>Perform a skills audit on the Traffic Officers.</p> <p>Make the roadblock trailer functional to improve traffic fines collection.</p> <p>Upscale the function as it is one of the important revenue generators.</p> <p>Implement an anonymous hotline for report of fraud.</p> <p>Consider renovating its dilapidated buildings and accommodate other Units or Departments such as DLTC.</p>

# SERVICE DELIVERY

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# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Spatial Development Framework (SDF)</b>	No updated records of the zoning of Land Use, Municipality land ownership unclear, No GIS system, The unfunded budget, Cashflow challenges, Inadequate staff available.	Conduct a land audit to determine the extent of the land owned by the municipality.	Proper infrastructure planning, Increased billing,	X		
		Utilise the shared service with other municipalities within the district	Improve Building Utilisation	X		
		Ensure that the newly established Cashflow Committee is functional to deal with the municipal cashflow management.	Improved Revenue Collection	X		
		Develop and implement a new updated Spatial Development Framework (SDF).	Compliant Asset Management Plan		X	X
		Acquire and implement a GIS system	Compliance Asset Management Policy		X	X
		Appoint additional town planning staff; 2 town planners and 3 land use inspectors	Asset maintenance plans			X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
Portable Water Supply and Bulk Water	No masterplans	Attend to all reported faults and leakages	Reliable service	X		
		Audit and clean up billing database	Increased billing	X		
	Leaks are not investigated.	Audit water meters;	Increased billing	X		
		• Replace malfunctioning meters				
	No system to immediately report leaks.	• Capture non-metered households				
		Improve customers services. Attend to customer complaints urgently	Improve Customers Services	X		
	No meter reading timetable.	Seek assistance from the political office to deal with non-paying consumers.	Increased billing	X		
	No register of bulk meters.	Install bulk water meters and maintain a register of installed meters.	Accurate Accounting Of Water, Reduce losses	X	X	
	High distribution losses	Develop and implement the Water Master Plan	Efficient and sustainable water management		X	X
	Billing system is not cleaned.	Develop and implement the Water Infrastructure Maintenance Plan	Efficient and sustainable water management		X	X
	Outdated By-Laws	Develop the Water Conservation and Water Demand Management (WCWDM) plan, and the Water Service Development Plan (WSDP)'.	Efficient and sustainable water management		X	X
	Poor drinking water quality	Compile and implement the Water Loss Management Plan	Reduce water losses		X	X
	Lack of accounting,	Develop and implement standard operating	Efficient and sustainable water		X	X
Low Revenue Collection						





# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
Portable Water Supply and Bulk Water	No masterplans	Develop the water by-laws and enforce	By-laws		X	X
	Leaks are not investigated.	Develop procedures or processes to mitigate the risk of illegal connections for water.	Reduction in illegal connection Increase in revenues and improved cash flows		X	X
	No system to immediately report leaks.	Implement water maintenance schedules.	Maintained water infrastructure		X	X
	No meter reading timetable.	Network Maintenance and refurbishment by Refurbishment of water services infrastructure	Provision of new water infrastructure while upgrading existing infrastructure		X	X
	No register of bulk meters.	Finalise the water SLA with NMMDM.	Provision of new water infrastructure while upgrading existing infrastructure		X	X
	High distribution losses	Develop internal staff for water infrastructure development and maintenance	Competent staff		X	X
	Billing system is not cleaned.	Enforce Water by-laws; • Disconnect illegal connections. Awareness Campaign maybe required with the assistance of political office. • Enforce relevant fines	Reduction in illegal connection Increase in revenues and improved cash flows		X	X
	Outdated By-Laws	Water quality management and compliance, with SANS 241; • Achieve Blue Drop Requirements. • Monitor water quality constantly and introduce quick corrective measures	Achieve Blue drop status. Quality water and an environment not harmful to human health and wellbeing		X	X
	Poor drinking water quality					
	Lack of accounting,					



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Loss control (Water)</b>	Old asbestos pipes in system	Develop and maintain a complete register of installed meters.	Reduce water losses	X	X	X
	No loss control measures.	Reduce unaccounted Water (water losses) by Installing bulk water meters and zonal meters to conform purchased water and monitor water losses.	Reduce water losses	X	X	X
	Water losses increasing	Reduce unaccounted Water (water losses) by Capture non-metered households	Improved billing	X	X	X
	Lack of material for maintenance.	Install bulk water meters and zonal meters to conform purchased water and monitor water losses. Finalize the procurements.	Improved billing	X	X	X
	No updated existing meter register	Negotiate with NMMDM to take over the abstraction permit, through the water SLA.	Improved water service	X	X	X
	illegal connections	Regular inspection of the existing infrastructure must be performed to determine any potential leaks.	Reduce water losses	X	X	X
	Rapid deterioration of infrastructure and inadequate infrastructure.	Performed adhoc investigations in properties to determine illegal connections.	Reduction in illegal connection Increase in revenues and improved cash flows	X	X	X
	Human resource constraints.	Appointing a service provider to program faulty meters for accurate measurement.	Reduce water losses	X	X	X
	Theft of water meters.	Replace all asbestos pipes in the system	Reduce water losses		X	X
	Ageing fleet.	Develop and implement a system to constantly deal with	Reduction in illegal connection Increase in revenues and improved		X	X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Unmetered consumption (Water)</b>	Unmetered consumption.	The municipality should perform a meter audit.	Improved billing	X	X	X
	Some customers are not billing.	Reduce unaccounted Water (water losses) by Capture non-metered households	Improved billing	X	X	X
	No records unmetered customers Data not cleansed and updated on a regular basis.	Install bulk water meters and zonal meters to conform purchased water and monitor water losses. Finalize the procurements.	Improved billing	X	X	X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Sanitation Services</b>	No masterplans	Network Maintenance	Reliable sanitation services	X		
	No Backlogs Reports from NMMDM	Attend to all reported faults, spillages, and blockages	Reliable sanitation services	X		
		Improve customers services	Improve Customers Services	X		
		Attend to customer complaints urgently	Improve Customers Services	X		
	Budget constraints.	Development and implement the Sanitation Master Plan	Improve the quantity and quality of municipal infrastructure and services		X	X
	Rapidly deteriorating infrastructure	Development and implement the Sanitation Infrastructure Maintenance Plan	Improve the quantity and quality of municipal infrastructure and services		X	X
	Lack of maintenance	Determine the Service Delivery Backlogs	Reduction of current backlogs		X	X
	Inadequate infrastructure	The Provision of additional VIP toilets to reduce the sanitation backlog.	Reduction of current backlogs		X	X
	human resource constraints	• Insure the WWTW effluent are compliance with the relevant regulations	Quality wastewater and an environment not harmful to human health and wellbeing		X	X
	Vandalism	• Achieve the Green Drop Compliance				
	Constant sewer spillages	Continuously treat and test effluent quality, and introduce quick corrective	Quality wastewater and an environment not harmful to human		X	X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Electricity Distribution and Supply</b>	No master plans.	Urgent maintenance on priority electrical failures	Reduce losses	X		
	No Maintenance Plan	Conduct meter audits and replace faulty meters.	Increase revenue, Improved service delivery	X		
	No Loss Management Plan.	Update/verify GIS System with serial number of installed meters.	Increase revenue, Improved service delivery	X		
	Poor network maintenance	Develop and implement the Electricity master plan	Service delivery frameworks		X	X
	Vandalism and aging infrastructure.	Develop and implement the Electricity Maintenance and Refurbishment plan	Approved Maintenance and refurbishment Plan		X	X
	Electricity losses.	Reduce losses	Reduce losses		X	X
	Electricity backlogs in rural areas.	Refurbish / upgrade electrical network according to priority implementation programme.	Reduce losses	X	X	X
	Not monitoring the bulk meter register.	Conduct electricity loss tests and update maintenance plans as required.	Reduce losses	X	X	X
	No verification of installed meters	Develop and implement a system to deal with illegal connections	Reduce losses		X	X
	No meter audits were done recently.	Submit a five-year business plan to DOE in line with the IDP needs per ward.	Improved service delivery		X	X
	High distribution losses.	Maintain a register of bulk meters	Increase revenue, Improved service delivery	X	X	X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Loss control (Electricity)</b>	No exception reports for analysis of deviations and non-reading.	Meter readers to report illegal connections identified during readings.	Reduce losses	X	X	X
	Non-reading and large deviations not followed up.	Produce exceptions reports from the system.	Reduce losses	X	X	X
	An estimate report is no run for accounts where no meter readings were obtained.	Review all the generated exceptions and implement corrective measures immediately.	Reduce losses	X	X	X
	Inadequate management oversight and noncompliance with policy.	Follow up and correct all deviations noted timely.	Reduce losses	X	X	X
	Lack of capacity in the programming of bulk meters.	Run estimates reports for accounts where meter readings were not obtained.	Increase revenue, Improved service delivery	X	X	X
	Aging electricity infrastructure.	Procure material for maintenance.	Improved service delivery	X	X	X
	Smart meter installation on hold.	Follow up on the treasury's smart meter transversal contract, and implement.	Increase revenue, Improved service delivery	X	X	X
		Develop and maintain a complete register of installed meters.	Increase revenue, Improved service delivery		X	



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Roads and Stormwater Drainage</b>	<p>No Road and Stormwater Master Plans.</p> <p>No Maintenance Plan</p> <p>Roads have reached their life span</p> <p>Roads in poor condition</p> <p>Difficulties in planning for MIG project due to the absence of the Roads and Stormwater Master Plans.</p> <p>Lack of road maintenance.</p> <p>No internal roads in townships and rural areas.</p> <p>Stormwater drains blockage; and vegetation growth on stormwater channels.</p> <p>Roads condition data not collected for monitoring purposes.</p> <p>Capacity constraints.</p> <p>Lack of planning at the Municipality.</p> <p>Inadequate repairs and maintenance budget, unreliable machinery.</p> <p>Inadequate funding</p>	Urgent Road Maintenance; Attend to all reported potholes, stormwater drainage and clean related blocked drains	Repaired roads	X		
		Urgent maintenance on priority surfaced and gravel roads, including installing road signs and road markings.	Repaired roads	X		
		Develop and implement the Roads and Stormwater master plan.	Planned Roads and Stormwater		X	X
		Develop and implement the Roads and Stormwater Maintenance Plan	Approved Maintenance Plan		X	X
		Maintenance of roads infrastructure through internal capacity and outsourced services	Repaired roads		X	X
		Rehabilitate roads as per maintenance schedule	Rehabilitated roads		X	X
		Purchase roads construction and maintenance equipment.	Functional Equipment		X	X
		Develop and implement the Pavements Management System (PMS) that outlines the following components:	Completed roads projects		X	X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Infrastructure Asset Management</b>	No Infrastructure Asset Management Plans.	Update all records of contracts/leases entered to use municipality facilities and buildings.	Proper infrastructure planning, Increased billing,	X		
	Poor infrastructure maintenance.	Improve municipal building utilisation by leasing unused buildings and space	Improve Building Utilisation	X		
	Disposal and acquisition schedules are not maintained.	Urgent maintenance of municipal buildings.	Functional Infrastructure	X		
	Fixed assets register not updated regularly.	Ensure that the external consultants transfer skills on the preparation of GRAP compliant Asset Register	Improved Asset Management	X	X	
	The risk of asset theft and or abuse.	Perform a Land Audit.	Improved Asset Management	X	X	
	Movement of assets is not formally controlled	Implemented Debt and Credit Control Policy and was able to engage the debt collection company on best collection mechanisms. Encouraged communities to pay for their services.	Improved Revenue Collection	X		
	Capacity constraints.	Develop and implement Infrastructure Asset Management Plans, and infrastructure operation and maintenance programmes.	Compliant Asset Management Plan		X	X
	Lack of consequence management.	Ensure compliance with Asset Management Policy and procedure manual.	Compliance Asset Management Policy		X	X
	Inadequate transfer of skills.	Implement Infrastructure Sector Plans and Maintenance Plans.				X
	Inadequate funding	Audit of current infrastructure to determine state, taking into consideration service backlogs and long-				





FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Infrastructure Asset Management</b>	No Infrastructure Asset Management Plans.	Develop infrastructure business plans for infrastructure funding. Create plans for counter funding.	Infrastructure funding		X	
	Poor infrastructure maintenance.					
	Disposal and acquisition schedules are not maintained.	Regularly update and maintain the fixed Asset Register	Update and maintained Asset Register		X	X
	Fixed assets register not updated regularly.	Develop and implement procedures to prevent misuse and abuse of municipal assets. The Asset Manager must monitor any instances of misuse or abuse of the municipality's assets.	Reduce asset losses		X	
	The risk of asset theft and or abuse.					
	Movement of assets is not formally controlled	Develop and maintain records of assets movements. Assets movements must be approved in line with the Delegation of Authority.	Reduce asset losses		X	X
	Capacity constraints.					
	Lack of consequence management.	Develop mechanism to monitor and reduce vandalism and theft of infrastructure components.	Improved Security		X	X
Inadequate transfer of skills.	Adopt by-laws that regulates occupation of land.	Improved Asset Management		X		
Increased illegal occupation of municipal land.						
Absence of by-laws to control illegal occupations.	Review contracts and tariffs on municipal buildings being leased and hired.	Increased Revenue		X		
Lack of consequence management.						
Inadequate funding						



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Capital Grant Funds</b>	Grant register is not updated	Investigate the cause of under spending and reduction of grant funds and develop a plan to address the shortcomings.	Improved implementation of projects	X		
	Incomplete grant funded projects.	Provide training in grant (and other grant) conditions and guidelines.	Improved service delivery	X		
	Grant register being updated at the end of the year.	Improve the capacity of the grant funded projects by filling critical vacant posts and provide training.	Improved forward planning and implementation of projects. Improved service delivery		X	X
	Poor project planning and implementation	Implement the plan to improve grant spending based on the findings made.	Improved forward planning and implementation of projects. Improved service delivery		X	X
	Lack of coordination with the SCM delay procurement.	Improve administration and unlock the MIG (and other grant) funded projects	Improved forward planning and implementation of projects. Improved service delivery		X	X
	Lack of consequence management.	Improve planning, implementation and monitoring of projects	Improved forward planning and implementation of projects. Improved service delivery		X	X
	Lack of coordination with the SCM.	Develop and implement a training and capacity building programme	Improved forward planning and implementation of projects. Improved service delivery		X	X
		Constant engagement with the SCM	Improved forward planning and implementation of projects. Improved service delivery		X	X



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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Capital Grant Funds</b>	Grant register is not updated	Resolve issues in incomplete projects and issue that they are completed	Completed projects. Improved service delivery		X	X
	Incomplete grant funded projects.					
	Grant register being updated at the end of the year.	Ensure that planned projects for the next MTEF have been approved by council.	Improved forward planning and implementation of projects. Improved service delivery		X	X
	Poor project planning and implementation					
	Lack of coordination with the SCM delay procurement.	Develop a list of potential projects and conduct feasibility studies for projects	Improved forward planning and implementation of projects. Improved service delivery		X	X
	Lack of consequence management.					
	Lack of coordination with the SCM.	Maintain an updated grant register reconciled with the Budget Unit.	Improved forward planning and implementation of projects. Improved service delivery		X	X



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Waste Disposal and Refuse Removal</b>	No Refuse Removal Management Maintenance and Refurbishment Plan	Implement a regular refuse removal schedule.	Irregular collection	X		
	Landfill sites not compliant	Conduct awareness campaigns on illegal dumping and enforce municipal by-laws.	Reduced Illegal Dumping	X		
		Repair most urgent current equipment to carry out basic maintenance and operations of refuse removal	Functional Plant and Equipment	X		
	Lack of landfill site monitoring.	Complete and implement the Refuse Removal Management Maintenance and Refurbishment Plan.	Improved Refuse Removal Service		X	X
	The bylaws are outdated.	Develop and implement the Waste Management, the Waste Management by-law and the Integrated Environmental Management By-law.	Approved By-laws		X	X
	No risk assessment reports for operating the Landfill Site	Review the Waste Disposal and Refuse Removal tariffs policy.	Updated tariffs, policy and by-laws.		X	X
	No documented plans for landfill site to develop after end-use.	Non-enforcement of bylaws. Conduct awareness campaigns on illegal dumping and enforce municipal by-laws.	Safe and clean environment		X	X
	Poor and inconsistent collection of household waste.	Purchase new fleet of solid waste collection trucks and equipment for maintaining landfill sites	Functional Plant and Equipment		X	
	Aged and inadequate fleet compromises waste and refuse removal.	Adequate repair and maintenance of plant and				



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Waste Disposal and Refuse Removal</b>	No Refuse Removal Management Maintenance and Refurbishment Plan	Source funding or through budget for the feasibility study of the upgrading of landfill sites	Landfill sites Feasibility study		X	
		Upgrading of the existing landfill sites.	Compliant Landfill operator		X	
	Landfill sites not compliant	Perform risk assessments for operating a landfill site.	Safe and clean environment		X	
	Lack of landfill site monitoring.	<ul style="list-style-type: none"> <li>Undertake the electrification and fencing of all landfill site.</li> <li>Install weighbridges on landfill sites.</li> <li>Collect revenue from users at landfill sites.</li> </ul>	Revenue collected in line with usage		X	X
	The bylaws are outdated.					
	No risk assessment reports for operating the Landfill Site	Manage and maintain the landfill sites according to the Minimum Requirements for Waste Disposal by Landfill	Compliant Landfill operator		X	X
	No documented plans for landfill site to develop after end-use.	Adhere to legislation to become compliant as a landfill site operator	Compliant Landfill operator		X	X
		Capacity building for waste management personnel in Technical Department	Effective Service Delivery		X	
	Poor and inconsistent collection of household waste.	Review and renew expired SLAs for maintenance plant and equipment used to manage landfill sites and for refuse removal.	SLA Concluded		X	
	Aged and inadequate fleet compromises waste and refuse removal.	Initiate private waste contractors to be active in the municipal area.	Safe and clean environment		X	X
	Initial recycling projects for waste in communities.	Community projects		X	X	



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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Fleet Management</b>	No Fleet management sector plans	Ensure that the mechanical workshop is functional to repair vehicles and equipment internally	Functional equipment	X		
	License fees continue to be paid on redundant vehicles.	Cancel licenses of redundant vehicles and update new licenses.	Reduce losses	X		
		Repair / salvage dysfunctional equipment	Functional equipment	X		
	Old and aging fleet	Auction off redundant equipment in line with legislation and policy	Functional equipment	X		
	Fleet is not roadworthy	Develop and implement the Fleet Management Strategy and Plan	Approved Fleet Management Strategy and Plan		X	X
	Inadequate fleet Capacity constraints.	Develop and implement the Vehicle Maintenance Plan	Controlled and planned servicing and maintenance of vehicles		X	X
		Develop and implement the Insurance and fuel management policies	Cost saving in fleet and fuel management		X	X
	Lack of consequence management.	Develop and implement the Vehicle replacement plan	Planned vehicle procurement		X	X
	Inadequate repairs and maintenance	All operable vehicles to be checked for roadworthiness repaired and certified as roadworthy. If unsalvageable then use as scrap parts or auction off vehicle in terms of legislation and policy	Valid roadworthy certificates for all operable vehicles		X	X
		Equip mechanical workshop with basic tools and equipment and stock for priority, medium term operations	Functional equipment		X	X
	Nonavailability of staff.	Perform a cost benefit analysis between the cost of acquiring new vehicles and the maintenance costs.	Functional fleet		X	X
	Inadequate funding					



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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE	
<b>Planning and Building Control</b>	Building Control	Streamline the building plans approval process, to ensure that the turnaround time for approval of the plans is in line with the set standards.	Uniformity and compliance to building regulations, Improve on turn-around times	X	X		
	Mushrooming of informal settlements	Improve customer care service, including feedback/ communication system with stakeholders	Improved customer care service	X			
	Lack of tools of trade	Inadequate budget	Increase revenue by speeding up of township establishment and thus collect more levy from rates.	X			
	Inadequate bylaws	Tariffs not cost reflective.	Accurate billing of development, land use and rezoning tariffs.	X			
	Inadequate bylaws	Lack of land for development	Position of Town Planner be created and filled. There should be a vehicle allocated to the Building Control.		X	X	
	Building control regulations not enforced	Slow economic development	Appoint the Chief building inspector and the building inspectors.	Improved Capacity		X	
	Lack of bylaws enforcement.		Set cost reflective building approval tariffs	Improved revenue collection	X	X	X
	Lack of capacity.		Address building contraventions and enforce the building bylaws. This includes compliance with zoning status.	By-Law enforcement, Improved revenue collection	X	X	X
	Lack of rates policy and enforcement		Conduct inspections to determine buildings that were built without approved plans and enforce by	Quicker land development approval,		X	
	No LED strategy						



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Planning and Building Control</b>	Building Control	Streamline the land development application process and feedback system to ensure quicker approvals.	Quicker land development approval, Increased Revenue		X	
	Mushrooming of informal settlements	Identify land for future economic growth and development.	Economic development		X	X
	Lack of tools of trade	Make land available and attractive to private sector developers.	Increase revenue, LED Strategy		X	X
	Inadequate bylaws	Review building approval, land development and land use change tariffs.	Increased Revenue		X	
	Building control regulations not enforced	Generally, improve the implementation of SPLUMA (e.g., charging rezoning application fees)	Increased Revenue	X	X	X
	Lack of bylaws enforcement.	Review rates policy to include new stands and enforce the policy	Increased Revenue		X	X
	Inadequate budget	Develop and implement the Local Economic Development (LED) Strategy through the LED Forum	LED Strategy		X	X
	Tariffs not cost reflective.	Generate revenue by exploiting tourism, mining development and other readily available private development opportunities.	LED Strategy		X	X
	Lack of land for development					





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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Housing Delivery</b>	No have a Housing Sector Plan.	Complete the adoption and review of a Housing Sector Plan.	Improved Housing Delivery	X	X	X
	No urgent approval of request for emergency houses.	Urgent attention should be given to approval for emergency housing.	Reduced land use contravention	X	X	
	Conveyancing of housing.	Conveyancing of old stock houses be fast tracked by the Department of Local Government and Human Settlement and Housing Cooperation.	Improved Housing Delivery	X	X	
	Abandoning of housing projects	Engage the department of human settlement and consider Public Private Partnership (PPP) to provide social housing.	Improved Housing Delivery		X	X
	Slow progress in transfer of houses.	Work with the Department of Local Government and Human Settlement to develop a project monitoring evaluation strategy.	Improved Housing Delivery		X	X
	Lack of capacity	Identify houses that need to be transferred and fast-track the transfer process.	Improved Housing Delivery	X	X	
	Lack of consequence management.					
	Lack of coordination.					



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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Community Facilities, Operational Buildings, Sports, and Recreational Facilities</b>	No Recreational Facilities Operations and Maintenance Plan.	Urgent maintenance priority facilities	Repaired facilities	X		
		Develop and implement Recreational Facilities Maintenance Plan	Approved Recreational Facilities Maintenance Plan		X	X
	The tariffs in use are outdated.	Review the Maintenance and Operation Plan in order to be effective	Approved O&M Plan		X	X
		Maintenance and Refurbish of facilities	Rehabilitated facilities	X	X	X
	There are no SLAs.	Develop and implement by-laws and policies	Approved By-laws and policies		X	X
		Indigent register not updated	Set cost reflective tariffs for facilities.			
	Lack of adequate budget to maintain the cemeteries.	Introducing cost reflective tariffs on all services rendered; (e.g., pruning of trees, cleaning of erfs)	Increased Revenue	X	X	
		Lack of cemetery management system.	Review leases for public amenities, halls and facilities, and charge cost reflective tariffs.	Increased Revenue	X	X
	Vandalism of tombstones	Acquire more land to extend Zeerust and Groot Marico cemeteries.	Improved Service Delivery		X	X
		Improve maintenance of cemeteries including fencing.	Improved Service Delivery		X	
	Theft of artefacts and railings.					
	Cemeteries lack capacity.					
Lack of consequent management.	Negotiate with DSAC with the view of					



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Mechanical workshops</b>	Lack of equipment.	Ensure that the mechanical workshops is functional to repair vehicles and equipment internally.	Functional equipment	X	X	X
	Lack of skilled staff.	Equip with basic tools and equipment and stock.	Functional equipment	X	X	X
	Unavailability of funds	Ensure workshop comply to OHS standards.	Workshop operating at minimum OHS standards	X	X	X
	Lack of consequent management.	Repair / salvage dysfunctional equipment.	Improved revenue	X	X	X
	Budget constraints	Auction off redundant equipment in line with legislation and policy.	Improved revenue	X	X	X



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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Security Services</b>	No security services policy. Inadequate control environment.	Develop and implement a security policy, that safeguard municipal assets including service delivery assets.	Approved By-laws and policies		X	X
	Lack of security policy. Huge security expenditure	Deploy security to protect municipal assets	Improved security			



# SERVICE DELIVERY IMPLEMENTATION PLAN

FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	RESCUE PHASE	STABILIZATION PHASE	SUSTAINABILITY PHASE
<b>Public Safety, Traffic and Licensing</b>	Inadequate Traffic Officers	Recruit additional Traffic Officers.	Improved Law enforcement activities.	X	X	X
	Inadequate resources	Perform a skills audit on the Traffic Officers.	Improved Law enforcement activities.	X	X	
		Loss of revenue.	Make the roadblock trailer functional to improve traffic fines collection. Upscale the function as it is one of the important revenue generators.	Intensive Law enforcement activities, Increased Revenue	X	X
	Budget constraints	Pay the 80% Department of Transport entitlement as per the agreement	Reduce debt	X	X	X
	Unfunded budget.	Implement an anonymous hotline for report of fraud.	Improved Law enforcement activities.	X	X	X
	Failure to allocate funds for their purposes.	Consider renovating its dilapidated buildings and accommodate other Units or Departments such as DLTC.	Improved Law enforcement activities.		X	
	Lack of accountability.					

**INSTITUTIONAL**

**SQA | FRP**



### INSTITUTIONAL

- The existing structure is not properly aligned with the strategic goals and objectives of the Municipality. There are significant delays in finalising the review of the new organogram.
- The existing organisational structure was not costed, no job evaluations were performed and no organisational structure implementation plan was developed.
- Delays in filling of critical vacancies resulting in high vacancy rate in senior management positions thereby compromising strategic decision making.  
The following positions are occupied on an acting capacity:
  - ✓ Municipal manager
  - ✓ Chief Financial Officer
  - ✓ Director corporate services
  - ✓ Director technical services
- There are no process in place to monitor overtime and allowances claims, resulting in:
  - ✓ All departments claiming overtime and allowances without justification or preapproval.
  - ✓ Overtime payments increased significantly by 25.98% from R 8 675 217 (FY2020) to R 10 928 925 (FY2021). Furthermore, increased significantly by 10.20% between the FY2021 and FY2022 (R 12 043 428).
  - ✓ FY2021/22, travel, motor car, accommodation, subsistence, and other allowances decreased from 13 905 077.00 to R13 604 162.00. This is a slight decrease of 2.16 % as compared to prior year.



## INSTITUTIONAL

There are no mechanisms in the finance directorate to prevent costs overburden and to ensure compliance with SALGBC as evidenced by:

- ✓ Remunerating employees above SALGBC Collective agreements resulting in financial losses due to unjustified employee related costs.
  - ✓ Remuneration (Councillor Remuneration and Employee Related Costs) as % of Total Operating Expenditure for the FY2021/22 was 41% and (FY2020/21 = 45%) which remains above the norm (25% – 40%).
  - ✓ Increases in positions at the municipality which when filled will result in increased financial burden. Overall headcount moved from 439 (FY2021) to 466 (FY2022). This was a material increase of 6.15% as compared to the prior year.
- There is overreliance on the SALGBC Collective agreements resulting in no sound labour relations due to inadequate management oversight on employees.
  - LLF meetings are conducted; however, per inspection of the minutes not all senior managers attend the LLF meeting.
  - Lack of employees willingness to return skills survey questionnaires as they regard this exercise as for compliance purposes only and no follow ups were done by the HR department on the outstanding questionnaires.
  - Skills and competences are not cascaded to all the municipal employees as they are restricted to S56/57 employees only.
  - Ill-discipline amongst employees as attendance registers are not signed daily and there are no consequences for noncompliance.
  - No established Disciplinary Board for all municipal employees.
  - No systems of internal controls to address disciplinary matters resulting in delays in concluding disciplinary matters.





### INSTITUTIONAL

- Lack of institutionalised Performance Management Framework/Policy resulting in no consequence management for poor performance.
- The municipality conducted performance reviews for S56/57 employees; however, it is not cascaded to employees below S56/57 managers.
- Currently there is nothing that has been done to prepare for the cascading of performance reviews to the rest of employees except managers reporting to Municipal Manager in line with the Staff regulations guidance.
- Ineffective Consequence Management systems of internal controls.
- The FDB is not functional and there are no referrals to it.
- HR related policies were last reviewed and approved in 2015/16; which makes them outdated due to the fluxion of time and changes in the laws and regulations.
- There is no evidence to substantiate that municipal employees were workshopped on the existing HR policies.
- There is no HR Strategy in place resulting in poor human resource planning.
- Existence of employees is not determined which might result in financial losses to the municipality as the last employees verification was done in 2015.
- The municipality does not perform regular verifications of employees against payroll.
- Not all employees' qualifications are verified to determine their validity as it is restricted to S56/57 employees only.
- The municipality does not perform background checks on all its employees.



## INSTITUTIONAL

- No proper filing systems in place resulting in non-submission of information on reported performance and financial matters thereby causing Limitations of Scope from the Auditor General.
- Document Management is currently decentralised, and all departments keep their own records in their offices. The information is therefore susceptible to access by unauthorised personnel as well as losses.
- The records manager has been acting since 2020 and is the only municipal employee providing secretariat duties to all council committees.

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Organisational structure and human resources management</b></p>	<p>The municipality has an organogram in place approved in May 2016. The municipality is in the process of reviewing the organogram; however, the process is too slow.</p> <p>The existing structure has a complement of 340 employees with 77 vacancies.</p> <p>The following senior management positions are vacant and are occupied on an acting capacity:</p> <ul style="list-style-type: none"> <li>▪ Municipal manager</li> <li>▪ Chief Financial Officer</li> <li>▪ Director corporate services</li> <li>▪ Director technical services</li> </ul> <p>Per management representation job evaluations were performed; however, there was no evidence provided to substantiate the statement.</p> <p>There is no evidence to confirm that the existing organogram was costed to determine its financial</p>	<p>The existing structure is not properly aligned with the strategic goals and objectives of the Municipality.</p> <p>Delays in filling of critical vacancies.</p> <p>High vacancy rate in senior management positions.</p> <p>No organisational structure implementation plan.</p> <p>The existing organisational structure was not costed, and no job evaluations were performed.</p> <p>There are significant delays in the finalisation of the organogram review.</p>	<p>Capacity constraints.</p> <p>Lack of accountability.</p>	<p>Motivate to council as to why the organisational structure needs to be urgently reviewed.</p> <p>Fast-track the review of the organisational structure in line with the Municipal Staff regulations and the municipality's IDP strategic objectives of the newly elected council.</p> <p>Review and evaluate all job descriptions in the organisational structure and cost it to determine resource allocation.</p> <p>Develop and implement an organogram implementation plan and monitor implementation thereof.</p> <p>Development and approval of the placement policy.</p> <p>Develop SOPs on how to effectively implement the organisational structure, monitor and report progress to management and council.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Overtime Management</b></p>	<p>No Overtime Policy in place.</p> <p>The municipality has paid overtime of approx. R12 million for the year ended 30 June 2022.</p> <p>There are also instances of overtime worked without prior authorisation.</p> <p>Overtime payments increased from R 8 675 217 (FY2020) to R 10 928 925 (FY2021). This is a significant increase of 25.98% as compared to the prior year. Furthermore, overtime significantly increased by 10.20% between the FY2021 and FY2022 (R 12 043 428)</p> <p>Travel, motor car, accommodation, subsistence, and other allowances for FY2021/22 decreased from 13 905 077.00 to R13 604 162.00. This is a slight decrease of 2.16 % as compared to prior year.</p> <p>Overtime and allowances as a percentage of total employee related costs increased from 15.80% (FY2021) to 16.26% (FY2022). This indicates that the</p>	<p>Virtually all departments within the municipality have paid overtime allowances and travelling allowances to employees during the FY2020/21 and FY2021/22 as overtime is not preapproved.</p> <p>Abuse of overtime and other related employee allowances such as car, housing, cell phone and standby.</p> <p>The associated costs of the existing organogram results in employee costs way above the standard norm.</p>	<p>Failure to develop policies on overtime and related allowances.</p> <p>Corporate services do not have strict monitoring of overtime indicating poor systems of internal controls on overtime.</p> <p>Poor management of overtime claims resulting in high employee costs which results in a culture of poor work ethics and poor management practices.</p> <p>Lack of Consequence Management</p>	<p>Develop and approve the following policies: Overtime, Travelling &amp; Subsistence allowance, Acting, Stand-by and shift in line with the Basic Conditions of Employment Act, Divisional Collective Agreement, and other related applicable legislation.</p> <p>Introduce the shift system to curb overtime expenditure.</p> <p>Implement process flow (SOP's) in approving overtime.</p> <p>All managers must prepare an overtime forecast at the beginning of each month to monitor and regularise the overtime taken by the employees.</p> <p>Perform regular audits of the overtime on each department which includes overtime reasonability testing as compared to the budget.</p> <p>Implement consequence management for employees who intentionally disregard the policy.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Employee cost</b></p>	<p>Salaries and wages including benefits were increased by 4.9% effective 1 July 2022 for the 2022/23 financial year based on the Salaries and Wages Collective Agreement.</p> <p>Employee related costs increased to R157 736 629 (FY2022) from R 157 136 208 (FY2021), which is a slight increase of 0.38 % as compared to the prior year.</p> <p>Remuneration of councillors decreased to R13 884 476 (FY2021/22) from R14 808 759 (FY2020/21), which is a 6.26% decrease as compared to prior year.</p> <p>Remuneration (Councillor Remuneration and Employee Related Costs) as % of Total Operating Expenditure for the FY2021/22 was 41% (FY2020/21 = 45%) which is above the norm (25% – 40%).</p> <p>Overall headcount moved from 439 (FY2021) to 466 (FY2022). This was a material increase of 6.15% as compared to the prior year.</p>	<p>Remunerating employees above SALGBC Collective agreements.</p> <p>Financial losses due to unjustified Employee Related Costs.</p> <p>The wage bill is above the National Treasury norms.</p> <p>Increases in positions at the municipality which when filled will result in increased financial burden due to unjustified employee related costs.</p>	<p>There are no mechanisms in the finance directorate to prevent costs overburden and to ensure compliance with SALGBC.</p> <p>Job evaluation processes were not conducted prior to the development and approval of the organisation structure.</p>	<p>RMLM must remunerate employees based on the SALGBC Collective Agreements.</p> <p>Consider applying for an exemption from salaries and wages annual increases until financial circumstances have improved.</p> <p>The municipality should perform regular verification of staff against the payroll.</p> <p>The municipality should not fill all non-critical vacancies until the review of the new organisational structure is finalised.</p> <p>Given the liquidity position of the Municipality, it will be wise for the Municipality to control its payroll budget but plan for the acquisition of skills in line with cash flow improvements.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>Labour relations</b>	<p>A Local Labour Forum is established and is functional as it meets regularly to discuss labour relations matters. However, not all senior managers attend the meetings.</p> <p>There is overreliance on the SALGBC Collective agreements resulting in no sound labour relations as no adequate management oversight on employees exists.</p> <p>A corporate calendar which includes schedules of LLF meetings for the financial year 2022/23 was received.</p> <p>Staff workshopped on the disciplinary Code of Conduct and Grievances procedure.</p>	<p>The LLF is functional.</p> <p>No sound Labour Relations.</p> <p>LLF meetings are conducted; however, per inspection of the minutes not all senior managers attend the LLF meeting.</p>	<p>Lack of management oversight on labour relations matters due to overreliance on the SALGBC Collective agreements resulting in poor labour relations at the municipality.</p>	<p>The municipality should develop system of internal controls to improve the relationship between management and its workforce.</p> <p>Institutionalization of attendance of LLF meetings by Senior Management.</p> <p>Regularly workshop members of the LLF and staff on labour related matters.</p> <p>Provide training for Organized Labour on local labour forum issues.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Skills and Competencies</b></p>	<p>The municipality does not have a Competency Assessment Policy.</p> <p>The municipality has conducted a skills survey; however, not all employees returned the questionnaires.</p> <p>Skills Competence testing have been done for all senior manager with no findings. However, the competence testing was not cascaded to all the employees.</p> <p>The municipality has a Workplace Skills and annual training plan for 2022/23.</p>	<p>There is a lack of employees willingness to return skills survey questionnaires as they regard this exercise as for compliance purposes only.</p> <p>The municipality did not follow up on the outstanding employee questionnaires.</p> <p>Training is not done to all employees as grant received from LGSETA is not sufficient to implement WSP for all the council employees.</p> <p>All employees in BTO and Supply Chain Management comply with Minimum Competency Level requirements except for one employee who is a Contract Manager and is yet to complete the required minimum competency level as well as the stores clerks.</p> <p>No systems of internal controls to ensure that competences assessment is cascaded to all employees.</p>	<p>Lack of accountability</p> <p>Lack of capacity.</p> <p>Lack of skills &amp; competencies.</p> <p>Limited resources</p>	<p>The municipality should develop and implement a Competency Assessment Policy.</p> <p>RMLM to ensure that all municipal employees are assisted to meet the minimum skills and competences requirements towards self-sustenance.</p> <p>The HR department should ensure that all employees return skills surveys questionnaires to determine their skills and competences needs.</p> <p>Thereafter, provide training where skills and competences are needed in line with the budget. Refer all matters of noncompliance to the disciplinary board.</p> <p>Qualifications verifications should be cascaded to all employees at the municipality.</p> <p>Ringfence the mandatory grants for training and development. Report on breaches of grant</p>

FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Staff discipline and Disciplinary board</b></p>	<p>The employees were workshopped on the disciplinary code of conduct as well as grievances procedures.</p> <p>The term of the Disciplinary Board for S56/57 expired in October 2021. In May 2022 Council resolved that a new Disciplinary Board should be established; however, its existence or functionality could not be established as no minutes of meetings were received.</p> <p>For disciplinary matters of bargaining council employees, a panel is appointed that will be determined per the requirements of the Main Collective Agreement.</p> <p>There is no Disciplinary Policy in place, however the municipality utilises the Collective Agreement for disciplinary procedures.</p> <p>A Code of conduct is in place; however, it is not regularly updated.</p> <p>Every Department or Unit of the Municipality has an attendance register that is signed in the morning and afternoon. However, not all employees sign the register and</p>	<p>Ill-discipline amongst employees as attendance registers are not signed daily.</p> <p>No established Disciplinary Board for municipal employees.</p> <p>No systems of internal controls to address disciplinary matters.</p> <p>Delays in concluding disciplinary matters.</p>	<p>Lack of capacity to preside and prosecute ill-discipline matters</p> <p>Lack of consequence management</p> <p>Lack of political oversight. Cases abandoned, and amnesty granted by Council.</p> <p>Managers are not willing to assist in chairing or prosecuting in the disciplinary hearings</p>	<p>Procurement of the Electronic clocking System.</p> <p>Designate an official who should always be present when employees sign the attendance register, note late comers and report absentees.</p> <p>All attendance registers should be monitored by senior officials on a weekly basis.</p> <p>Train S56/57 managers to be used as Presiding Officers and Prosecutors on initiating and presiding on disciplinary hearings in-house.</p> <p>Source the services of the district, SALGA, and other state organs to assist with presiding and prosecuting of all disciplinary matters.</p> <p>All outstanding disciplinary matters to be prioritized and concluded.</p> <p>Managers should not be granted excuse to chair or initiate a disciplinary hearing.</p>





FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Performance Management</b></p>	<p>The municipality does not have an adopted Performance Management Framework/Policy.</p> <p>The municipality conducted performance reviews for S56/57 employees; however, it is not cascaded to employees below S56/57 managers.</p> <p>With the Municipal Staff regulations coming into effect, cascading of performance evaluation to employees below s56/57 should be prioritised.</p>	<p>Lack of institutionalised Performance Management Framework/Policy.</p> <p>Lack of formalized Standard Operating Procedures to manage performance reporting, the effective monitoring and evaluation of reported performance information.</p> <p>No consequence management for poor performance.</p> <p>Currently there is nothing that has been done to prepare for the cascading of performance reviews to the rest of employees except managers</p>	<p>Lack of internal capacity.</p> <p>Lack of accountability.</p>	<p>Develop and implement a Framework/Policy and SOP on PMS.</p> <p>Development, adoption, and implementation of the Performance Management System for all the employees thereby assisting council to hold officials accountable for poor performance.</p> <p>Develop an implementation plan in line with Staff Regulations guidance to ensure that performance evaluations are cascaded to all municipal employees.</p> <p>All managers reporting directly to the Municipal Manager should sign the performance agreements.</p> <p>Conduct quarterly performance assessment for senior managers and submit reports to council.</p> <p>Workshop or train all managers on managing performance management control systems</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Consequence Management</b></p>	<p>Local Government: Municipal Finance Management Act, No. 56 of 2003, specifies that all Unauthorised, Irregular, Fruitless and Wasteful Expenditure will be dealt with in terms of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</p> <p>There is a financial misconduct board recently established; however, this board is not functional as no minutes of the meetings have been held and no cases have been referred to it.</p> <p>The municipality has a sexual harassment policy which covers the consequence management processes; however, this policy was last reviewed in 2015.</p>	<p>Ineffective Consequence Management systems of internal controls.</p> <p>The FDB is not functional and there are no referrals to it.</p>	<p>Non-existence of systems of internal controls to instil consequence management.</p> <p>Lack of capacity of management to deal with disciplinary matters timeously.</p> <p>Labour Laws not fully adhered to, resulting in Labour dispute</p>	<p>Establishment of a functional Disciplinary Board.</p> <p>Develop and implement consequence management policies.</p> <p>Train the FDB members to be able to fully perform their functions.</p> <p>Capacitate the employees, councillors, and other relevant stakeholders on the misconducts reporting processes.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>HR policies</b></p>	<p>The municipality has 12 HR related policies uploaded on the municipality website; however, they relate to the 2015/16 Financial Year.</p> <ul style="list-style-type: none"> <li>▪ Long Service Award Policy</li> <li>▪ Medical Examination Policy</li> <li>▪ Car and Travel Allowance</li> <li>▪ Occupational Health and Safety Policy</li> <li>▪ Recruitment, Selection, and Induction Policy</li> <li>▪ Employment Equity Policy</li> <li>▪ Training and Development Policy</li> <li>▪ Bereavement Policy</li> <li>▪ Sexual Harassment Policy</li> <li>▪ Termination Policy</li> <li>▪ Employment Equity Policy</li> </ul> <p>There is no evidence to substantiate that municipal employees were workshopped on HR policies.</p>	<p>Due to the fluctuation of time the policies are outdated and does not incorporate changes in the laws and regulations.</p> <p>The municipality appointed a law firm to review all HR policies; however, there was no evidence received to substantiate management representations.</p>	<p>Non-compliance with laws and regulations.</p> <p>Poor management practices.</p> <p>The municipality lacked formalized standard operating procedures (SOPs) to timely review HR policies for council approval.</p> <p>Lack of internal capacity.</p>	<p>Review, approve and implement key HR policies to align them with current developments and find ways to save costs through policy provisions. The review of the policies should be reported to the oversight committees quarterly.</p> <p>Develop procedure manuals to give guidance to management when implementing approved policies.</p> <p>Workshop Senior managers, managers, divisional heads, and supervisors on approved policies for effective implementation.</p> <p>Road shows to various departments to workshop employees on policies that affects them.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<b>HR Strategy</b>	<p>The HR department is headed by the Corporate Service Director and HR Manager.</p> <p>The municipality does not have an HR strategy in place.</p> <p>The HR department is guided by the HR policies in place for human resources development.</p>	<p>There is no HR strategy in place resulting in poor human resource planning.</p>	<p>Lack of alignment of human resources with the municipality's values and overall strategies</p> <p>Lack of management oversight.</p> <p>Lack of internal capacity</p>	<p>Corporate services should follow an all-inclusive process in developing an HR strategy whereby other departments' human resources needs are considered.</p> <p>The strategy should be developed within a financial year. Quarterly reports on the development progress should be submitted to the oversight committees.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Physical verification of staff and qualifications</b></p>	<p>The municipality have not conducted employee verifications recently. The last verification was conducted in 2015.</p> <p>The municipality verifies the qualifications of S56 and S57 employees using MISA, COGTA and Gijima. However, verification of qualifications for employee below senior managers are not done.</p> <p>RMLM does not perform background checks for all the employees.</p>	<p>Existence of employees is not determined which might result in financial losses to the municipality.</p> <p>There is no regular verification of employees against payroll</p> <p>Not all employees' qualifications are verified to determine their validity.</p> <p>The municipality does not perform background checks on its employees.</p>	<p>Lack of management oversight on employees relations.</p> <p>Capacity constraints.</p>	<p>The municipality should perform adhoc employees' physical verifications throughout the financial year as well as year-end employee verification prior to the audit.</p> <p>Qualifications verifications must not be restricted to S56 and 57 employees and should be cascaded to all municipal employees.</p> <p>Perform background checks for all the municipal employees both existing and new.</p>



FOCUS AREA	BRIEF DIAGNOSTIC ANALYSIS	CHALLENGES	ROOT CAUSE	STRATEGY TO SOLVE
<p><b>Records Management</b></p>	<p>Limitations of scope raised by the Auditor General due to non-submission of required supporting documents for audit purposes.</p> <p>The municipality has an onsite manual filing system with limited access controls; however, it does not have the capacity to store all the municipal documents.</p> <p>Moreover, departments do not submit their documents for filing at the stores resulting in a decentralised document management system.</p> <p>No records were received from management to confirm that records management personnel were workshopped on a quarterly basis.</p>	<p>No proper filing systems in place.</p> <p>Non-submission of information on reported performance and financial matters which resulted in the Auditor General raising Limitations of Scope.</p> <p>Document Management is currently decentralised, and all departments keep their own records in their offices.</p> <p>The records manager has been acting since 2020 and is the only municipal employee providing secretariat duties to all council committees.</p>	<p>Departments are not submitting their records to corporate services.</p> <p>Lack of Internal controls and accountability.</p> <p>The municipality does not have budget to procure electronic document management system to improve document management.</p> <p>Lack of a Record Management Policy.</p> <p>Lack of capacity in the records management unit.</p>	<p>Centralization of all municipal records.</p> <p>Department Heads/managers should be well informed and ensure that documents are submitted to the stores for filing.</p> <p>Hold all departments that does not comply accountable, and matters referred to disciplinary board.</p> <p>Procure an electronic system for filing municipality documents.</p> <p>Review and develop a Records Management Policy and File Plan.</p> <p>Thereafter, workshop the same to all employees dealing with records.</p>

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FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Organizational structure and operating model</b>	The existing structure is not properly aligned with the strategic goals and objectives of the Municipality.	Development and approval of the placement policy, process be undertaken to place employees appropriately for full utilization.	Approval and adoption of a funded organogram.	X		
	Delays in filling of critical vacancies.	Motivate to council as to why the organisational structure needs to be urgently reviewed.	Acquisition of the right skills.	X		
	High vacancy rate in senior management positions.	Urgently the review of the organisational structure in line with the Municipal Staff regulations and the municipality's IDP strategic objectives of the newly elected council.	Correct placement of employees.	X		
	No organisational structure implementation plan.					
	The existing organisational structure was not costed, and no job evaluations were performed.	Regularly review the organisational structure to ensure that it remain in line with the IDP strategic objectives of the newly elected council		X	X	X
	There are significant delays in the finalisation of the organogram review.	Review and evaluate all job descriptions in the organisational structure.		X		
	Cost the organisation structure to determine resource allocation.		X			





FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<p><b>Overtime Management</b></p>	<p>Abuse of overtime and other related employee allowances such as car, housing, cell phone and standby.</p> <p>The associated costs of the existing organogram results in employee costs way above the standard norm.</p>	<p>Develop and approve the following policies: Overtime, Travelling &amp; Subsistence allowance, Acting, Stand-by and shift in line with the Basic Conditions of Employment Act, Divisional Collective Agreement, and other related applicable legislation.</p> <p>Annually or on an adhoc basis review overtime management policies.</p> <p>Monitor implementation of overtime management policies.</p> <p>Introduce the shift system to curb overtime expenditure.</p> <p>Ensure that the shift system is implemented remain effectively.</p> <p>Implement process flow (SOP's) in approving overtime.</p>	<p>Reduced overtime expenditure</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Employee cost</b>	Remunerating employees above SALGBC Collective agreements.	Identify employees who are paid above the SALGBC and cap their remuneration to the limits.	Reduced employee related costs	X		
	Financial losses due to unjustified Employee Related Costs.	Engage labour unions and employees proposing to temporarily freeze the annual increase in salaries per the Salaries and Wages Collective Agreement.		X		
	The wage bill is above the National Treasury norms.	Upon reaching an agreement apply for an exemption from salaries and wages annual increases until financial circumstances have improved.		X		
	Increases in positions at the municipality which when filled will result in increased financial burden due to unjustified employee related costs.	The municipality must perform regular verification of staff against the payroll. Address all discrepancies in line with the HR policies.		X	X	X
		The municipality should not fill all non-critical vacancies until the review of the new organisational structure is finalised and its financial status has improved.		X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Labour relations</b>	The LLF is functional.	Develop systems of internal controls to improve the relationship between management and its workforce.	Sound labour relations where employees are motivated to perform their roles and responsibilities.	X		
	No sound Labour Relations.					
	LLF meetings are conducted; however, per inspection of the minutes not all senior managers attend the LLF meeting.	Implement systems of internal controls to ensure sound labour relations.		X	X	X
		Institutionalize attendance of LLF meetings by Senior Management.		X	X	X
		Regularly workshop members of the LLF and staff on labour related matters.		X	X	X
		Provide training for Organized Labour on local labour forum issues.	X	X	X	



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Skills &amp; competencies</b>	There is a lack of employees willingness to return skills survey questionnaires as they regard this exercise as for compliance purposes only.	Develop, approve and implement a Competency Assessment Policy.	Skilled and competent workforce	X		
	The municipality did not follow up on the outstanding employee questionnaires.	Monitor the implementation of a Competency Assessment Policy.		X	X	X
	Training is not done to all employees as grant received from LGSETA is not sufficient to implement WSP for all the council employees.	Ensure that all municipal employees are assisted to meet the minimum skills and competences requirements towards self-sustenance.		X	X	X
	All employees in BTO and Supply Chain Management comply with Minimum Competency Level requirements except for one employee who is a Contract Manager and is yet to complete the required minimum competency level as well as the stores clerks.	Ensure that all employees return skills surveys questionnaires to determine their skills and competences needs. Thereafter, provide training where skills and competences are needed in line with the budget. Refer all matters of noncompliance to the disciplinary board.		X	X	X
		Perform qualifications verifications for all existing municipal employees and new joiners.		X		
	Perform qualifications verifications for all new joiners.		X	X	X	



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<p><b>Staff Discipline and disciplinary board</b></p>	<p>Ill-discipline amongst employees as attendance registers are not signed daily.</p> <p>No established Disciplinary Board for all municipal employees.</p> <p>No systems of internal controls to address disciplinary matters.</p> <p>Delays in concluding disciplinary matters.</p>	<p>Procurement of the Electronic clocking System.</p> <p>Designate an official to monitor signing of attendance registers by employees, note late comers and report absentees.</p> <p>All attendance registers should be monitored by senior officials on a weekly basis.</p> <p>Train S56/57 managers to be used as Presiding Officers and Prosecutors on initiating and presiding on disciplinary hearings in-house.</p> <p>Source the services of the district, SALGA, and other state organs to assist with presiding and prosecuting of all disciplinary matters.</p> <p>All outstanding disciplinary matters to be prioritized and concluded.</p>	<p>Improved staff discipline.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p>	



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Performance Management</b>	Lack of institutionalised Performance Management Framework/Policy.	Develop and implement a Framework/Policy and SOPs on PMS.	Improved workforce efficiency and reduction in overtime expenditure.	X		
	Lack of formalized Standard Operating Procedures to manage performance reporting, the effective monitoring and evaluation of reported performance information.	Development, adoption, and implementation of the Performance Management System for all the employees.		X	X	X
	No consequence management for poor performance.	Annually review the Framework/Policy and SOPs on PMS.		X	X	X
	Currently there is nothing that has been done to prepare for the cascading of performance reviews to the rest of employees except managers reporting to Municipal Manager in line with the Staff regulations guidance.	Develop an implementation plan in line with Staff Regulations guidance to ensure that performance evaluations are cascaded to all municipal employees.		X	X	X
		All managers reporting directly to the Municipal Manager should sign the performance agreements.		X	X	X
		Conduct quarterly performance assessment for senior managers and submit reports to council.		X	X	X



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Consequence Management</b>	<p>Ineffective Consequence Management systems of internal controls.</p> <p>The FDB is not functional and there are no referrals to it.</p>	Establishment of a functional Disciplinary Board.	Reduction in UIF &W expenditure	X	X	X
		Develop or review and implement consequence management policies to promote fundamental principles of effective and efficient utilization of public resources as well as instilling transparency and accountability on financial management practices.		X		
		Train the FDB members to be able to fully perform their functions.		X		
		Capacitate the employees, councillors, and other relevant stakeholders on the misconducts reporting processes.		X		
		Monitor implementation of consequence management.		X		



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Key HR Policies</b>	<p>The following HR policies were last reviewed in the FY2015/16:</p> <ul style="list-style-type: none"> <li>▪ Long Service Award Policy</li> <li>▪ Medical Examination Policy</li> <li>▪ Car and Travel Allowance</li> <li>▪ Occupational Health and Safety Policy</li> <li>▪ Recruitment, Selection, and Induction Policy</li> <li>▪ Employment Equity Policy</li> <li>▪ Training and Development Policy</li> <li>▪ Bereavement Policy</li> <li>▪ Sexual Harassment Policy</li> <li>▪ Termination Policy</li> <li>▪ Employment Equity Policy</li> </ul> <p>No evidence to substantiate that municipal employees were workshopped on HR policies.</p>	<p>Urgently review, approve and implement key HR policies to align them with current developments and find ways to save costs through policy provisions.</p> <p>Report the status of the review of the policies to the oversight committees quarterly.</p> <p>Develop procedure manuals to give guidance to management when implementing approved policies.</p> <p>Workshop Senior managers, managers, divisional heads, and supervisors on approved policies for effective implementation.</p> <p>Road shows to various departments to workshop employees on policies that affects them.</p>	<p>Improved labour relations</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>		







FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Physical Verification of staff and qualifications</b>	Existence of employees is not determined which might result in financial losses to the municipality.	Urgently perform physical verifications of municipal employees.	Improved management of employees	X		
	There is no regular verification of employees against payroll	Address all identified exceptions noted from the employee verification results as guided by the municipal policies.		X		
	Not all employees' qualifications are verified to determine their validity.	Perform adhoc employees' physical verifications throughout the financial year as well as year-end employee verification prior to the audit.		X	X	X
	The municipality does not perform background checks on its employees.	Verify qualifications for all existing municipal employees.		X	X	
		Verify qualifications for all new municipal employees.		X	X	X
		Urgently perform background checks for all the municipal employees.			X	



FOCUS AREA	KEY FINDINGS	KEY ACTIVITIES	INDICATORS	RESCUE PHASE	STABILISATION PHASE	SUSTAINABILITY PHASE
<b>Records Management</b>	No proper filing systems in place.	Centralization of all municipal records.	Improved records management	X		
	Non-submission of information on reported performance and financial matters which resulted in the Auditor General raising Limitations of Scope.	Procure an electronic system for filing municipality documents.		X		
	Document Management is currently decentralised, and all departments keep their own records in their offices.	Develop a Records Management Policy and File Plan.		X		
		Implement a Records Management Policy and File Plan.		X		
		Workshop the Records Management Policy and File Plan to all employees dealing with records.		X		
	The records manager has been acting since 2020 and is the only municipal employee providing secretariat duties to all council committees.	Urgently fill all vacancies in the records management unit.		X		
		Designate an official as an Information Officer to deal with IT challenges.		X		
	Perform adhoc document management monitoring to ensure compliance.		X	X	X	



# Inputs, Questions and Answer Session



**NGIYATHOKOZA!**

**ro livhuwa!**

**dankie!** **ke a leboga!**

**ENKOSI!**

**inkomvu!**

**thank you!**

**udo livhuwa!**

**ke a leboga!**

**ngiyabonga!**

**siyabonqa!**