

# FINANCIAL RECOVERY PLAN

*Prepared for the*

## BEAUFORT WEST LOCAL

## MUNICIPALITY

### NOVEMBER 2021



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



**Western Cape  
Government**



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## EXECUTIVE SUMMARY:

Beaufort West Municipality is responsible for the provision of basic services to a population of over 51 000 people. The Municipality covers an area of 21,917 square kilometers, making it the largest local municipality in the Western Cape and the sixth largest in South Africa by land area. It is in the furthest northeastern part of the province in the Great Karoo. The municipality faces a projected population decline of 0.1 per cent per annum over the period to 2024. The over 65 age group is the only age category projected to grow in the period ahead, with declining populations for both working age and children expected to decline.

Over the period 2015/16 to 2019/20, the WCG conducted a range of assessments of the financial health of the Beaufort West Municipality, upon the request of the Municipality to conduct such assessments. Various concerns were raised during the process of consultation with the Municipality prior to each of the assessments being conducted. The outcomes of the above-mentioned assessments consistently showed that the Municipality was experiencing significant financial problems in its financial affairs. The Municipality did not dispute these findings.

On its own admission: *“Beaufort West Municipality has been struggling with financial sustainability issues for the last ten years. The Municipality is a grant dependent Municipality with a high unemployment rate, especially amongst the youth.”*

While the draft Financial Health Assessment was concluded in 2020, and a range of WCG engagements and support processes were conducted both prior to and after this, the financial status and condition within the Municipality continued to deteriorate. Poor governance practices, including the failure to act on assessment reports, and a dysfunctional control environment within the Municipality have been significant factors in this deterioration.

On 10 May 2021, the Provincial Minister: Finance raised concerns about the financial health of the Municipality. In noting that the *“Municipality has been in a precarious financial position for several years”* the Minister raised his concerns that *“the impact of the Covid-19 pandemic, combined with recent decisions by the Municipality have placed it at risk of imminent financial distress.”* The Provincial Minister: Finance observed that at present, *“it would appear that the Beaufort West Local Municipality does not have sufficient revenue to fund its operations”*).

Whereas the Municipality has shown no initiative or political will to address the precarious financial state of the Municipality, the Provincial Minister: Finance recommended the initiation of a section 136 (MFMA) process to assess the seriousness of the situation and to determine whether the situation justifies or requires an intervention in terms of section 139 of the Constitution.

By the end of the 2020/21 financial year in June 2021, the Municipality was found to be in breach of two of the criteria set out in section 140 of the MFMA for a mandatory intervention:

- (a) Beaufort West Municipality failed to make numerous payments as and when due, and such failure endured for more than 90 days (contravenes section 140(2)(a) of the MFMA); and
- (b) The Municipality failed to make numerous other payments, the amount of which was more than 2% of its operating expenditure (contravenes section 140(2)(c) of the MFMA). These payments included those to Eskom.

After considering all the facts and data, a Notice of Intention to Intervene in the Municipality in terms of section 139(5)(a) was issued to the Municipality. The Provincial Executive resolved on 25 August 2021 to intervene in the municipality in terms of section 139(5) of the Constitution because of the crisis in its financial affairs.

The Municipal Finance Management Act, 2003 (Act No. 56 of 2003), requires that in a mandatory intervention, the Municipal Finance Recovery Services Unit within the National Treasury develops a



financial recovery plan for the municipality. On 27 August 2020, the MEC for Finance requested the Minister of Finance, in terms of Section 144 of the MFMA, that the Municipal Financial Recovery Service (MFRS) review and amend the FRP.

The mandatory FRP will be used as an instrument to guide the municipality in addressing the financial crisis in the municipality as well as to ensure that the municipality regains its financial health within the shortest timeframe whilst ensuring that all issues which adversely affect the financial health of the municipality are comprehensively addressed. This will allow the Municipality and Administrator (financial recovery) and his team to give effect to the revised financial recovery plan and the overall recovery process.

The financial recovery plan adopts a strategic, focused approach which is time-bound yet comprehensive enough to ensure that the underlying causes of the crisis are adequately addressed. To achieve this objective, the financial recovery plan presents a phased approach to recovery, differentiating between issues to be addressed in the short, medium, and long term. The recovery plan is divided into three distinct but interdependent phases. These include a Rescue Phase (Phase 1) which focuses primarily on cash and restoring the cash position of the municipality, followed by a Stabilisation Phase (Phase 2) which expands on the financial indicators to be monitored and emphasises key governance and institutional issues which must simultaneously be addressed and finally, a Sustainability Phase (Phase 3) to ensure that indicators are developed that will give effect to the long-term financial sustainability of the municipality. The approach is designed to ensure that financial recovery is not only achieved, but more importantly, that progress is institutionalised and sustained within the Beaufort West Local Municipality.



## **PART ONE:**

### **BACKGROUND**

On 10 June 2020, the Executive Mayor of the Beaufort West Municipality (BWM), requested the Provincial Minister: Local Government to conduct a diagnostic assessment in the Municipality with a focus on the Municipality's financial sustainability. The assessment was conducted; however, the assessment report was not tabled before Council nor actioned by the Municipality. Following the above, the Municipality was required to prepare a municipal turnaround plan to address the findings of the 2020 assessment.

Upon receipt of the municipal turnaround plan, the WCG, through the Provincial Minister: Local Government and the Provincial Minister: Finance, had to monitor the implementation of the turnaround plan and advise further if an intervention is required. However, the plan was not completed by the Municipality.

The WCG has provided considerable support on both governance and service delivery matters to the Municipality. However, the effects of this have been undermined by a lack of sustained commitment on the part of the Municipality to addressing these challenges, as confirmed by the Auditor-General in its latest audit findings, which led to a disclaimer of the audit opinion on the Municipality for the 2020/21 financial year.

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- (d) The Municipality failed to make numerous other payments, the amount of which was more than 2% of its operating expenditure (contravenes section 140(2)(c) of the MFMA). These payments included those to Eskom.

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## 1.1 STATUTORY AND LEGISLATIVE CONTEXT

### THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (ACT NO.108 OF 1996)

The intervention was instituted in terms of S139 (5)(a) 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).

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.”

In terms of the Constitution, the Western Cape Provincial EXCO has an obligation to ensure that a recovery plan aligned to the national legislation, in this context, the Municipal Finance Management Act, 2003 is prepared. The recovery plan may also restrict the authority of the Council and the Executive in any matter or area that impacts on the finances of the municipality.

The Western Cape Provincial EXCO is responsible for ensuring that the financial recovery plan is implemented by the Beaufort West Municipality. Failure of the Provincial EXCO to oversee the process and ensure full implementation of the recovery plan may result in a national intervention in terms of S139 (7) of the Constitution.

### THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003)

Chapter 13 of the MFMA deals with the resolution of financial problems in municipalities and outlines the processes that must be followed in terms of mandatory interventions invoked in terms of S139(5) of the Constitution.

- S139 (1) of the MFMA places the responsibility on the Provincial EXCO to request the



Municipal Financial Recovery Services (MFRS) unit in the National Treasury 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).

- Only the MFRS may prepare a financial recovery plan for a mandatory provincial intervention referred to in S139.
- S139(1)(a)(iv) also empowers the MFRS to recommend appropriate changes to the budget and revenue raising measures that will support the implementation of the recovery plan.
- In terms of S139(1)(b), the Mayor of the municipality must be consulted on the recovery plan to obtain cooperation (political support) for the implementation and ensure that the budget and any other legislative measures to support the implementation of the recovery plan are approved.

Section 142 of the MFMA specifies the criteria for financial recovery plans irrespective of whether the plan is discretionary or mandatory in nature. In this regard, the following subsections are important:

S142 (1) A financial recovery plan must be aimed at securing the municipality's ability to meet its obligations to provide basic services or its financial commitments, and such a plan, whether for a mandatory or discretionary intervention –

(a) Must –

Identify the financial problems of the municipality;

- i. Be designed to place the municipality in a sound and sustainable financial condition as soon as possible;
- ii. State the principal strategic objectives of the plan, and ways and means for achieving those objectives;
- iii. Set out a specific strategy for addressing the municipality's financial problems, including a strategy for reducing unnecessary expenditure and increasing the collection of revenue, as may be necessary;
- iv. Identify the human and financial resources needed to assist in resolving financial problems, and where those resources are proposed to come from;
- v. Describe the anticipated timeframe for the financial recovery, and milestones to be achieved; and
- vi. Identify what actions are necessary for the implementation of the plan, distinguishing between actions to be taken by the municipality and actions to be taken by other parties.

Section 142 (2) states that in addition, a financial recovery plan –

(a) For a mandatory intervention **must** –

- i. Set spending limits and revenue targets;
- ii. Provide budget parameters which bind the municipality for a specified period or until stated conditions have been met; and
- iii. Identify specific revenue-raising measures that are necessary for financial recovery, including the rate at which any municipal tax and tariffs must be set to achieve financial recovery.



Regarding the implementation of the financial recovery plan in mandatory provincial interventions, the municipality's attention is drawn to the following provisions of S146 of the MFMA.

S146 (1) If the recovery plan was prepared in a mandatory provincial intervention referred to in section 139 –

- (a) the municipality **must** implement the approved recovery plan;
- (b) all revenue, expenditure and budget decisions must be taken within the framework of, and subject to the limitations of, the recovery plan; and
- (c) the municipality **must** report monthly to the MEC for Finance in the province on the implementation of the plan in such manner as the plan may determine.

*In conclusion, unlike a voluntary or discretionary financial intervention, the National Treasury, through the Municipal Finance Recovery Service must develop the financial recovery plan for the Beaufort West Municipality. The plan must bind the municipality in terms of its spending and budget parameters and the municipality is obligated to ensure that such a recovery plan is implemented within the timeframes outlined.*

## **1.2 OVERVIEW OF THE FINANCIAL RECOVERY PLAN**

This financial recovery plan is prepared in accordance with the requirements of the Municipal Finance Management Act, 2003. It is based on the status quo assessment, the comments of the Auditor-General and the situational analysis provided by the Provincial Treasury.

Additionally, this financial recovery plan is aligned to the 4 pillars used by the National Treasury to assess municipal sustainability. These 4 pillars are: Governance, Institutional Stability, Financial Health and Service Delivery.

The strategic objective of this financial recovery plan is to address the current financial distress by focusing on improving the short-term financial liquidity of the municipality and by improving the long-term financial sustainability of the municipality.

This will be achieved in a phased approach, as indicated previously in this document, with a focus on high level targets to be achieved in each phase. Issues pertaining to governance, institutional stability and service delivery will also be addressed in so far as it undermines the financial recovery of the municipality.

To facilitate implementation, the financial recovery plan is divided into three key phases, namely:

### **Phase 1: Rescue Phase**

In this phase, the focus is primarily on cash and restoring the cash position of the municipality. The indicators for rescue phase include a funded budget (or demonstrating that the municipality is on a credible path to a funded budget), monitoring of the daily cash and cash balances, cost containment measures, focusing on improving the debtor's collection rate, the ring-fencing of conditional grants and ensuring that creditors are paid timeously and that negotiations are entered into to settle any outstanding debt. There is some focus on service delivery and governance matters, however, these are limited to addressing the most visible and easy to resolve issues. However, as resources become available through better cash management, the collection of outstanding debt and the prioritisation of expenditure, service delivery issues can be addressed more comprehensively to secure the revenue base.



This is a short-term phase and is anticipated to last up to one year from the approval date of the FRP.

### **Phase 2: Stabilisation Phase**

The bulk of the recovery process takes place in the second phase of the recovery plan. This phase is referred to as the stabilisation phase. In this phase, a strong focus on cash, finances and financial management is still maintained but greater attention is placed on the underlying service delivery, governance and institutional matters perpetuating the financial crisis in the municipality, such as the design of a fit for purpose organogram, plans to address the repairs and maintenance and renewal of infrastructure for the water and electricity network through which the municipality loses significant revenues, ensuring that the property valuation roll is updated and that all customers are billed according and other similar measures.

This phase is expected to last between 12 to 24 months or longer depending on progress made by the municipality.

### **Phase 3: Sustainability Phase**

Phase 3 of the recovery plan precedes the exit of the Provincial Intervention Team. Prior to concluding the intervention, there must be a reasonable assurance that measures implemented in Phases 1 and 2 are sustainable, that the municipality is committed to ensuring the implementation of good practice.

In this phase, it is also important to include indicators that give effect to the long-term financial sustainability of the municipality. These would be derived from the Strategic Development Review of the Municipality and the Long-term financing strategy.

In each of the phases and each of the pillars, appropriate targets have been selected to guide the recovery process. These targets have been identified as most appropriate given the nature of issues confronting the municipality. These targets provide an indication of high-level outcomes that must be achieved but do not specify the steps to be taken or the methods to be used to achieve those outcomes. The choice of methods is at the discretion of the Administrator and the Intervention Team who will be monitored on the progress made in achieving the set targets.

## **1.3 PREPARATION, CONSULTATION AND APPROVAL OF THE MANDATORY FINANCIAL RECOVERY PLAN**

### **PREPARATION**

In a mandatory intervention, S141(2) of the MFMA requires that the Financial Recovery Plan only be prepared by the Municipal Financial Recovery Services Unit within the National Treasury. The status quo assessment was conducted by the 4 functional workstreams composed of officials from NT, PT, Provincial CoGTA, the relevant sector departments and officials from BWM.

### **CONSULTATION**

In preparing this financial recovery plan, the MFMA requires the Municipal Financial Recovery Service (MFRS) to consult with the municipality, the municipality's suppliers, and creditors, the MEC's for Finance and Local Government in the Province and organised labour (MFMA: S141(3)(a)).



## **APPROVAL**

This Plan is submitted to the MEC for Finance for his verification and approval in line with Section 143(2) of the MFMA.

### **1.4 IMPLEMENTATION OF THE MANDATORY INTERVENTION AND FINANCIAL RECOVERY PLAN**

As this is a mandatory intervention, the municipality must implement the financial recovery plan. All revenue, expenditure and budget decisions must be taken within the framework of and subject to the limitations of the financial recovery plan (MFMA: S146(1) (a)and(b)).

The municipality is also required in terms of S146(1)(c) to report monthly to the MEC for Finance and NT MFRS on the implementation of the financial recovery plan. Reporting will be done via the Office of the Municipal Manager.

It must be emphasised that the strategies set out in this Plan relate to activities that must be institutionalised and performed by various municipal officials, as part of their routine duties and tasks. Those appointed to such positions, even in acting capacities, must be given specific roles and responsibilities, which must be captured in a revised performance agreement. The Municipal Manager will oversee this process.

The **financial resources** required to support the implementation of the Plan, will be realised through restructuring of the budget, implementing the revenue collection strategy and revenue enhancement initiatives and a commitment to stringent expenditure controls, with particular emphasis on the elimination of non-essential expenditure, limitations on appointment of staff and non-revenue generating activities. Additional financial support for some projects will be mobilized from stakeholders. Furthermore, the provincial support package will be aligned with the FRP strategies.

### **1.5 MONITORING AND OVERSIGHT OF THE INTERVENTION AND THE FINANCIAL RECOVERY PLAN**

The intervention will be subject to oversight by an Oversight and Monitoring Committee who will report directly to the M Finance and the Provincial Executive of the Western Cape. The Oversight Committee will direct the intervention, monitor progress, and unblock any challenges that may hinder the success of this intervention. This Committee will have the authority to approve that certain actions from the FRP should be prioritized, or delayed, and to refine or amend individual activities. The Committee will also be tasked with assessing progress and approving the shift from one phase of the FRP to another.

The Oversight Committee will consist of the following representatives:

- (a) Western Cape Provincial Treasury (Co-chairperson)
- (b) Western Cape DLG (Co-chairperson) NT MFRS
- (c) NT MFRS
- (d) Western Cape SALGA
- (e) Officials from Beaufort West Municipality

A Technical Working Group may be formed with representatives from some or all these organisations to meet on a regular basis to coordinate routine support and monitoring of the intervention. The Intervention Municipal Manager must provide written reports to the Oversight and Monitoring Committee, monthly. These reports will form the basis of the quarterly progress reports that must be



prepared in terms of section 147 of the MFMA and submitted to the municipality, the Minister of Finance, the Cabinet member responsible for local government; the provincial legislature; and organised local government in the province. The Municipal Manager must take corrective action when activities in the plan are falling behind implementation timelines or when there is a risk of non-achievement of the desired outcomes. Progress report on the implementation of the plan should be signed by the municipal manager before submission to Council, Provincial Treasury and National Treasury MFRS, monthly (by 10<sup>th</sup> of every month). A review of the plan should also be undertaken at regular intervals and be updated as and when more accurate and up to date information is obtained. Section 147 of the MFMA also provide further guidance on the monitoring and evaluation of the plan.

## **1.6 RISKS ASSOCIATED WITH THE IMPLEMENTATION OF THE FINANCIAL RECOVERY PLAN**

The following risks have been identified which must be mitigated for successful implementation of the financial recovery plan. These risks relate primarily to financial administration, budgeting, financial discipline, and governance. It is proposed that a risk matrix be developed and that appropriate mitigation measures be instituted. The risk management matrix must be developed by the Municipal Manager.

### **The emerging risks identified, include amongst others:**

- Inadequate internal capacity to implement the intervention activities.
- Dysfunctionality of the LLF which may compromise labour peace.
- Lack of internal HR capacity and competencies.
- Excessive use of consultants for work which could be performed by internal personnel.
- Poor management of discipline and lack of capacity for Presiding Officers and municipal prosecutors.
- Excessive employee related costs which possess a risk for long term sustainability.
- Insufficient communication on intervention activities to ensure commitment.
- Industrial actions owing to communications and resistance to the changes due to any organisational restructuring or realignment and the implementation thereof.
- Non-compliance with Human Resources Management laws/policies and inadequate Human Resources Policies.
- COVID-19 related risks: job losses, loss of municipal revenue.
- Limited revenue base.
- Potential resistance to change by certain internal and external stakeholders.
- Community service delivery and other protests.
- Loss of grant funding due to non-compliance with grant conditions.
- Continued non-collection of revenue and increase in the debtors' book.
- Failure to materially control and reduce non-revenue electricity and water losses, which losses will negate the impact of other interventions.
- Failure to reverse trend of under-investment in maintenance and lack of timely replacement of aged infrastructure.
- Non-commitment to stringent expenditure controls and non-implementation of the revenue enhancement initiatives.
- Inadequate systems of delegation that impact on governance, administration, and operational efficiency.
- Litigation due to SCM challenges.
- Inadequate implementation of internal controls.



## 1.7 COMMUNICATION PLAN

It is proposed that the Municipal Manager drafts an internal and external communication plan to support effective communication throughout the intervention. Change management may also be used to support, deepen, and institutionalise implementation.

| Type of Communication                  | Communication Schedule  | Typical Communication Mechanism | Who initiates           | Recipient   |
|--|---|---------------------------------|-------------------------|---|
| Consultation with all the stakeholders | At the commencement of the FRP  | Face to face meeting or virtual | DLG, WCPT<br>NT-MFRS    | Creditors<br>SALGA<br>Organized labour                            |
| Phase 1<br>Rescue Phase                | Weekly to track progress and review all financial policies and strategies   | Email & Virtual meetings        | DLG, WCPT &<br>NT-MFRS  | BWLM<br>Management<br>(BTO)<br>SALGA<br>HOD WCPT &<br>LG          |
| Phase 2<br>Stabilization Phase         | Bi-weekly: to review and assess adherence to reforms established in phase 1 | Face to face/Meeting or Virtual | DLG, WCPT &<br>NT- MFRS | Council<br>HOD-WCPT &<br>LG<br>SALGA                              |
| Phase 3<br>Sustainability Phase        | Monthly engagement to review whether performance targets are met            | Face to face/Meeting Or Virtual | BWLM Senior Management  | Council<br>WCPT and DLG<br>SALGA<br>NT-MFRS                       |
| Handover                               | After 36 months   | Face to face engagement         | NT-MFRS                 | Council<br>SALGA<br>Organized labour<br>Creditors<br>WCPT and DLG |



## **PART TWO:**

### **2.1 A STATUS QUO ASSESSMENT**

In developing this financial recovery plan, the following information sources were utilised:

- The Provincial Treasury situation assessments.
- Audit reports by the Auditor-General of South Africa.
- The Mid-year Budget and Performance Assessment Report and the Medium-Term Revenue and Expenditure Framework (MTREF) Budget.
- The Integrated Development Plan.
- High Level Strategic Risk Register.
- Management engagement
- Status of BWLM Report
- Financial Ratios in accordance with MFMA Circular 71.
- The Annual Financial Statements.
- Fixed Asset Register
- The Municipal Website
- Various municipal documents such as reports, policies, procedures, etc.

#### **Overview of demographics and economy in Beaufort West Local Municipality**

Beaufort West Local Municipality is part of the Central Karoo District Municipality in the Western Cape. The Municipality is situated in the Great Karoo and includes the towns of Beaufort West, Murraysburg, Nelspoort and Merweville. Beaufort West's population was estimated to be 50 904 people in 2020 and is projected to decrease to 21 656 in 2024. The average household size in the Beaufort West area is 3.88 which is estimated to remain unchanged towards 2024. The number of households was recorded at 13 691 in the 2019 Community Survey.

The total GDP-R for Beaufort West amounted to R2.2 billion in 2018 with economic activity mostly focused within the economic sectors of general government (21.9%), transport and communication (17%) and trade and tourism (15,1%). The overall economy grew at an average annual rate of 0.6 per cent between 2014 and 2018, below the Central Karoo District Municipality's average of 1.1 per cent across the same period. However, the per capita GDP-R of Beaufort West is lower than the average for the district and the province. The economy is expected to contract with more than 1% from 2019.

Real GDP-R per capita in the Beaufort West Municipal area was R26 000 in 2018 which is slightly lower than the district average of R27 000, but well below the provincial average of R58 000.

According to estimates by the Western Cape Department of Economic Development and Tourism, the COVID pandemic will have a significant impact on the Beaufort West economy, with GVA contracting by 12.3 per cent and employment contracting by 10.2 by the end of the first year



## Beaufort West LM Mandatory FRP

(2020/21). Recovery is estimated to be slow and will take up to 36 months to get to pre-recession levels.

Overall quality of life, as measured through the human development index (HDI) improved from 0.73 in 2012 to 0.78 in 2018. However, this remains slightly below the average for the Central Karoo District Municipality of 0.79 average in 2018. This is largely due to the relatively lower incomes of citizens within the Beaufort West municipal area.

The Beaufort West municipal area currently (2020) has a population of 51 074. This total is expected to decrease to 50 904 by 2024, equating to an average annual growth rate of -0.1 per cent. In comparison, the Prince Albert and Laingsburg municipal areas will both grow at 0.7 per cent across the same period. Sex Ratio The overall sex ratio (SR) depicts the number of males per 100 females in the population. The data indicates that there are notably more females than males in the Beaufort West municipal area with a ratio of 53,1 per cent (females) to 46,9 per cent (males). The SR for Beaufort West increases slightly from 2020 to 2021, where after it is expected to remain unchanged. Age Cohorts Between 2020 and 2026, the largest population growth was recorded in the 65+ aged cohort which grew at an annual average rate of 1.2 per cent. The child and working age cohorts in turn respectively decreased by 1.3 per cent and increased by 0.4 per cent. The decrease in the child cohort reflects a possible trend where those coming into the municipal area in search of job opportunities, do so on their own and do not bring their families along. The dependency ratio decreased towards 2026. Household sizes Household size refers to the number of people per household. The average household size in the Beaufort West municipal area is 3.8 which is estimated to remain unchanged towards 2024. Contributing factors to a stagnation in household size growth could include, but are not limited to, lower fertility rates, occurrences of divorce, ageing population, etc. Population density Amidst rapid urbanisation across the Western Cape, population density figures will aid public sector decision makers to mitigate environmental, individual health and service delivery risks. In 2020, the population density of the Central Karoo District (CKD) was 15 persons per square kilometer. In order of highest to lowest, the various local municipal areas in the CKD compare as follows:

- Beaufort West 2 people/km<sup>2</sup>
- Laingsburg 1 people/km<sup>2</sup>
- Prince Albert 2 people/km<sup>2</sup>.

## 2.2 KEY ISSUES IDENTIFIED

The status quo assessment will be ordered in terms of the following 4 municipal sustainability pillars:

- a) Governance
- b) Institutional stability and capability
- c) Financial health
- d) Service Delivery

The findings of the status quo assessment will be classified according to these four pillars.



## 2.2.1 GOVERNANCE

In addition to the overarching governance challenges highlighted by the Auditor-General, the following **internal control deficiencies** were noted with concern:

- Leadership did not develop adequate policies and procedures to guide operations of the municipality regarding gathering and posting of information on the accounting system which resulted in material non-compliance with key legislation and material misstatements in the financial statements and the performance reports;
- Management did not ensure accuracy of the data used to prepare financial statements due to lack of consequence management and clear policies and procedures that govern capturing and reviewing transactions;
- Leadership did not ensure that management implement action plan to address the internal control deficiencies identified in the previous financial year 2018/19;
- Lack of contract management and proper maintenance of contract registers hampered the disclosure of accurate figures for financial commitments and irregular expenditure in the financial statements;
- Management did not ensure that the developed action plan to address recurring compliance findings were implemented and monitored;
- Management did not have adequate control in place to effectively review and monitor compliance with all relevant legislation;
- Management did not exercise the oversight responsibilities regarding financial and performance reporting, compliance and related internal controls;
- Management did not ensure that controls were implemented over daily and monthly processing and reconciling transactions;
- Management did not prepare regular, accurate, and complete financial and performance reports that were supported and evidenced by reliable information;
- Management did not review and monitor compliance with applicable laws and regulations.

| Focus Area  | Brief diagnostic analysis  | Problem/ Key issues  | Causes  | Strategy to solve  | Source of Information  |
|---|--|--|---|--|--|
| Unauthorised, Irregular, Fruitless and Wasteful Expenditure | <p><b>Unauthorised expenditure: R 361 828 481 (2018/19 R103 984 317)</b></p> <p><b>Irregular expenditure R 58 754 110 (2018/19 R226 583 267)</b></p> <p><b>Fruitless and Wasteful expenditure: R 287 798 (2018/19 R1 782 655)</b></p> <p><b>No UIF&amp;W expenditure policy.</b></p> | <p>Overspending on budget.</p> <p>Non-compliance with supply chain management processes and legislation.</p> <p>Interests and penalties on late payments of creditors.</p> <p>Double payment to supplier</p> <p>Inadequate control and management of Working Capital</p> | <p>Unfunded budget.</p> <p>Under collection of projected revenue.</p> <p>Inadequate payment of arrears and current accounts of creditors.</p> <p>Ineffective</p> <p>Ineffective Consequence management.</p> <p>No UIF&amp;W expenditure reduction plan.</p> | <p>Develop, approve, and implement a policy governing irregular, unauthorised, fruitless, and wasteful expenditure.</p> <p>Identify, investigate, and report on irregular, unauthorised, fruitless, and wasteful expenditure as per legislation.</p> <p>Implement Consequence management for</p> | <p>Annual Financial Statements.</p> <p>Auditor-General report.</p> |



| Focus Area                        | Brief diagnostic analysis   | Problem/ Key issues  | Causes   | Strategy to solve   | Source of Information  |
|-----------------------------------|---|--|--|---|--|
|                                   | <p><b>UIFW expenditure registers in place.</b></p> <p><b>Section 32 investigations not done.</b></p>  | <p>No UIF&amp;W expenditure reduction plan</p> <p>UIF&amp;W registers inadequate</p>   | <p>Inadequate system in place to identify and record irregular expenditure.</p>                          | <p>historical irregular expenditure as per Council approved section 32 investigation report.</p> <p>Development and approval of UIF&amp;W expenditure reduction plan.</p> <p>Investigate all reported allegations of financial misconduct against the officials.</p> <p>Conduct section 32 investigations on new UIF&amp;W expenditure</p>  |  |
| <p><b>Contract Management</b></p> | <p><b>Contract Register in place.</b></p> <p><b>Contracted services are 10.3%</b></p> <p><b>Irregular payments without proper contracts.</b></p> <p><b>Poor contract management.</b></p> <p><b>Irregularly awarded contracts.</b></p> <p><b>No monthly performance monitoring Reports on contracts submitted.</b></p> <p><b>No contract management framework.</b></p> | <p>Political interference in contracts.</p> <p>Inadequate human resource capacity, competencies, and skills</p> <p>Inadequate contract performance monitoring measures.</p> <p>Poor internal controls.</p> <p>Ineffective contract management.</p> | <p>Contractual disputes.</p> <p>Badly drafted contracts.</p> <p>Lack of competent senior management.</p> | <p>Audit and review all contracts. Maintain an updated contract register Identify goods and services required on an ongoing basis and appoint service providers on three-year contracts.</p> <p>Submission of monthly performance monitoring reports on contracts.</p> <p>Review annual procurement plan.</p> <p>Affordable payment arrangements with creditors</p> <p>Development and approval of contract management framework</p> <p>Review standard</p> | <p>AG audit report.</p> <p>Annual Financial Statements</p> <p>Consultations, presentations by province and municipality, and documents supplied by municipality officials.</p> |



| Focus Area  | Brief diagnostic analysis   | Problem/ Key issues   | Causes  | Strategy to solve   | Source of Information   |
|---|---|---|---|---|---|
|   |   |   |   | <p>terms and conditions of security tender to include penalties for loss of assets against the service provider</p> <p>Audit legal compliance with procurement processes for the currently awarded security tender</p> <p>Review and audit the Water Reclamation contract</p>   |   |
| <p><b>Litigation and Contingent liability</b></p> | <p><b>Contingent liability of R1 085 000-00</b></p> <p><b>Minimal financial exposure through contingent liability</b></p> <p><b>Material non-compliance with legislation.</b></p> <p><b>Five Letters from provincial treasury for Non-compliance with statutory reporting</b></p> | <p>Low risk financial exposure.</p> <p>Non-compliance with statutory reporting</p> <p>Non-compliance with legislation Weaknesses in supply chain management processes</p>   | <p>Inadequate remedial actions against root causes</p>  | <p>Report to Council on diagnostic analysis of root causes of litigations and claims.</p> <p>Conduct a legal assessment on reasonable prospects of success on all pending litigations.</p> <p>Development and implementation of MFMA Legal compliance matrix</p> <p>Maintain updated litigation and claims register</p> | <p>Annual financial statements.</p> <p>Presentations by PT and municipality</p>   |
| <p><b>Governance Matters</b></p>                  | <p><b>Inadequate oversight role by Council over the executive and administration</b></p> <p><b>There is relative political and administrative stability</b></p> <p><b>Inadequate number of Council and committee meetings</b></p>   | <p>Ineffective decision-making processes.</p> <p>No approved annual institutional calendar of Council and committee meetings</p> <p>Political and administrative challenges</p> <p>Negative impact on governance, financial and service delivery.</p> | <p>Inadequate governance systems.</p> <p>Lack of accountability.</p> <p>Lack of competent senior management.</p> <p>Inadequate strategies</p> | <p>Review and align established section 80 committees with powers and functions, and administrative directorates.</p> <p>Implementation of institutional calendar for meetings for council and committees and disciplinary board.</p>   | <p>Presentations by provincial treasury and municipality on state of affairs.</p> <p>Annual report.</p> <p>Consultations, with municipal officials.</p> |



| Focus Area | Brief diagnostic analysis  | Problem/ Key issues | Causes | Strategy to solve   | Source of Information |
|------------|--|---------------------|--------|---|-----------------------|
|            | <p><b>Ineffective MPAC</b></p> <p><b>Four section 79 committees established</b></p> <p><b>Terms of reference for the section 79 committees could not be established</b></p> <p><b>Disciplinary Board established</b></p> <p><b>HAWKS investigation on conflict of interest in tenders by a councillor</b></p> <p><b>Executive Mayor, Speaker and an official arrested on allegations of fraud and corruption</b></p> <p><b>Inadequate public participation</b></p> |                     |        | <p>Review terms of reference for MPAC to add more oversight responsibilities.</p> <p>Increase frequency of meetings for MPAC.</p> <p>Capacitate Section 79 and 80 committees for improved oversight</p> <p>Implementation of institutional calendar of meetings for Executive management meetings.</p> <p>Schedule an induction for councillors on governance, financial management and oversight after local government elections.</p> <p>Disciplinary Board report quarterly to Council</p> <p>Implementation of the PWC report on forensic investigation into irregularities in the municipality</p> <p>Investigate non-payment for services by Councillors and administrative officials</p> <p>Enter into payment arrangements with Councillors and Administrative officials on arrears</p> |                       |



| Focus Area                                       | Brief diagnostic analysis   | Problem/ Key issues  | Causes   | Strategy to solve   | Source of Information  |
|--|---|--|--|---|--|
|  |   |  |  | <p>for services and monitor honouring of payment arrangements</p> <p>Development and approval of Stakeholder Engagement Strategy</p>  |  |
| <p><b>Internal audit and risk management</b></p> | <p><b>Disclaimer of opinion.</b></p> <p><b>Corporate Risk register in place.</b></p> <p><b>Risk management policy approved.</b></p> <p><b>Risk management documents not approved for 2021/22 FY.</b></p> <p><b>Risk management policy, strategy, and implementation plan</b></p> <p><b>Anti-Corruption and Fraud prevention policy; Fraud prevention and awareness strategy; Fraud prevention plan; Private work and Declaration of Interest policy; Whistleblowing policy;</b></p> <p><b>Chief Risk Officer not appointed. Function currently performed by internal auditor.</b></p> <p><b>Risk Management Committee established but not functioning effectively.</b></p> <p><b>Internal Audit documents not approved for FY</b></p> | <p>Poor internal Control Deficiencies.</p> <p>Material non-compliance with legislation.</p> <p>Inadequate implementation of risk and internal audit strategies and plans.</p> <p>SMART principle compliant deficiency.</p> <p>Internal audit and risk management not institutionalized</p> <p>Identified corporate risks are:<br/>Impact of COVID-19 pandemic;<br/>Impact of Drought;<br/>Lack of funding (need to expand the landfill site in the near future);<br/>Misuse and abuse of municipal vehicles;<br/>Impact of loss of fines on short term financial feasibility;<br/>Financial feasibility in the long term;<br/>Deteriorating and Ageing infrastructure<br/>Excessive water losses;<br/>Decentralized SCM unit resulting in corruption or bypassing SCM processes;<br/>Loss of key data (Data management</p> | <p>Risk and internal audit management not institutionalised.</p> <p>Inadequate implementation of recommendations of audit committee.</p> | <p>Quarterly reports on internal audit and risk management.</p> <p>Update and report progress on implementation of AG audit action plan.</p> <p>Quarterly progress reports on implementation of remedial actions to mitigate against corporate risks and annual audit plan.</p> <p>Development of organisational business continuity plan</p> | <p>Auditor-General report.</p> <p>Annual report.</p> <p>Reports supplied by municipality. Annual report.</p> <p>Presentation by PT on state of affairs</p> |



| Focus Area                               | Brief diagnostic analysis  | Problem/ Key issues   | Causes  | Strategy to solve   | Source of Information                         |
|--|--|---|---|---|---|
|  | <p><b>2021/22</b></p> <p><b>Audit committee established but functionality compromised by lack of reports submitted.</b></p>  | <p>outsources to service provider with no controls vested in the Municipality.</p>  |   |   |   |
| System of delegations                    | <p><b>Provincial COGTA assisting with review of system of delegations</b></p> <p><b>Inadequate system of delegations.</b></p> <p><b>Inadequate delegations register.</b></p> | <p>Non-co-operation by municipality</p>   | <p>Lack of understanding of rationale behind system of delegations.</p> <p>Lack of quality, appropriate and competent support Council and Mayco.</p>  | <p>Review system of delegations after elections.</p> <p>Sign-off of sub-delegations and maintain delegations register.</p> <p>Review the delegations of powers and functions on supply chain management by MM</p>   | <p>Presentation by PT on state of affairs</p> |
| By-laws and Enforcement                  | <p><b>By-laws updated and promulgated.</b></p> <p><b>Inadequate enforcement of by-laws.</b></p> <p><b>No reporting on revenue generated from enforcement of by-laws.</b></p> | <p>Electricity and water losses.</p> <p>Depleted investor confidence.</p> <p>Illegal land use</p> <p>Loss of opportunity for increased revenue</p>                                    | <p>By-laws don't provide fines for transgressions.</p> <p>Inadequate institutional arrangements for enforcement of by-laws</p> <p>Lack of quality, appropriate and competent support Council and Mayco.</p> | <p>Amendment of by-laws to include fines approved by Chief Magistrate as penalties</p> <p>Enforcement of By-laws.</p> <p>Report on revenue generated.</p> <p>Review institutional arrangements to establish enforcement unit.</p> <p>Promulgate outstanding approved by-laws.</p> | <p>Municipality website.</p>                  |
| Information and Communication Technology | <p><b>Inadequate ICT strategy</b></p> <p><b>Approved disaster recovery plan in place</b></p> <p><b>The disaster recovery plan was not tested during</b></p>                  | <p>Identified IT risks may therefore not be mitigated sufficiently and IT resources at the municipality may not be effectively utilised.</p> <p>No evidence of the municipality's</p> | <p>The following key aspects not covered in the IT Strategy:</p> <p>IT risks to be mitigated, The general approach towards technology,</p>  | <p>Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy, and protection of information.</p>   | <p>AG audit report findings</p>               |



| Focus Area                      | Brief diagnostic analysis  | Problem/ Key issues   | Causes  | Strategy to solve   | Source of Information                      |
|---------------------------------|--|---|---|---|--|
|                                 | <p><b>the 2019/2020 financial year.</b></p> <p><b>Outdated antivirus software</b></p>                | <p>progress in achieving their planned IT objectives.</p> <p>Increases the risk that financial data and information may not be recoverable in the event of a systems failure or other similar disaster.</p> <p>Increases in risk of vulnerabilities being exploited</p> | <p>The structure of the IT environment, Facilities used by IT, Planning guidelines and constraints, Resource requirements</p> | <p>Review the ICT strategy</p> <p>Annual testing of disaster recovery plan.</p> <p>Install up to date and latest version of anti-virus software on all servers and clients.</p>   |  |
| <b>Immovable properties</b>     | <b>Information not received as requested</b>   | Ineffective management of immovable property portfolio  | Poor record management  | <p>Audit of Council owned immovable properties and occupancy focusing on residential and commercial properties. Develop and adopt alienation policy. Review and collect market related rentals. Review lease agreements. Reconcile transactions at Deeds office. Identify non-strategic properties not required. Conduct cost benefit analysis (operational expenditure against revenue collected).</p> | Response of the municipality               |
| <b>Powers and Functions</b>     | <b>Municipality mandated to provide housing units, library services and Vehicle licence services</b> | Inadequate funding to cover all operational costs   | Inadequate Mandate agreement  | <p>Conduct an in-depth analysis of cost implications.</p> <p>Re-negotiate mandate agreements</p>  | Annual report.                             |
| <b>Auditor-General Findings</b> | <b>Disclaimer audit opinion in 2019/20 financial year</b>  | Poor Records Management system  | Lack of appropriate coordination on the   | Internal audit should provide monthly assurance on the reported   | Municipal audit action plan<br>AGSA report |



| Focus Area | Brief diagnostic analysis   | Problem/ Key issues   | Causes  | Strategy to solve  | Source of Information  |
|------------|---|---|---|--|--|
|            | <p><b>Internal control deficiencies</b></p> <p><b>Incomplete and Inadequate audit action plan,</b></p> <p><b>Audit Action Plan not SMART compliant</b></p> <p><b>Inadequate implementation of the audit action plan and slow response</b></p> | <p>Poorly prepared and non-compliant annual financial statements</p> <p>No reflection on retrieval of supporting documents that were not provided in prior year.</p> <p>Monthly/regular reconciliation of accounting records remain a challenge</p> <p>Annual financial statements prepared by the Municipality contain material misstatements.</p> <p>No consequence management and reporting</p> <p>Repeat of findings as some of the compliance matters and internal controls persist.</p> | <p>implementation of audit action plan.</p> <p>Reliance on consultants during reporting circle and no skill transfer to BTO officials.</p> <p>Insufficient monitoring of internal controls which result in slow progress.</p> <p>Bad practice of bulk reconciliation of accounting records during reporting circle which does not help to detect and correct errors on time.</p> <p>Lack of accountability for poor performance.</p> <p>Inadequate preparation of annual financial statements</p> | <p>progress and PoE.</p> <p>Furthermore, IA should provide assurance that all issues in the management report are responded and recommendations from stakeholders are being considered.</p> <p>Municipality should solicit assistance from stakeholders on technical issues or interpretations. Investment on internal controls and capacity building- skills</p> <p>Bi-weekly Audit steering committee to monitor progress.</p> <p>Introduction of performance management measures to instil culture of accountability.</p> <p>Progress report should be reported to the executive authority on regular basis to evaluate the extent which the findings are being addressed</p> <p>Internal audit unit should be capacitated on the AFS review process.</p> | <p>Presentation by PT on state of affairs</p> <p>Annual report</p> |

**2.2.2 INSTITUTIONAL/ ORGANISATIONAL/ HUMAN RESOURCES**



The following institutional, organizational, and human resource challenges are noted:

This section of the financial recovery plan provides a detailed analysis of the status quo of BWLM in so far as matters related to Institutional, OD, HR and Records Management are concerned. The following provides a high-level summary of issues:

- **Organisational Structure:** The Organisation Structure was last reviewed and approved by BWLM Council on the 15<sup>th</sup> of June 2021. The 2019/2020 Annual Report shows employee related costs to be at 43% and the current budget has stated them at 37%. In terms of National Treasury's norm remuneration costs for a municipality should be at 25% to 40% of the total operating expenditure budget. The high rate of employee costs is concerning; given the fact that some functions are executed on an outsourced delivery option.
- **Management of overtime:** The current budget does not make provision for overtime, implying that there is no expenditure on overtime, and there is no Overtime Policy. Ideally and legally, overtime should be allowed under strict conditions and limited to essential and critical services only – sign an Essential Services Agreement with organized labour in line with the Collective Agreement and BCEA (this be done before budget allocation).
- **Human Resources Policies:** The following policies are in place and were approved at different intervals:
  - **Recruitment and Selection:** This policy was approved in 2019, and policy is well regulated except for some areas that could have a negative impact on staff establishment and further bloat the organization structure. These are around the areas of headhunting and lack of a section prohibiting staff absorption. Headhunting practices open the recruitment process up for abuse and manipulation, when the policy is subjected for review; the clause on headhunting be removed from the policy and add one to prohibit staff absorption.
  - **Study Policy – Scheme for Self-Development:** The policy, in its current form does not link fields of study to the strategic objectives, legal mandate, skills gaps, limited competencies as conditions for employee to qualify for the study bursary scheme. Some of the core functions of the municipality are currently performed on outsourced basis. This policy is one of the instruments that the municipality could use to build internal capacity; and insource all functions.  
The application of this policy ideally should be linked to skills audit outcomes, talent attraction & retention and HRDMS objectives.
  - **Sexual Harassment:** This policy was revised in January 2007 and it is well structured.
  - **Private Work:** This policy was approved in October 2007, and it is well regulated. It is proposed that this policy be workshopped on a yearly basis given its importance and should form part of all Induction meetings for new employees.
  - **Cellphones:** The policy is well structured and practical to implement. The only noted limitations are on the fact that beneficiaries are allowed to exceed their allocated monthly allowances and then deduct the difference from their salaries. Some of the good practices that the municipality may consider is to pay the allowances direct to employees banking accounts and avoid processing payments to various telecom providers. This will lead the administration process and legalities that accompany contracting with providers and possible disputes that may arise because of exceeded usage.
  - **HIV/AIDS:** The policy is well structured, there are no limitations identified, except to propose that the policy should make provision for separate, secured, and private rooms to be used for HIV/AIDS testing and counselling to guarantee dignity of employee and encourage use of the service. This will contribute to EAP and Wellness programmes for the employees.
  - **Staff Induction & Training:** This policy was approved in 2005 and is well structures. It



covers issues if staff induction only.

- **Succession Planning & Career Pathing:** There are negative findings on this policy. The only suggestion is to link the policy to skills audit outcomes, HRDMS and Study Scheme policy.
  - **Framework: Staff Appointment – Support Staff for elected representatives:** This policy was approved in 2007. The policy does not specify minimum requirements for support to be provided for political office bearers. The lack of need specification will lead to overstaffing in political offices which lead further bloat the organization structure and further increase cost of employment. Support needed should be guided by functions as provided in the legislation, especially for the Office of the Mayor and the Council Speaker; and must be set at minimum.
- **Human Resources Development Strategy:** The HRDMS is in a draft form and not approved by Council, the draft was developed in June 2017.
  - **Change Management:** The municipality does not have a Change Management Strategy to assist with the introduction of new processes, transformation, handling transitions, communicating challenges and achievements with employees and stakeholders and low staff morale is being experienced and unproductive staff.
  - **Local Labour Forum (LLF):** The municipality has a well constituted LLF, challenges are being experienced around the convening and sitting of the Forum. The last meeting took place on the 17th of November 2019. This has the potential of compromising labour peace. The main reason for dysfunctionality of the LLF are non-attendance of meetings by both components.
  - **Management of Overtime:** No provision for compensation of overtime was made in the 2020/2021 budget, this was done with a view to discourage abuse. The approach taken by the municipality is not ideal, this will lead to essential service outages not being attended to. Provision for overtime should be made in the budget and introduce stringent policies and procedures to manage overtime within the provisions of the Divisional Collective Agreement and section 10 of the Basic Conditions of Employment Act (BCEA), 75 of 1997.
  - **Performance Management:** The PMS of the municipality is adequate and well regulated. BWLM uses the Service Delivery Budget Implementation Plan (SDBIP) as the basis for the system on an annual basis, the system is web-based. The Municipal Manager and 56 Managers sign annual performance agreements, and these are evaluated as required. The noted limitations are the lack of preparation of Personal Development Plans (PDPs) post assessment and cascading of PMS to T.A.S.K grade levels below section 56 Managers.
  - **Third parties:** The municipality is not in arears with payment of third parties.
  - **Employment Equity & Transformation:** The municipality does not comply with Employment Equity policy. Non-compliance will lead to hefty penalties and fines by the Department of Employment and Labour (DoE&L).

The table below reflects on matters that have been noted under this segment and provides an analysis of the problems and possible solutions:

| Focus Area                                   | Diagnostic Analysis   | Problem/ Key Issues                    | Causes                          | Strategy to Solve   | Source of Information                  |
|--|---|--|---------------------------------|---|--|
| Organisation al Structure and Employee Costs | <b>The Organisational Structure was reviewed and approved on 15<sup>th</sup> June 2021.</b> | Outsourced core functions.             | Political interference.         | The municipality is encouraged to employ measures to reduce high employee costs. (All non-critical vacancies must not be filled and | Annual Report 2019/20.                 |
|  | <b>Audited (19/20) Employee costs are 43% and stated at 37%</b>                             | Poor planning.<br>High employee costs. | Structure not properly aligned. |   | Cost Containment Policy – 1 July 2021. |



| Focus Area | Diagnostic Analysis   | Problem/ Key Issues   | Causes   | Strategy to Solve   | Source of Information   |
|------------|---|---|--|---|---|
|            | <p><b>unaudited (based on 20/21 budget) of the OPEX.</b></p> <p><b>In some months salaries are not paid on time due to poor cashflow.</b></p> <p><b>Some of the functions are outsourced and partly outsourced due lack of requisite skills or resources: Internal Audit, Electrical &amp; Engineering Services, ICT Services and Legal Services.</b></p> <p><b>Some of mechanical work is outsources whereas there is a Mechanical Workshop with staff.</b></p> <p><b>The structure is top heavy with unnecessary management layers (Directors, Senior Managers and Managers).</b></p> <p><b>Unfunded vacancies on new organogram – but not filled. There are 175 posts in total with 21 vacancies.</b></p> <p><b>There is no Placement Policy, staff not placed accordingly and disputes have not been resolved.</b></p> <p><b>High level of temporary employees (dating years back).</b></p> <p><b>Lack of sufficient workforce to perform duties due to inadequate organogram resulting in poor service delivery</b></p> <p><b>Library services are fully funded, while Vehicle Licensing and Housing are not.</b></p> <p><b>Some staff members were illegally elevated</b></p> | <p>Lack of requisite skills.</p> <p>Political interference.</p> | <p>Lack of skills on ICT and legal functions (not being able to attract the necessary skills due to the area being rural and no skills pool available in the community).</p> | <p>there should be zero percent increase on employee salaries) – vacant Senior Managers post not be filled ‘till the finalisation of Organogram review.</p> <p>Review the Organisational Structure and make provision for all core services/ functions to be executed internally.</p> <p>Develop Placement Policy.</p> <p>Conduct a cost-benefit-analysis for outsourced and insourcing of services.</p> <p>Provide for clear roles/responsibilities.</p> <p>Investigate illegal staff promotion/ post upgrading and apply consequence management and restore all affected posts to the correct original posts’ levels.</p> <p>Investigate the outsourcing of mechanical work and related costs.</p> <p>Investigate and terminate payment Cellular Phone and Travel Allowances to employees whose job requirement does not require such allowances as tools of trade.</p> | <p>Top Risks Register – June 2021.</p> <p>BWLM Org. Structure.</p> <p>Staff Establishment report: Sept. 2021.</p> <p>Report: Travel/ Cellular Phone Allowances.</p> <p>LLF, Council, Management and community engagement.</p> |



| Focus Area                       | Diagnostic Analysis  | Problem/ Key Issues   | Causes  | Strategy to Solve  | Source of Information                                      |
|----------------------------------|--|---|---|--|--|
|                                  | <p><b>to higher Tuned Assessment of Skills and Knowledge (T.A.S.K) grades post levels outside of normal recruitment processes and procedures. And some employees gave reported this action to the Public Protector for investigation.</b></p> <p><b>Travel and Cell-phone allowances are also paid to employees whose job-inherent does not require them to have access to such tools of trade (Drivers, Exec. Secretaries).</b></p> <p><b>Discriminate application of Travel Essential User Scheme Policy</b></p> |   |   | Investigate application of Travel Essential User Scheme Policy.  |  |
| <b>Filling of Critical Posts</b> | <p><b>The posts of MM and Section 56 Managers have been filled.</b></p> <p><b>The posts of Senior Manager Legal Services and Manager ICT are vacant.</b></p> <p><b>Labour Relations Officer posts also vacant.</b></p>   | Organisation Structure does not make provision for fully functional legal services and ICT. | <p>Refer to comments under the part on Organisation Structure.</p> <p>Post of LRO not filled, leading to delays in finalising disciplinary cases.</p> | Speed up filling the vacant posts of Senior Managers Legal Services and ICT. Refer to above comments regarding cost-benefit-analysis.  | <p>Annual Report 2019/20.</p> <p>Management Engagement</p> |
| <b>Overtime</b>                  | <p><b>Current budget does not make provision for compensation of overtime.</b></p> <p><b>Key and essential services are compromised.</b></p>   | No budget provision.  | Endeavours to curb abuse of overtime and cost saving.   | <p>Make provision for overtime during the budget adjustment process.</p> <p>Introduce measures and procedures to approve, monitor overtime work and compensations – use Divisional Agreement and BCEA to guide internal processes.</p> <p>Introduce and conclude an Essential Services</p> | LLF, Council & Management engagement.                      |



| Focus Area                              | Diagnostic Analysis   | Problem/ Key Issues   | Causes   | Strategy to Solve   | Source of Information   |
|---|---|---|--|---|---|
|   |   |   |  | Agreement with Organised Labour.  |   |
| <b>Leave Management and Absenteeism</b> | <p><b>There are inadequate leave controls.</b></p> <p><b>Poor timekeeping and absenteeism.</b></p> <p><b>High level of alcohol intake.</b></p>  | Disregard of legislated processes and complete lack of supervision.   | <p>The clocking system is not linked is not linked to payroll for correlation of remuneration against days worked. Chronic and prolonged illnesses. Consequence management applied in line with HR policies</p> <p>Salary disparities causing staff to be disgruntled and deserting work/ posts.</p> | <p>Introduce a clocking system linked to Payroll (considered automated options).</p> <p>Authorise Payroll to individual employees based on the timesheet signed by someone with authority.</p> <p>Implement constant auditing of the payroll.</p> <p>Stricter application of leave procedures and apply consequence management for transgressions.</p> <p>Assist affected staff with medical boarding applications.</p> <p>Request the WC Liquor Board to assist alcohol abuse counselling and support (as part of their CSI programmes).</p> | <p>Top Risks Register – June 2021.</p> <p>Management engagement.</p>  |
| <b>Management of discipline.</b>        | <p><b><u>Lack of stringent control measures hampering successful outcome of disciplinary procedures.</u></b></p> <p><b><u>Limited in-house capacity of Presiding Officers.</u></b></p> <p><b><u>Staff with political links are proving to be difficult to control and manage and there is political interference.</u></b></p> | <p>Poor controls.</p> <p>Political interference.</p> <p>High rate of disregard for work procedures and respect for work protocols.</p> <p>Certain employees doing business with the municipality.</p> | <p>Cases taking too long to finalise.</p> <p>Lack/ limited personnel capacity preside and prosecute matters.</p> <p>Affected employees electing to use the services of private attorneys when not allowed by the</p>   | <p>Expedite all outstanding matters and finalise within 6 months.</p> <p>Source the services of the District and other state organs to assist with presiding and prosecuting of all matters.</p> <p>Train s56 Managers &amp; Managers.</p>  | <p>LLF, Council &amp; Management engagement.</p> <p>Various Disciplinary Reports.</p> <p>WCLG Final Report: Forensic Investigation – June 2018.</p> |



| Focus Area                       | Diagnostic Analysis  | Problem/ Key Issues   | Causes   | Strategy to Solve  | Source of Information  |
|----------------------------------|--|---|--|--|--|
|                                  |  |   | 2018 Code Collective Agreement on Discipline.  | Expedite the appointment of Manager Legal and Industrial Relations Officer.  |  |
| <b>Human Resources Policies</b>  | <p><u>The following policies are in place:</u></p> <ul style="list-style-type: none"> <li>• <b>Recruitment and Selection</b></li> <li>• <b>Sexual Harassment</b></li> <li>• <b>Language</b></li> <li>• <b>Private Work</b></li> <li>• <b>Cell-phones</b></li> <li>• <b>HIV/AIDS</b></li> <li>• <b>Staff Induction &amp; Training</b></li> <li>• <b>Succession Planning &amp; Career Pathing</b></li> <li>• <b>Framework: Staff Appointment – Support Staff for elected representatives</b></li> <li>• <b>Succession Planning – poor implementation.</b></li> </ul> <p><u>The following policies are not in place:</u></p> <ul style="list-style-type: none"> <li>• <b>Placement</b></li> <li>• <b>Acting Allowance</b></li> <li>• <b>Overtime</b></li> </ul> | <p><b>Recruitment and Selection:</b><br/>Potential abuse of Headhunting.</p> <p>No prohibition of staff absorption.</p> <p><b>Political Staff:</b><br/>No support minimum set to guide appointment of support staff.</p> <p><b>Cell-phones:</b><br/>Exceeding of approved allowance, processing, and contracting, policy not amended in line with EMT &amp; Council decisions.</p> <p><b>Study Scheme:</b><br/>Not aligned to strategic objectives, legal mandate, and skills gaps.</p> | The way the policies were structured.  | <p>Review of the affected policies is suggested.</p> <p>Develop the following policies:</p> <ul style="list-style-type: none"> <li>• Overtime</li> <li>• Acting</li> <li>• Placement</li> </ul>  | <p>Various BWLM HR related policies.</p> <p>Management engagement.</p> |
| <b>Management of discipline.</b> | <b>Insufficient/ineffective disciplinary process.</b>  | Lack of stringent control measures hampering successful outcome of disciplinary procedures.   | <p>Limited in-house capacity of Presiding Officers.</p> <p>Political interference: Cases abandoned, and amnesty granted by Council</p> | <p>Train s56 and other senior managers to be used as Presiding Officers and Prosecutors.</p> <p>Make use of officials from other government departments and municipalities.</p> <p>Municipal Councillors to desist from interfering with disciplinary processes.</p> | <p>Top Risks Register – June 2021.</p> <p>Management engagement.</p>   |
| <b>Staff Verification</b>        | <p><b>Staff verification (head counts) are not conducted.</b></p> <p><b>Director's sign-off monthly salary payment schedules for processing of payroll –</b></p>   | <p>Possible existence of employees unaccounted for ('ghost workers').</p> <p>Possible of incompleteness of</p>  | There was never a commitment to execute.   | Conduct staff verification annually.   | Management engagement.   |



| Focus Area  | Diagnostic Analysis   | Problem/ Key Issues   | Causes   | Strategy to Solve  | Source of Information  |
|---|---|---|--|--|--|
|   | <b>this is a routine procedure and is susceptible to manipulation.</b>  | employee related costs.   |  |  |  |
| LLF   | <b>The LLF is dysfunctional.</b><br><br><b>Last meeting took place on the 17<sup>th</sup> of November 2020.</b>   | Poor coordination of LLF.   | Lack of discipline by all LLF components.                                    | Revitalise the LLF and convene meetings.<br><br>Apply consequence management to Councillors and officials who are failing to attend LLF meetings.                            | Annual Report 2019/2020.<br><br>Management engagement.               |
| Minimum Competency Regulations                    | <b>Not all Executive Management Team and employees required to complete the course in terms of s119 of MFMA have completed all the 28 Unit Standards – Gazette 41996</b>  | The affected members of the Executive Management Team are registered and still going through the programme.               | In process   | Ensure that all affected employees and managers complete the course in record time.  | Report: Municipal Regulation on Minimum Municipal Competency Levels. |
| Skills Audit                                      | <b>Skills audits have not been conducted.</b><br><br><b>Lack requisite skills to perform key and core functions.</b>  | Limited capacity and skills.  | Lack of training.<br><br>Lack of skills & competencies.<br><br>Lack of HRMDS | Conduct skills audits.<br><br>Placement of employees in line with competencies.  | Top Risks Register – June 2021.                                      |
| Human Resources Development & Management Strategy | <b>The HRDMS is in a draft form and not approved by Council, the draft was developed in June 2017.</b><br><br><b>Failure to attract, appoint and retain skilled and competent workforce/critical vacancies not filled and Ineffective middle management.</b><br><br><b>Lack of transfer of skills due to over reliance on private service provider and key personnel.</b> | HRDMS not finalised and not approved by Council.<br><br>Draft strategy is outdated.<br><br>Poor attraction and retention. | Approval and implementation.   | Expedite the review approval of HRDMS and submit to Council for approval and accordingly implement it.<br><br>Use PMS and EAP to attract and retain competent key personnel. | Top Risks Register – June 2021.<br><br>HRDMS                         |



## 2.2.3 FINANCIAL MANAGEMENT

### Revenue and Expenditure Management

Table 1: Summary of the 2021/22 Approved Budget

| Description  |                 |                 |                 | CURRENT YEAR    |                 |                      |                    | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK |                      |                |                      |                |                      |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------------|---|----------------------|----------------|----------------------|----------------|----------------------|
|  | 2017/18         | 2018/19         | 2019/20         | 2020/21         | 2020/21         | 2020/21              | 2020/21            | 2021/22                                     | 2021/22              | 2022/23        | 2022/23              | 2023/24        | 2023/24              |
| R thousand   | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Treasury Calculation | Full Year Forecast | Budget Year +0                              | Treasury Calculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation |
| Total Revenue (excluding capital transfers and contributions)      | 138 543         | 3 111           | 296 449         | 328 165         | 335 677         | 317 023              | 335 677            | 337 175                                     | 337 175              | 357 497        | 357 497              | 359 394        | 359 394              |
| Total Expenditure  | 80 814          | 27 460          | 333 476         | 347 175         | 357 140         | 374 365              | 357 140            | 354 392                                     | 373 891              | 375 528        | 395 817              | 375 528        | 395 817              |
| Surplus/(Deficit)  | 57 729          | (24 349)        | (37 028)        | (19 009)        | (21 463)        | (57 342)             | (21 463)           | (17 218)                                    | (36 716)             | (18 031)       | (38 320)             | (16 134)       | (36 423)             |
| <i>Non Cash Items</i>  |                 |                 |                 |                 |                 |                      |                    |   |                      |                |                      |                |                      |
| Depreciation & asset impairment                                    | 6 367           | 1 693           | 25 017          | 25 096          | 25 096          | 25 096               | 25 096             | 24 739                                      | 24 739               | 24 693         | 24 693               | 24 693         | 24 693               |
| Total Restated Result  | 64 096          | (22 656)        | (12 011)        | 6 087           | 3 633           | (32 246)             | 3 633              | 7 521                                       | (11 977)             | 6 663          | (13 627)             | 8 560          | (11 730)             |
| Total Capital Expenditure  | 78 600          | 8 891           | 22 792          | 10 006          | 26 003          | 26 003               | 56 206             | 11 625                                      | 11 108               | 11 044         | 11 044               | 8 527          | 8 527                |
| <i>Funded by:</i>  |                 |                 |                 |                 |                 |                      |                    |   |                      |                |                      |                |                      |
| Transfers recognised - capital                                     | 3 349           | 8 790           | 22 442          | 34 005          | 22 784          | 22 784               | 22 784             | 19 895                                      | 19 895               | 25 587         | 25 587               | 22 058         | 22 058               |
| Borrowings   | -               | -               | -               | -               | -               | -                    | -                  | -   | -                    | -              | -                    | -              | -                    |
| Internally generated funds   | -               | 101             | 351             | 1 892           | 1 908           | -                    | 1 908              | 3 570                                       | 3 570                | 1 657          | 1 657                | 465            | 465                  |
| A7 - Cash / cash equivalent at the year end                        | 28 368          | (16 033)        | 10 093          | 3 194           | 42 877          | (20 231)             | 42 877             | 23 792                                      | (34 209)             | 21 421         | (47 260)             | 23 394         | (58 053)             |
| A8 - Surplus / Shortfall after application of cash and investments | (28 755)        | (16 003)        | (9 259)         | 3 194           | 62 501          | (109 802)            | 62 501             | 27 562                                      | (124 028)            | 29 732         | (137 941)            | 33 659         | (148 682)            |

Source: Beaufort West Municipality 2021/22 LG Database

As per the NT funding tool, the 2021/22 MTREF analysis shows that the budget is **unfunded**. The large differences between the municipal A8 Schedule and the funding tool are due to differences in collection rates and calculation of outstanding creditors at the end of the year.

It is noted that there are variances between the data strings for the cash and cash equivalent balances over the MTREF and that of the council's A-Schedule. These differences have an impact on the cash flow of the municipality and its funding outcomes and should be corrected.

The Municipality made no changes to the operating revenue and expenditure budgets from the tabled to approved budget and is still budgeting for operating deficits over the MTREF. This was despite commitments in meetings with the provincial government as part of the 2021 budget process (in the Singal Integrated Municipal Engagements) that the Municipality would make substantial changes to ensure a funded budget. The Municipality also did not meet with PT to discuss changes, as agreed in the SIME engagement, despite several follow-ups from the province.

The disclaimed opinion the Municipality received from the Auditor General for the 2019/20 Annual Financial Statements is used as an input in the funding tool. The credibility of the findings on the budget are undermined by this, and additional caution should be exercised in addressing the funding problems identified.

The Municipality relies heavily on transfers recognised - capital to fund the 2021/22 MTREF capital budget. While this is understandable given the current financial position of the Municipality, it raises a risk considering the fiscal constraints which will persist over the MTREF and beyond due to the current economic outlook. The Municipality must put measures in place to fully spend all grants to avoid retention or reduction of grant funding.

The budget document remains silent on the water inventory item. It is noted that the Municipality did not budget or account for the costs of water extraction and/or purification as inventory as per the



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requirements of GRAP 12. Nothing has been listed under the Other Materials for the “Inventory Consumed Water” and therefore that means Beaufort West Municipality has budgeted for water under expenses.

### Cash and Liabilities Management

The current ratios of 0.53:1 (2021/22), 0.61:1 (2022/23) and 0.74:1 (2023/24) indicates that the working capital of the Municipality increases over the MTREF period. It is noted that although the ratios are increasing over the MTREF period it is still below the NT recommended norm of 1.5 - 2:1. The Municipality is as such exposed to a liquidity risk.

The liquidity ratios of negative 0.05:1 (2021/22), 0.02:1 (2022/23) and 0.12:1 (2023/24) is increasing over the MTREF years, however it remains below the NT recommended norm of 1:1. This indicates that the Municipality does not have the ability to meet its short-term obligations.

The credibility of the data strings is a challenge to the Municipality, and it is noted that during the 2021/22 year the Municipality reported an overdraft on the financial position. A positive closing cash/cash equivalents balance is reported for the two outer MTREF years.

Considering the impact of the COVID-19 pandemic on municipal revenue, it is recommended that Municipality adopts an active cash management system to enable it to maintain sound liquidity for sustainable service delivery.

**Table 2: Operating Revenue Budget**

| Description  | CURRENT YEAR    |                 |                 |                 |                 |                      |                    | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK |                      |                |                      |                |                      | ASSUMPTIONS & CALCULATIONS |             |             |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------------|---|----------------------|----------------|----------------------|----------------|----------------------|----------------------------|-------------|-------------|
|  | 2017/18         | 2018/19         | 2019/20         | 2020/21         | 2020/21         | 2020/21              | 2020/21            | 2021/22                                     | 2021/22              | 2022/23        | 2022/23              | 2023/24        | 2023/24              | 2020/21                    | 2021/22     | 2022/23     |
| R thousand   | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Treasury Calculation | Full Year Forecast | Budget Year +0                              | Treasury Calculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation | % Change                   | % Change    | % Change    |
| <b>Revenue By Source</b>   |                 |                 |                 |                 |                 |                      |                    |   |                      |                |                      |                |                      |                            |             |             |
| Property rates   | 36 236          | 0               | 46 605          | 40 903          | 41 543          | 41 543               | 41 543             | 42 948                                      | 42 948               | 45 096         | 45 096               | 45 096         | 45 096               | 3.4%                       | 5.0%        | 0.0%        |
| Service charges - electricity revenue                                | 15 088          | (5 498)         | 89 273          | 85 273          | 85 195          | 85 195               | 85 195             | 89 536                                      | 89 536               | 96 699         | 96 699               | 96 699         | 96 699               | 5.1%                       | 8.0%        | 0.0%        |
| Service charges - water revenue                                      | 6 139           | 716             | 32 367          | 22 631          | 21 135          | 21 135               | 21 135             | 24 215                                      | 24 215               | 25 911         | 25 911               | 25 911         | 25 911               | 14.6%                      | 7.0%        | 0.0%        |
| Service charges - sanitation revenue                                 | 7 664           | 1 113           | 920             | 18 087          | 17 750          | 17 750               | 17 750             | 19 353                                      | 19 353               | 20 708         | 20 708               | 20 708         | 20 708               | 9.0%                       | 7.0%        | 0.0%        |
| Service charges - refuse revenue                                     | 3 309           | 613             | 1 093           | 9 411           | 9 439           | 9 439                | 9 439              | 10 258                                      | 10 258               | 11 182         | 11 182               | 11 182         | 11 182               | 8.7%                       | 9.0%        | 0.0%        |
|  |                 |                 |                 |                 |                 |                      |                    |   |                      |                |                      |                |                      |                            |             |             |
| Rental of facilities and equipment                                   | 271             | 110             | 2 412           | 1 358           | 1 447           | 1 447                | 1 447              | 1 426                                       | 1 426                | 1 497          | 1 497                | 1 497          | 1 497                | -1.4%                      | 5.0%        | 0.0%        |
| Interest earned - external investments                               | -               | 7               | 284             | 1 155           | 380             | 380                  | 380                | 1 271                                       | 1 271                | 1 398          | 1 398                | 1 398          | 1 398                | 234.3%                     | 10.0%       | 0.0%        |
| Interest earned - outstanding debtors                                | 920             | 245             | 4 815           | 4 798           | 5 056           | 5 056                | 5 056              | 5 086                                       | 5 086                | 5 391          | 5 391                | 5 391          | 5 391                | 0.6%                       | 6.0%        | 0.0%        |
| Dividends received   | -               | -               | -               | -               | -               | -                    | -                  | -   | -                    | -              | -                    | -              | -                    | -                          | -           | -           |
| Fines, penalties and forfeits  | 1 558           | 783             | 44 620          | 57 326          | 57 326          | 57 326               | 57 326             | 59 142                                      | 59 142               | 62 099         | 62 099               | 62 099         | 62 099               | 3.2%                       | 5.0%        | 0.0%        |
| Licences and permits   | 41              | 17              | 222             | 580             | 580             | 580                  | 580                | 609   | 609                  | 639            | 639                  | 639            | 639                  | 5.0%                       | 5.0%        | 0.0%        |
| Agency services  | 195             | 80              | 654             | 968             | 968             | 968                  | 968                | 1 065                                       | 1 065                | 1 171          | 1 171                | 1 171          | 1 171                | 10.0%                      | 10.0%       | 0.0%        |
| Transfers and subsidies  | 56 569          | 165             | 74 964          | 84 105          | 93 290          | 74 636               | 93 290             | 81 306                                      | 81 306               | 84 707         | 84 707               | 86 604         | 86 604               | -12.8%                     | 4.2%        | 2.2%        |
| Other revenue  | 10 554          | 4 761           | 1 874           | 1 570           | 1 570           | 1 570                | 1 570              | 959   | 959                  | 1 000          | 1 000                | 1 000          | 1 000                | -38.9%                     | 4.3%        | 0.0%        |
| Gains  | -               | -               | -               | 0               | 0               | 0                    | 0                  | -   | -                    | -              | -                    | -              | -                    | -100.0%                    | -           | -           |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>138 543</b>  | <b>3 111</b>    | <b>300 103</b>  | <b>328 165</b>  | <b>335 677</b>  | <b>317 023</b>       | <b>335 677</b>     | <b>337 175</b>                              | <b>337 175</b>       | <b>357 497</b> | <b>357 497</b>       | <b>359 394</b> | <b>359 394</b>       | <b>0.4%</b>                | <b>6.0%</b> | <b>0.5%</b> |

Source: NT Database Municipal data strings

### Findings and Recommendations

The Municipality anticipates realising an average increase in total operating revenue of 2.0 per cent across the MTREF period which indicates negative real growth when discounted for inflation. Service charges and property rates account for approximately 53 per cent of the Municipality’s total operating revenue generation. The Municipality is however still very dependent on fines (18.0 per cent) and government grants (24.0 per cent) both of which are influenced by factors beyond the Municipality’s control.

### Property Rates



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Property rates revenue increases by only 3.4 per cent over for the 2021/22 budget year which is in not in line with the tariff increase of 5 per cent. This discrepancy must be explained. The Municipality should explore other measures such as assessing its debtor book and ensuring that the necessary reconciliations between the deeds register, valuation roll and financial system is done to ensure that all revenue due to the Municipality is generated.

### **Service Charges**

The revenue source that has the highest contribution when it comes to services charges, is **service charges – electricity revenue** with a contribution of 62.0 per cent of the total service charges budget. Given the continuous above inflation tariff increases, the Municipality should be mindful of customers that will seek alternative supply through green initiatives. The increase of the electricity tariffs is beyond the control of the Municipality, but it may require an additional provision for debt impairment.

### **Fines**

The Municipality is heavily dependent on traffic fines and with the COVID-19 pandemic this revenue source is under serious threat. The Municipality also faces the challenge that since most of the offenders do not reside in the municipal area, collection of fines must be approached with caution. The costs of issuing and delivering summons to offenders may exceed the value of the fine that the Municipality is attempting to collect.

### **Reliance on grant funding**

The Municipality is reliant on government grants and subsidies which amounts to an average of 24 per cent of total operating revenue to fund its operations over the MTREF.

### **Conclusion**

The Municipality has submitted a Budget Funding Plan (BFP) to Provincial Treasury detailing how the Municipality will return to a funded position (as required in terms of section 18(1) of the MFMA) in future budgets. The Municipality should liaise with PT to continuously review the BFP and to mitigate any possible risks that may occur in the implementation of the BFP. Failure to align the municipal priorities to the adopted BFP may result in the withholding of future transfers of the local government equitable share.

The Municipality is further encouraged to note that the current fiscal constraints are anticipated to persist over the MTREF, therefore the Municipality is advised to improve the effort to limit non-priority spending and implement stringent cost-containment measures, whilst striving for value for money.

The Municipality is advised to protect revenue streams at all costs as revenue management is directly correlated to long-term financial sustainability and viability.

The Municipality is further encouraged to note that the current fiscal constraints are anticipated to persist over the MTREF, therefore the Municipality is advised to improve the effort to limit non-priority spending and implement stringent cost-containment measures, whilst striving for value for money.

The Municipality is advised to protect revenue streams at all costs as revenue management is directly correlated to long-term financial sustainability and viability.



2.2.3.1 Key Issues Identified

| Focus Area  | Brief diagnostic  | Problem/ Key issues   | Causes  | Strategy/ Solution   | Source of info   |
|---|---|---|---|--|--|
| Budget Management (Funding Status, Policies, etc) | <ul style="list-style-type: none"> <li>▪ Municipality developed and approved an unrealistic unfunded budget for 2021/2022</li> <li>▪ A8 Unfunded with R110 m (per PT calculation)</li> <li>▪ Revenue baseline insufficient</li> <li>▪ Over commitment on contracted services</li> <li>▪ Limited capital available for revenue generating infrastructure</li> <li>▪ Inability to pay bulk purchases</li> <li>▪ Inability to repair and maintain infrastructure, which effects service delivery.</li> <li>▪ Inaccurate Collection Rates and Creditor amounts</li> <li>▪ Low collection rates and negative cash flows</li> <li>▪ Budget silent on water inventory item: No provision for the costs of water extraction and/or purification as inventory as per GRAP 12 requirements</li> <li>▪ Municipality has the following Budget Related Policies in place for the financial year 2021/22:               <ul style="list-style-type: none"> <li>○ Rates Policy – non billing and allocation of 30% subsidy on public service infrastructure assets</li> <li>○ Indigent Policy</li> <li>○ Debt &amp; credit control policy</li> </ul> </li> </ul> | <p>Unfunded budget</p> <p>Financial and operational capacity of the municipality is under threat.</p> | <p>Low collection rate</p> <p>High grant dependency</p> <p>Lack of capacity of BTO staff</p> <p>Non implementation of Credit Control and Debt Collection Policy</p> | <ul style="list-style-type: none"> <li>▪ Revise Budget Funding Plan with clear objectives and financial targets aligned with FRP strategies and activities.</li> <li>▪ PT oversight on BFP implementation</li> <li>▪ Compile credible Adjustment Budget 2021/22</li> <li>▪ Apply Zero-based budgeting approach</li> <li>▪ Improve budget controls to prevent unauthorised expenditure</li> <li>▪ Consider review of budget related policies to facilitate increased revenue and contain cost.</li> </ul> | <p>Budget Document with changes – 14 June</p> <p>Audited AFS 2020</p> <p>Budget 2021/22 Assessment.</p> <p>Budget related policies</p> |



| Focus Area  | Brief diagnostic   | Problem/ Key issues  | Causes                        | Strategy/ Solution  | Source of info                 |
|---|--|--|-------------------------------|---|--------------------------------|
|   | <ul style="list-style-type: none"> <li>○ Tariff policy</li> <li>○ Budget Implementation policy</li> <li>○ Budget virements policy</li> <li>○ Expenditure Management policy</li> <li>○ Asset Management Policy</li> <li>○ Borrowings Policy</li> <li>○ Cash management policy</li> <li>○ Funding &amp; reserves policy</li> <li>○ Supply Chain Management Policy</li> </ul>   |  |                               |   |                                |
| <p><b>Cost Containment and cash flow management</b></p> | <ul style="list-style-type: none"> <li>▪ <b>Cost containment policy is in place.</b></li> <li>▪ <b>No evidence on implementation and impact</b></li> <li>▪ <b>The current ratios of 0.53:1 (2021/22), 0.61:1 (2022/23) and 0.74:1 (2023/24) indicates that the working capital of the Municipality increases over the MTREF period, but still below the NT norm of 1.5 - 2:1. (exposed to liquidity risk).</b></li> <li>▪ <b>The liquidity ratios of negative 0.05:1 (2021/22), 0.02:1 (2022/23) and 0.12:1 (2023/24) is increasing over the MTREF years, however, remains below the NT recommended norm of 1:1. This indicates that the Municipality does not have the ability to meet its short-term obligations.</b></li> <li>▪ <b>On 30 June 2021 the Primary Bank balance of the Municipality was overdrawn by – R 14 503 523.65 . Even after accounting for</b></li> </ul> | <p>Cost Containment Policy not fully aligned with NT Municipal Cost Containment Regulations (2019)</p> | <p>Lack of accountability</p> | <ul style="list-style-type: none"> <li>▪ Revenue enhancement strategy to be developed and implemented</li> <li>▪ Establish cash flow committee</li> <li>▪ Assess and improve capacity of BTO</li> <li>▪ Adopt an active cash management system to enable it to maintain sound liquidity for sustainable service delivery</li> <li>▪ Align policy with MFMA Circular 82 for guidelines on cost containment measures, MFMA Circular 97 and the Municipal Cost Containment Regulations (Gazette No.42514)</li> </ul> | <p>Cost Containment Policy</p> |



| Focus Area                | Brief diagnostic   | Problem/ Key issues   | Causes   | Strategy/ Solution  | Source of info   |
|---------------------------|--|---|--|---|--|
|                           | <p><b>cash and investments in other accounts, the Municipality ended the year with a negative net cash position of - R8 294 364.67.</b></p> <ul style="list-style-type: none"> <li><b>In terms of section 45 of the MFMA, the overdraft should have been repaid by 30 June 2021. The Municipality has been contravening section 45 of the MFMA for the last 3 financial years.</b></li> <li><b>Over –reliance on consultants</b></li> </ul>  |   |  |   |  |
| <b>Revenue Management</b> | <ul style="list-style-type: none"> <li><b>Not all consumers are metered and unknown consumers</b></li> <li><b>Consumer meters not read but billed on estimates</b></li> <li><b>Prepaid vendor reconciliation not performed monthly</b></li> <li><b>Valuation roll not reconciling with the billing system</b></li> <li><b>No co-ordination between technical and Finance on meter readings</b></li> <li><b>No effective customer care management Unit and Policy</b></li> <li><b>Debtors book not reviewed to identify indigents and write offs of irrecoverable debts</b></li> <li><b>Decreased Revenue Budget Implementation result</b></li> </ul> | <p>Low internal revenue</p> <p>Financial and Operational capacity is under threat</p> <p>Billing inconsistencies</p> <p>BTO capacity challenges</p> | <p>Low collection rate</p> <p>No revenue strategy in place / submitted</p> <p>Inaccurate data</p> <p>Lack of monitoring</p> <p>Failure to implement consistently and strictly the debt &amp; credit control policy</p> <p>Non cooperative Business Community</p> | <ul style="list-style-type: none"> <li>Investigate and instil improved revenue management processes</li> <li>consumer segmentation to develop strategies to deal with non-paying consumers (debtors age analysis broken down to consumer segmentation)</li> <li>Assess adequacy and efficacy of Credit Control Policy and Processes in realising the debtors</li> <li>Identify new opportunities for revenue generation and growth (within its mandate) and determining areas where generation of revenue has been underutilised.</li> <li>Establish customer base which classify customer category. i.e., Business, Industry, residents, Government etc.</li> <li>Meter reading should be done monthly, and</li> </ul> | <p>Budget Document with changes – 14 June</p> <p>2019/20 Audit Report</p> <p>IDP 2021/2022</p> |



| Focus Area                           | Brief diagnostic  | Problem/ Key issues  | Causes  | Strategy/ Solution  | Source of info           |
|--------------------------------------|---|--|---|---|--------------------------|
|                                      |   |  |   | <ul style="list-style-type: none"> <li>variances be attended promptly</li> <li>▪ Review the list of vendors and supply codes, perform monthly reconciliation on a weekly basis</li> <li>▪ Perform reconciliation on valuation roll and billing system and correct discrepancies</li> <li>▪ Establish weekly formal meeting between Technical and Finance</li> <li>▪ Establish a customer care unit and update a policy on customer care</li> <li>▪ Review the debtor's book and identify long outstanding debts, reconcile with the indigent register, and recommend write offs</li> </ul>  |                          |
| <b>Financial Control environment</b> | <ul style="list-style-type: none"> <li>▪ <b>Status of accounting records is unreliable</b></li> <li>▪ <b>SOPs not fully implemented</b></li> <li>▪ <b>Utilisation of financial resources are not used effectively, efficiently, and economically.</b></li> <li>▪ <b>Full and proper records of the financial affairs are not kept in accordance with prescripts</b></li> <li>▪ <b>Financial and risk management not adequately implemented</b></li> </ul> | <p>AG issues not addressed</p> <p>BTO Capacity constraints</p> | <p>Poor accounting records, incompleteness of accounting data</p> <p>Lack of following standard procedures for BTO activities</p> | <ul style="list-style-type: none"> <li>▪ All revenue and expenditure to be captured on a live system. Checks and balances to be monitored. All account reconciliations to be performed by capable individuals and approved by senior official.</li> <li>▪ All reconciliations to be performed and monitored</li> <li>▪ Implementation of SOP's for all BTO functions. Workshop the SOP and monitor implementation</li> <li>▪ Appointment and training of officials</li> <li>▪ Review of SOP's, training of staff and support with implementation</li> <li>▪ Develop records management procedure in line with regulations, train staff and</li> </ul> | <p>2020 Audit Report</p> |



| Focus Area                     | Brief diagnostic  | Problem/ Key issues   | Causes   | Strategy/ Solution   | Source of info  |
|--------------------------------|---|---|--|--|---|
|                                |   |   |  | <ul style="list-style-type: none"> <li>support with implementation</li> <li>Train management on risk identification and mitigation</li> </ul>  |   |
| <b>Trading Tariffs</b>         | <b>Trading services reflect an overall fixed surplus over the 2021/22 MTREF, except for energy and waste management services that are reflecting a deficit.</b>   | <p>Trading Tariffs are not cost reflective</p> <p>Rebates not allocated in line with provisions of the tariffs on Rates</p> | Municipality has not ensured that there is a monitoring system to enable measurement of condition for the allocation of the rebate. Municipality does not have an infrastructure plan to respond to current challenges | <ul style="list-style-type: none"> <li>Municipality must re-examine the cost-reflectiveness of its trading services, especially electricity as this is the largest trading service and should be able to generate surpluses.</li> <li>Put in place strategies to reduce losses even further by attempting to reduce its technical and non-technical assets as these will reduce the cost of supplying services and increase the volumes sold.</li> </ul> | <p>Municipal Budget 14 June version Rates Tariff Procedure manual</p> <p>AFS</p> <p>Rates Tariff Procedure manual</p> |
| <b>mSCOA</b>                   | <ul style="list-style-type: none"> <li><b>Disclaimed audit opinion for the 2019/20 Annual Financial Statements</b></li> <li><b>The credibility of the data strings is a challenge</b></li> <li><b>MTREF Budget not directly prepared on the mSCOA financial systems</b></li> <li><b>mSCOA Implementation Plan in place and committee ToR (Functionality questioned)</b></li> <li><b>Key Functional Modules not implemented</b></li> </ul> |   | Lack of Capacity of BTO staff to run mSCOA   | <ul style="list-style-type: none"> <li>Setup mSCOA Steering Committee</li> <li>Implementation of mSCOA Road Map</li> <li>Timeously Submission of credible data strings</li> <li>Revise and implement plan for non-functional modules such as asset management modules etc.</li> <li>PT support on mSCOA implementation</li> </ul>  | <p>AG Report</p> <p>PT assessment reports</p> <p>MTREF Budget</p> <p>mSCOA Roadmap and Implementation Plan</p>        |
| <b>Supply Chain Management</b> | <ul style="list-style-type: none"> <li><b>Not all municipal planned procurement is included in the procurement plan.</b></li> <li><b>Supply Chain Management policy is in place, but need to be reviewed for alignment with</b></li> </ul>  | Not all municipal planned procurement is included in the procurement plan   | <p>Lack of use of mSCOA ledger</p> <p>Deviation from SCM Policy and Regulations</p>  | <ul style="list-style-type: none"> <li>Review SCM policy to deal with any internal controls weaknesses identified, and ensure they are aligned to all applicable legislation</li> <li>Design and implement systems and procedures to</li> </ul>  | <p>Demand Management Plan</p> <p>SCM Policy</p> <p>AG Report</p>  |



| Focus Area                                     | Brief diagnostic  | Problem/ Key issues   | Causes                      | Strategy/ Solution  | Source of info                               |
|--|---|---|-----------------------------|---|--|
|  | <p><b>national guidelines</b></p> <ul style="list-style-type: none"> <li>▪ <b>No evidence for implementation of policy – reports were not submitted quarterly</b></li> <li>▪ <b>High levels of UIFW point towards SCM deficiencies</b></li> </ul>   |   |                             | <p>ensure total compliance to the policies by the municipality (strengthened controls)</p> <ul style="list-style-type: none"> <li>▪ SCM Checklists to be developed and implemented to provide a step-by-step guide to the Officials.</li> <li>▪ All municipal items for procurement should be included in the procurement plan.</li> <li>▪ Municipality to ensure annual adherence to SCM reporting requirements as contained in the MFMA.</li> </ul>   |  |
| <p><b>Expenditure/ Creditor Management</b></p> | <ul style="list-style-type: none"> <li>▪ <b>Creditor Payment Ratio declined from 2018/19 to 2019/20 from 87days to 145 days (NT Norm = 30 days.</b></li> <li>▪ <b>Evident from the liquidity ratios that the Municipality does not have the required cash flow to keep up with its obligations.</b></li> <li>▪ <b>Total Creditors: R64 million</b></li> <li>▪ <b>Prioritise creditor payments &lt; R300,000</b></li> <li>▪ <b>Increasing Eskom debt: R27m (2020), R60m (2021)</b></li> <li>▪ <b>Some payment arrangements in place</b></li> <li>▪ <b>The Municipality is still struggling to meet its obligations toward Eskom</b></li> <li>▪ <b>The serious risk of Eskom interrupting supply of bulk</b></li> </ul> | <p>Additional pressure on limited financial resources to service debt</p> | <p>Liquidity challenges</p> | <ul style="list-style-type: none"> <li>▪ Prepare creditors reconciliations for bulk suppliers</li> <li>▪ Enter into / re-negotiate payment plan with Eskom (Interest, Credit Control,</li> <li>▪ Verify NMD with Eskom assistance</li> <li>▪ Prioritise current account payments for bulk purchases</li> <li>▪ Ensure that creditors paid have a legitimate claim in terms of money owed</li> <li>▪ Arrear accounts to be structured according to the FRP using the restructuring tool.</li> <li>▪ Manage contingent liabilities to minimise the exposure of financial risk</li> <li>▪ Incur expenditure in terms of the approved 2021/22 Budget</li> </ul> | <p>2019/20 Audited AFS<br/>PT Assessment</p> |



| Focus Area                 | Brief diagnostic  | Problem/ Key issues   | Causes  | Strategy/ Solution  | Source of info  |
|----------------------------|---|---|---|---|---|
|                            | <p>electricity or taking other actions to collect the debts owed to them</p>  |   |   |   |   |
| <b>Asset Management</b>    | <ul style="list-style-type: none"> <li>▪ <b>Asset Management policy in place (Approved in June 2021 for the 2021/22 financial year)</b></li> <li>▪ <b>No evidence obtained for adherence to policy provisions regarding accounting and information system that accounts for assets nor a system of internal control for municipal assets.</b></li> <li>▪ <b>No evidence of systems in place to avoid misuse and abuse of municipal assets.</b></li> <li>▪ <b>FAR not GRAP 17 Compliant (per AG Report)</b></li> </ul> | <p>Capacity Constraints</p>   | <p>Poor infrastructure maintenance.</p> <p>Exposure of assets to theft and or abuse.</p>  | <ul style="list-style-type: none"> <li>▪ Asset Management policy to be amended to reflect Mayor instead of Executive Mayor as per paragraph 7 of the Asset Management Policy</li> <li>▪ Municipality to ensure there are efficient systems in place for accounting for all municipal assets.</li> <li>▪ Municipality to develop and record systems to avoid misuse and abuse of municipal assets.</li> <li>▪ FAR GRAP 17 compliance</li> </ul>  | <p>Asset Management Policy</p> <p>AG Report</p>                 |
| <b>Indigent Management</b> | <ul style="list-style-type: none"> <li>▪ <b>Non-alignment of qualifying criteria with National standard: 1 state pension vs 2 state pension to qualify for 100% subsidy</b></li> <li>▪ <b>Limited financial resources: Overstated debtor's book</b></li> <li>▪ <b>Inaccurate recording of indigents: Unrealistic indigent register lacking proper verification process</b></li> <li>▪ <b>Allocation of support to consumers who</b></li> </ul>  | <p>Non-alignment of qualifying criteria with National standard</p> <p>Limited financial resources<br/>Overstated debtors' book</p> <p>Inaccurate recording of indigents</p> <p>Allocation of support to consumers who are no longer indigents</p> | <p>Indigent qualifying criteria to revised.</p> <p>Municipality should ensure allocation of subsidy to all deserving indigents. Allocation amount should be set aside and allocated monthly to avoid overstating of debtors.</p> <p>Verified indigent customers should not be</p> | <ul style="list-style-type: none"> <li>▪ Status verification through physical inspection/ revision and external verification.</li> <li>▪ Verification of indigent should also be done via SASSA database in addition to available processes to ensure creditability of the register. Publication of names should be maintained.</li> <li>▪ Verified indigent customers should not be charged interest, this will overstate debtor's book.</li> <li>▪ Acquisition of Indigent</li> </ul> | <p>Rates Procedure Manual</p> <p>Indigent Management Policy</p> |



| Focus Area | Brief diagnostic        | Problem/ Key issues | Causes   | Strategy/ Solution  | Source of info |
|------------|-------------------------|---------------------|--|---|----------------|
|            | are no longer indigents |                     | <p>charged interest, this will overstate debtor's book.</p> <p>Verification of indigent should also be done via SASSA database in addition to available processes to ensure creditability of the register. Publication of names should be maintained.</p> <p>Indigent registration period should be open at least twice annually. Verification of qualification should be done at least quarterly.</p> | <p>Management System</p> <ul style="list-style-type: none"> <li>Review of the Indigent Management Policy for alignment with national standard</li> <li>Review of Indigent Register</li> <li>Well driven awareness campaign and educating community.</li> <li>With respect to relief strategies to indigent households, municipality should consider, reviewing its indigent policy to factor in the potential economic impact of COVID-19 on poor households.</li> <li>Municipality should ensure allocation of subsidy to all deserving indigents. Allocation amount should be set aside and allocated monthly to avoid overstating of debtors.</li> </ul> |                |

### 2.2.3.2 Analysis of key Financial Ratios

| Ratio  | Ratio for 2018/19 | Ratio for 2019/20 | REMARKS  |
|--|-------------------|-------------------|--|
| <b>Asset Management Utilization</b>  |                   |                   |  |
| <p><b>Capital Expenditure to Total Expenditure – indicates the prioritisation of expenditure towards current operations versus future capacity in terms of Municipal Services.</b></p> <p>The norm is 10% - 20%.</p> | 10%               | 8%                | The ratio fluctuated over the years measured, seeing a downwards trajectory in the last two years; falling below the norm in 2020. This is projected to continue if not addressed. A result below 10 per cent holds potential risk to service delivery. It is critical that capital expenditure be directed towards infrastructure investment used for service delivery and not administrative assets. |
| <p><b>Repairs and Maintenance to Property, Plant and Equipment and Investment Property – measures the level of repairs and maintenance to ensure</b></p>   | 1%                | 1%                | The ratio remained below the norm in all years. This indicates that repairs & maintenance need to be enhanced, as a measure to further negate the risk of  |



|  |           |          |  |
|--|-----------|----------|--|
| <p><b>adequate repairs and maintenance to prevent breakdowns and interruptions to services delivery.</b></p> <p>The norm is 8%.</p>  |           |          | <p>increases in impairment of assets. Notably, reaching the norm of 8 per cent would surpass R23 million in the last year, an amount which is unfeasible for the Municipality. The Municipality is still however encouraged to spend more on asset preservation, yet in line with a well thought out preservation strategy.</p>  |
| <b>Debtors Management</b>  |           |          |  |
| <p><b>Annual Collection Rate - indicates the level of payments as a percentage of revenue billed on credit.</b></p> <p>The norm is 95%.</p>  | 92%       | 82%      | <p>A municipality with outstanding debtors should aim to achieve a collection rate of more than 100% to ensure a reduction in the outstanding debt accrued from previous years.</p> <p>The municipality's collection rate is regressing. Revenue collection (billing), and credit control of the municipality requires urgent attention and corrective measures should be implemented.</p>   |
| <p><b>Bad Debts Written-off as % of the Bad Debt Provision</b></p> <p>The Ratio compares the value of Bad Debts Written-off on Consumer Debtors to Bad Debts Provided for Consumer Debtors to ensure that the Provision for Bad Debts is sufficient.</p> <p>The norm is 100%.</p>  | 28%       | 16%      | <p>The Municipality's bad debts written off is far less than what it provides for. This could mean that the Municipality is unrealistic in relation to the collection from debtors.</p> <p>The Municipality should write-off Bad Debts already provided for and ensure that policies and procedures regarding irrecoverable debt are in place to avoid over or under provision of bad debts.</p>   |
| <p><b>Debtors Management Net Debtors Days – indicates the average number of days taken for debtors to pay their accounts.</b></p> <p>The norm is 30 days.</p>  | 23 Days   | 41 Days  | <p>The ratio results have fluctuated over the period measured yet remained below the NT norm. The Municipality should only write-off Bad Debt already provided for and if the result falls below the norm, it should ideally be based on the recoverability of debtors. This result indicates that collectability of debtors has improved, possibly due to improved Credit Control. This also raise concern over the assessment of debtors being impaired. It is encouraged that variances be investigated and remedied.</p>   |
| <b>Liquidity Management</b>  |           |          |  |
| <p><b>Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)</b></p> <p>The Ratio indicates the Municipality's or Municipal Entity's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue.</p> <p>The norm is 1-3 months</p> | - 1 Month | -1 Month | <p>The municipality's ratio remained below the norm for 2018/19 and 2019/20.</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 non-essentials, non-core activities, non- revenue generating activities.</li> <li>• Increase revenue through improved collections and billing efficiencies and seeking alternate revenue sources.</li> <li>• Ensuring proper administrative and governance arrangements are in place</li> </ul> |



|   |             |             |   |
|---|-------------|-------------|---|
|   |             |             | to manage daily bank deposits and withdrawals.  |
| <p><b>Current Ratio</b> - this ratio indicates the extent to which current <b>assets</b> can be used to settle short-term liabilities. If current assets do not exceed current liabilities, it means a liquidity problem i.e., insufficient cash to meet financial obligations.</p> <p><b>The norm is 1.5 - 2:1.</b></p>  | <b>0.79</b> | <b>0.66</b> | The municipality's Current Ratio for the past two financial years has been below the norm. Current liabilities exceed current assets, highlighting insufficient cash to meet short-term financial obligations. 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. |
| <b>Liability Management</b>   |             |             |   |
| <p><b>Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure</b> - indicates the cost required to service the borrowing. It assesses the borrowing or payment obligation expressed as a percentage of total operating expenditure.</p> <p><b>The norm is 6% - 8%</b></p>   | <b>2%</b>   | <b>2%</b>   | <p>The ratio did <b>not</b> exceed the norm of 6%-8% for the 2 years.</p> <p>However, this does not mean the municipality can take up external financing.</p> <p>It means the municipality, due to its current cash flow problems is unable to access borrowed funds or the funding decisions of the municipality impacts on these levels.</p>  |
| <p><b>Debt (Total Borrowings)/ Revenue</b> - indicates the extent of total borrowings in relation to total operating revenue.</p> <p>The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. Alternatively stated, the ratio indicates the affordability of the total borrowings.</p> <p><b>The norm is 45%.</b></p> | <b>8%</b>   | <b>8%</b>   | <p>The ratio is within the norm.</p> <p>This is an indication that the municipality might take up increased funding from borrowings, however, this should be considered within the cash flow requirements of the municipality.</p>  |
| <b>Efficiency</b>   |             |             |   |
| <p><b>Net Operating Surplus Margin</b> – measures the net surplus or deficit as a percentage of revenue.</p> <p><b>The norm is &gt; 0%</b></p>  | <b>12%</b>  | <b>10%</b>  | Operational efficiencies must be achieved for enhanced financial wealth.  |
| <b>Distribution Losses</b>  |             |             |   |
| <p><b>Electricity Distribution Losses (%)</b></p> <p>The purpose is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold because of losses incurred.</p> <p><b>The norm is 7% - 10%</b></p>   | <b>16%</b>  | <b>15%</b>  | The municipality's percentage losses remained well above the norm. Possible causes include illegal connections and unmetered consumption.   |
| <p><b>Water Distribution Losses (Percentage)</b></p> <p>The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kiloliters of water purchased but not sold because of</p>   | <b>45%</b>  | <b>56%</b>  | <p>The water losses are very high, and this could be 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>  |



Beaufort West LM Mandatory FRP

|   |                |                 |   |
|---|----------------|-----------------|---|
| losses.<br><b>The norm is 15% - 30%.</b>  |                |                 |   |
| <b>Revenue Management</b>   |                |                 |   |
| <b>Revenue Growth (%)</b> – measures the growth in revenue year on year.<br><br>The norm is at the rate of CPI  | <b>-12%</b>    | <b>6%</b>       | The <b>revenue</b> growth percentage measures the overall revenue growth.<br><br>The municipality's revenue growth percentage has been above CPI for the 2019/20 financial year (but from a low and incomplete base).   |
| <b>Revenue Growth (%) - Excluding Capital Grants</b><br>Measures the growth in revenue excluding capital grants year on year.<br><b>The norm is &gt; 5%.</b>  | <b>1%</b>      | <b>7%</b>       | The ratio result has fluctuated over the years measured, with the latter year being the first growth above the norm (which is CPI). The Municipality is advised to evaluate the improvement in the current year, versus the low performance indicators seen before. It is also advised to attempt to replicate this result and being cognisant of the cost of municipal services as it affects the result.  |
| <b>Expenditure Management</b>   |                |                 |   |
| <b>Creditors Payment Period</b><br><br>This ratio indicates the average number of days taken for trade creditors to be paid.<br><br><b>The norm is 30 days.</b>   | <b>87 Days</b> | <b>145 Days</b> | The result of the ratio has increased significantly over the years measured, remains above the norm on all years. A period longer than 30 days is normally an indication that the Municipality may be experiencing cash flow problems. In addition, this may also indicate an inadequacy of management of Working Capital, or that effective controls are not in place to ensure prompt payment. S65(2)(e) of the MFMA requires payment within 30 days. |
| <b>Irregular, Fruitless and Wasteful and Unauthorized Expenditure to Total Expenditure</b> – this ratio measures the extent of irregular, fruitless and wasteful and unauthorized expenditure to total expenditure.<br><br><b>The norm is 0%.</b> | <b>126%</b>    | <b>66%</b>      | Results from ratio indicates ineffectiveness in addressing these forms of expenditure being incurred with continued high occurrence. Any result above this norm must to be investigated, control must be re-evaluated and strengthened, and actions taken following this investigation, including against those who caused Irregular, Fruitless and Wasteful and Unauthorised expenditure to occur.   |
| <b>Remuneration (Councillor Remuneration and Employee Related Costs) as % of Total Operating Expenditure</b> - Indicates the extent to which expenditure is applied to the payment of personnel.<br><b>The norm is 25% - 40%.</b>                 | <b>41%</b>     | <b>43%</b>      | Results for the ratio is showing an ascending trend with the last three years exceeding the norm. This trend is expected to continue, and urgent intervention is required. This ratio must be interpreted with other factors such as powers and functions performed by the Municipality.  |
| <b>Contracted Services as a % of Total Operating Expenditure</b> - indicates the extent to which the municipalities resources are committed towards contracted services to perform Municipal related functions. <b>The norm is 2%-5%.</b>         | <b>11%</b>     | <b>10%</b>      | The ratio has fluctuated over the years measured yet shows a declining trend since 2018. The results do however remain outside the norm. The result depends on the model of service delivery selected by the Municipality. Results outside the norm continues to expose the Municipality to risks such as the inability to build capacity and an ongoing reliance on contractors.   |



| Budget Implementation  |  |  |            |            |   |
|--|--|--|------------|------------|---|
| <b>Capital Budget Implementation Indicator</b>               |  |  | <b>86%</b> | <b>69%</b> | The ratio has started a declining trajectory from 2019, this result is projected to continue with the declining trajectory in future years. Despite some levels of infrastructure investment, there has been an inability to implement the Capital Budget. Results below the norm indicates potential discrepancies in planning & budgeting, capacity challenges to implement the project or SCM process challenges. Underspending also indicates likely Cash Flow problem. Variances from the norm need be investigated. |
| <b>Operating Expenditure Budget Implementation Indicator</b> |  |  | <b>70%</b> | <b>77%</b> | The ratio has fluctuated significantly over the period measured and is below the norm. Any variance below 100 per cent indicates either capacity challenges, issues of financial controls and management and/or poor budgeting. Ideally, underspending should be the result of increased efficiency and not non-implementation of spending programmes.  |
| <b>Operating Revenue Budget Implementation Indicator</b>     |  |  | <b>83%</b> | <b>88%</b> | The ratio has fluctuated, falling below the norm in 2019 and 2020. This result is expected to continue with projections staying below the norm. Results outside the norm indicates either challenges in capacity to implement the budget, inefficiencies in billing and credit control, weaknesses in budget compilation or issues of financial controls and management. The municipality is advised to keep a close eye on results and implement remedial actions to ensure improvement.                                 |
| <b>Billed Revenue Budget Implementation Indicator</b>        |  |  | <b>92%</b> | <b>99%</b> | The ratio is showing an ascending trajectory with a decrease seen in 2019 year, with a result above the norm in the current year. Projections indicate a continued increase in consumer debtors' budget being realised. It is advised that the municipality continue to improve on efficiencies of the past and attempt to replicate this in other revenue streams.   |

### 2.2.4 SERVICE DELIVERY

| Focus Area                      | Brief diagnostic analysis  | Problem/ Key issues                                    | Causes  | Strategy to solve   | Source of Information  |
|---------------------------------|--|--|---|---|--|
| Infrastructure Asset Management | <b>Poor asset management, lack of revenue collection, asset register</b> | Alignment of asset management policy and practise. The | Infrastructure asset management capacity is inadequate. | The municipality needs to mobilize funding to get assistance in doing asset | AG Report – 2019/20<br>IDP 2017/2022<br>WCPT<br>Presentation |



| Focus Area                                 | Brief diagnostic analysis   | Problem/ Key issues   | Causes  | Strategy to solve   | Source of Information                  |
|--|---|---|---|---|--|
|  | <p><b>not GRAP compliant resulting in a poor audit finding.</b></p>   | <p>municipality has not done conditional assessment of all its assets, capitalization of completed projects and proper maintenance of work in progress.</p>   | <p>Does the non-payment of Mubesko have had any connection with the municipality's performance on assets? (Mubesko owed R596k (June:2021) according to WCPT presentation)</p> | <p>management activities to enable the municipality to be GRAP compliant. This would also assist the municipality to generate maintenance plans for infrastructure. Development of standard operating procedures for maintenance of assets. The municipality has also indicated that the district has offered a single user license on the GIS package for the municipality to use. The municipality needs to provide a GIS operator and training. The municipality needs to have an infrastructure loss control strategy to manage vandalism and theft of equipment.</p> |  |
| <p>Potable Water and Bulk Water Supply</p> | <p><b>Water losses registered were above the norm of 30% at 56% (2020). The municipality is a drought-stricken area, there are risks on security of supply on both surface and ground water sources due to lack of rain, high project development</b></p> | <p>7-10 burst pipes per day<br/>Can only respond to 6 per day due to sometimes unavailability of spares.<br/>Dilapidated and failing bulk water and sanitation infrastructure<br/>Inadequate fleet<br/>Insufficient funding allocation for operations and maintenance</p> | <p>Severe Drought. Poor network maintenance because of inadequate staff, fleet, material, and equipment.<br/>Inadequate water sources.<br/>Inadequate credit control.</p>     | <p>Action plan to avoid day zero.<br/>Funding and implementation of the Water Service Delivery Plan.<br/>Areas with the highest water use must be prioritised for metering and credit control.<br/>The municipality need to ensure that there is adequate repairs and</p>   | <p>IDP 2017/2022<br/>AFS 2019/2020</p> |



| Focus Area | Brief diagnostic analysis   | Problem/ Key issues  | Causes | Strategy to solve   | Source of Information |
|------------|---|--|--------|---|-----------------------|
|            | <p><b>costs for water sources. No action is taken on the consumption by indigents above the 6kL consumption level. There is inadequate credit control on both indigents and normal clients. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.</b></p> | <p>High distribution losses for water<br/> Vandalism of infrastructure<br/> Reactive maintenance<br/> Illegal connections<br/> Very very low rainfall<br/> Severe drought conditions.<br/> 16xDry boreholes.<br/> Gamka Dam is at 12% and water cannot be abstracted. Water Reclamation plant has a design capacity of 2,1ML/d but only supplying 1MI/day. The municipality is having challenges with maintaining payments for the reclamation plant due to underutilization.<br/> The municipal staff does not have adequate PPE. Maraisburg experiences cable theft.<br/> Merveville does not have enough water. Vandalism is causing water shortage in Nelspoort.</p> |        | <p>maintenance stock to enable maintenance to be conducted by maintenance teams. The project planning unit must be assisted to increase business planning capacity to solicit funding for replacing aged infrastructure as the municipality is one of the oldest in the country and the age is also reflected on the infrastructure. The number of meters that need to be replaced in the water services section must be indicated so that this is prioritized in the rescue phase.<br/> HILLSIDE:<br/> Smart Water Meters for 1050 erven where they are already installed will stay as is. 314 erven Token water meters must be upgraded to SMART Standard Transfer Specification (STS) meters. 700 erven with STS Utility System water meters must be upgraded to SMART STS meters. 109 erven with 109 old token meters must be upgraded to</p> |                       |



| Focus Area                               | Brief diagnostic analysis   | Problem/ Key issues  | Causes   | Strategy to solve  | Source of Information |
|--|---|--|--|--|-----------------------|
|  |   |  |  | <p>SMART STS meters.<br/>RUSTDENE:<br/>The 2 092 erven with old token pre-paid water meters must be upgraded to SMART STS meters.</p> <p>Prioritize Maraisburg for installation of water meters. The municipality needs to do long-term contracting for store items. The municipality needs to review the Service Level Agreement for the Reclamation Plant. The municipality needs to invest in appropriate PPE. Consider switching to aluminium conductor cables to minimize theft. Also consider using cable theft devices where there is prevalence of cable theft. Geosciences is drilling a borehole in Merweville. The municipality is constructing 2 reservoirs.</p> |                       |
| Sanitation Services (Waterborne and VIP) | <b>The Municipality has performed well on the previous Green Drop assessments by obtaining a percentage</b> | Beaufort West WWTW - the biological trickle filter system has been de-commissioned, and this increases the load on the | Inadequate fleet<br>Insufficient funding allocation for O&M<br>Vandalism of the infrastructure | Develop and implement the sanitation master plan<br><br>Develop and implement the sanitation Infrastructure  | IDP 2017/2022         |



| Focus Area                          | Brief diagnostic analysis  | Problem/ Key issues   | Causes   | Strategy to solve  | Source of Information                  |
|-------------------------------------|--|---|--|--|--|
|                                     | <p><b>score of 93.73 during the 2013 assessment. Competent Process Controllers</b></p> | <p>activated sludge process. Plant is reported to be functioning above design capacity.</p> | <p>Reactive maintenance approach instead of preventative</p> | <p>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>Improve customers services; Attend to customer complaints urgently</p> <p>Provision of additional VIP toilets to reduce the backlog</p> <p>Upgrading the existing pond system including a new inlet works and irrigation system (Murraysburg WWTW).</p> <p>The municipality has reported that a budget of R62m has been allocated for the upgrade of Beaufort West WWTW. Switchgear needs to be upgraded. Pipelines also need to be upgraded.</p> |  |
| <p>Energy Reticulation and bulk</p> | <p><b>The municipality owes Eskom</b></p>  | <p>Non-payment of Eskom's current account.</p>  | <p>Poor network maintenance because of</p>                   | <p>Develop and implement Electricity</p>   | <p>IDP 2017/2022<br/>AFS 2019/2020</p> |



| Focus Area           | Brief diagnostic analysis   | Problem/ Key issues   | Causes  | Strategy to solve   | Source of Information |
|----------------------|---|---|---|---|-----------------------|
| supply               | <p><b>R59,5m (June 2021). Electricity losses are above the 7-10% norm @ 14.7% (2020). The municipality is not collecting and paying the bulk supplier Eskom and as a result there is a large outstanding electricity debt. The municipality is experiencing cable theft. The municipality has not indicated a clear strategy to deal future energy security, considering SSEG and the 100MW self-generation potential. Inadequate staff training due to budget constraints.</b></p> | <p>Distribution Losses, Illegal connections, vandalism including cable theft, poor revenue collection. Due to the lack of financial resources over the past number of years, a backlog in repair and maintenance, as well as refurbishment and network expansion has increased.</p> | <p>inadequate staff, fleet, material, and equipment. Inadequate credit control.</p> | <p>Maintenance and Refurbishment plan. Compile and implement the Electricity Loss Management Plan. Urgent maintenance on priority electrical failures. Maintain/repair priority network (ring feeders, pole replacement, servicing transformers). Refurbish / upgrade electrical network according to priority implementation programme. Review SLA with Eskom. Does it adequately address all technical, service delivery and financial matters? The municipality has indicated that there is a need to replace 90 maximum demand meters. The municipality has also indicated that there is a need to replace 3500, 380, 438, 1448 prepaid meters in Beaufort West, Nelspoort, Murraysburg and Merweville respectively. Source funding for adequate training of staff.</p> |                       |
| Roads and Stormwater | <p><b>The municipality</b></p>  | <p>Unmaintained gravel roads,</p>   | <p>Inadequate repairs and</p>   | <p>Develop and implement the</p>  | <p>IDP 2017/2022</p>  |



| Focus Area                        | Brief diagnostic analysis   | Problem/ Key issues   | Causes                                     | Strategy to solve  | Source of Information          |
|-----------------------------------|---|---|--|--|--------------------------------|
| Network                           | <b>still has some roads that need to be paved. Beaufort West Municipality has a total road network distance of 163.9 km of which 107.9 km are tarred (paved) and 56 km are gravel (unpaved).</b>            | rutting, potholes, stormwater drain blockage, vegetation growth on stormwater channels. Poor road conditions also have impact on service delivery in particular the durability of fleet and refuse removal. | maintenance budget, unreliable machinery.  | Roads and Stormwater master plan. Develop and implement the Roads and Stormwater Maintenance plan, Urgent Road Maintenance; Attend to all reported potholes, stormwater drainage and clean related blocked drains, and urgent maintenance on priority surfaced and gravel roads. Rehabilitate roads as per Maintenance Plan. |                                |
| Project Management Unit           | <b>The municipality is not spending all its allocated grants. Performance in respect of programmes funded by the municipal infrastructure grant was not evaluated, as required by section 12(5) of Dora</b> | The unspent amount of conditional grants increased from R6,5m (2019) to R13,1m (2020). The municipality has reported that the capital expenditure has improved to 98% (2021).                               | Non-adherence to procurement plan.         | Improve administration and unlock the MIG funded projects. Improve capacity and technical skills for execution of projects. Improve planning and implementation for projects. Continuous oversights on the Projects' Scope including reporting on in line with MFMA requirements.  | IDP 2017/2022<br>AFS 2019/2020 |
| Waste Disposal and refuse removal | <b>The municipality has 4 sites, one of which has reached its end of life and it is unclear how far the municipality is</b>   | Illegal dumping on open spaces. Non-compliance and unlicensed Waste Disposal Facility. Insufficient and ageing infrastructure.  | Inadequate repairs and maintenance budget. | Develop and implement Integrated Waste Management Plan<br>Improve condition of maintenance plant and   | IDP 2017/2022<br>AFS 2019/2020 |



| Focus Area  | Brief diagnostic analysis  | Problem/ Key issues  | Causes                                  | Strategy to solve  | Source of Information |
|---|--|--|---|--|-----------------------|
|   | <p><b>with the new site. Some of the sites are not properly licenced. The municipality needs to appoint one of the senior managers as the Waste Management Officer. The municipality has received a section 24G notice for non-compliance in terms of the National Environmental Management Act 107 of 1998.</b></p> | <p>Closure and rehabilitation of old abattoir Waste Disposal Sites.</p>  |   | <p>equipment<br/>Adhere to legislation to become compliant landfill site operator<br/>Review tariffs and policy.<br/>Promulgate updated by-laws as required.<br/>Collect revenue from users at landfill sites. The municipality has been allocated R17m to develop waste management facilities (Beaufort West &amp; Maraisburg). The municipality must lease compactors where possible. The municipality must develop cost reflective tariffs. The municipality must complete the project for the weighbridge and fencing for Vaalkoppies.</p> |                       |
| Fleet Management  | <p><b>The municipality has registered challenges with regards to the fleet adequacy for implementation of repairs and maintenance within the municipality.</b></p>   | <p>Inadequate fleet for use by the different service delivery sections within the municipality. The fleet contract between the municipality and EQSTRA and or Bidvest has expired.</p> | <p>Inadequate funding for services.</p> | <p>To introduce a fleet management system to reduce fuel and other operating vehicle related costs.</p>  | <p>IDP 2017/2022</p>  |
| Sports and recreational facilities, Community Facilities, and operational buildings | <p><b>The municipality needs to upgrade sports and recreation facilities and cemeteries. The municipality</b></p>  | <p>The municipality needs to know the cost for provision of sports and recreation facilities in the municipality. The municipality</p>   | <p>Inadequate funding for services.</p> | <p>Development of a cultural and sport tourism strategy (Department of Cultural Affairs and Sports (DCAS). The municipality has</p>  | <p>IDP 2017/2022</p>  |



| Focus Area                      | Brief diagnostic analysis   | Problem/ Key issues   | Causes   | Strategy to solve   | Source of Information                    |
|---------------------------------|---|---|--|---|--|
|                                 | <p><b>needs to have cost reflective tariffs for the use of its facilities.</b></p>  | <p>needs to ensure correct funding model for provision of such services. Vandalism of perimeter fencing and the tombstones and animals entering the cemeteries and damaging the graves and perimeter fence flowers.</p> |  | <p>indicated that it is entering into partnerships with sporting bodies to maintain sports facilities. The Service Level Agreements must contain cost reflective tariffs to the sporting bodies.</p>                        |  |
| <p>Development and Planning</p> | <p><b>Lack of land for development, Loss of potential revenue, slow economic development.</b></p>   | <p>Requirements for the review of the spatial development framework.</p>  | <p>Inadequate funding for services. Streamline the building plans approval process</p> <p>Set cost reflective building approval tariffs</p> <p>Address building contraventions and enforce the building bylaws. This includes compliance with zoning status.</p> | <p>Enhancing Spatial Planning; Enhancing the location of new housing projects; Supporting Urban Renewal and Inner City Regeneration; Developing social and economic infrastructure; and, Enhancing the Housing Product.</p> | <p>IDP 2017/2022</p>                     |
| <p>Testing and Licensing</p>    | <p><b>The municipality has reported that the municipal court is 50% functional. The municipality has also reported that the licensing section of the business is generating a surplus, however, the testing business is running at a deficit.</b></p> | <p>The testing section is running at a deficit.</p>   | <p>It is expensive to maintain testing and calibration equipment.</p>  | <p>The municipality needs to consider alternate service provision approach.</p>   | <p>Service Delivery working session.</p> |



| Focus Area                       | Brief diagnostic analysis  | Problem/ Key issues  | Causes   | Strategy to solve  | Source of Information                    |
|----------------------------------|--|--|--|--|--|
| Fire Services                    | <p><b>Municipality fire services provision alignment with SANS 10090:2003 needs to be confirmed.</b></p>                           | <p>Is number of fire engines, firefighters and the total personnel based on risk category in line with SANS10090:2003 requirements.</p>  | <p>Inadequate funding for fire services. Inadequate recovery for the availability and provision of the fire service.</p> | <p>Firefighting capacity building grant (R3m 2021/22). Municipality with its stakeholders interact with the District, Provincial and National Structures as a matter of urgency to develop a business plan that address the short comings in the short, medium, and long term.</p>       | <p>SANS 10090:2003<br/>IDP 2017/2022</p> |
| Municipal Economic Recovery Plan | <p><b>The municipality is experiencing high numbers of unemployment and has been impacted by Covid-19 disaster management.</b></p> | <p>Beaufort West Municipality acknowledges that supply chain is a strategic enabler for local economic development and therefore supports the combined concept of Supply Chain Management and Local Economic Development. The LED official and the Manager: Supply Chain are still busy with the drafting of a plan for tabling before council around the planning and implementation of the concept within the Beaufort West Municipality. The municipality has not promoted catalytic projects that would enable economic development in the region.</p> | <p>Covid-19 disaster management protocols.</p>   | <p>A dedicated official from the department Economic Development to work with the municipality, support with the development of a new LED Strategy as well as support with the establishment of a LED Forum for Beaufort West. Allocation of at least 30% of work to local entities.</p> | <p>IDP 2017/2022</p>                     |



| Focus Area                     | Brief diagnostic analysis   | Problem/ Key issues   | Causes  | Strategy to solve  | Source of Information |
|--------------------------------|---|---|---|--|-----------------------|
| Municipal Infrastructure Plans | <b>The municipality has a Water Services Development Plan, a Water Conservation and Demand Management Plan, a Pavement Management System, and an Electricity Master Plan. The municipality needs to develop other infrastructure plans which it does not already have in place.</b> | The municipality does not have critical infrastructure plans in place to guide budgeting for infrastructure | The municipality is one of the oldest municipalities in the country and the infrastructure has not been replaced at the correct pace to maintain excellent service delivery | Solicit support and funding for the development of the infrastructure plans. |                       |



## **PART THREE:**

### **3.1 PHASE 1: MUNICIPAL RESCUE PHASE**

Given that this intervention has been invoked as a result of a crisis in the financial affairs of the municipality, in this phase of the recovery plan, emphasis will be placed on the cash and cash position of the municipality, as well as restoring some of the basic principles of good financial management. The strong emphasis on improving the cash position is to create an availability of resources to address some of the most immediate and visible service delivery challenges. Cost cutting measures must be implemented. However, an emphasis on cash and municipal finances does not preclude the municipality from addressing governance and institutional issues.

In this phase, emphasis also leans towards “quick wins” - what are the issues that require relatively little effort or resources to be addressed, but would make meaningful inroads towards the overall recovery process?

The phase is expected to last between 8 to 12 months. A few critical, high level indicators have been selected to guide this phase of the recovery plan. Progress on meeting these indicators will be monitored monthly by the Oversight and Monitoring Committee as well as the Implementation Team. The Oversight and Monitoring Committee can also approve updating of the targets as implementation of the plan progresses.

The 6 high level indicators selected for this Phase are:

- Progress towards a Funded Budget
- Daily Cash and Cash Balances
- Cost Containment
- Debtors Collection Rate
- Payment of Creditors
- Ring-fencing of Conditional Grants.

In addition, indicators relating to the capital programme and the reduction of unaccounted, irregular, fruitless and wasteful expenditure have been included. High level targets for governance and service delivery are specified separately.



**PHASE 1, 2 and 3: BUDGET PARAMETERS AND FINANCIAL TARGETS: (TO BE REVISED)**

| NO | PERFORMANCE AREA              | ASSUMPTION/<br>BUDGET PARAMETER   | 2021/22FY<br>BUDGET<br>TARGET  | 2022/23FY<br>BUDGET<br>TARGET  | 2023/24FY<br>BUDGET<br>TARGET  | 2024/25FY<br>BUDGET<br>TARGET  |
|----|-------------------------------|---|--|--|--|--|
| 1  | Property Rates Targets        | Revenue Management Value Chain efficiencies<br><br>Valuation roll reconciled with billing system monthly<br><br>Ensure accurate tariffing on financial system | Valuation Roll reconciled with Billing System (calculated tariff for CPI)  | 2021/22 Budget + CPI +growth<br><br>CPI (4%) + Growth (1%) + complete billing (2%) = 7% Increase   | 2022/23 Budget + CPI +growth<br><br>CPI (4%) + Growth (1%) = 5% Increase   | 2023/24 Budget + CPI +growth<br><br>CPI (4%) + Growth (1%) = 5% Increase   |
| 2  | Service Charges Targets       | Revenue Management<br><br>Value Chain efficiencies in line with FRP Implementation Plan   | 10% increase from:<br>- Increased metering<br>- Improved data integrity and billing<br>- Solving illegal connections | 2021/22 + CPI + Growth (in accordance with consumer demand and revised tariff structure and levels)<br><br>5% increase from:<br>- Increased metering<br>- Phased in cost reflective tariffs<br>- CPI<br>- Improved data integrity and billing<br>- Solving illegal connections | 2022/23 + CPI + Growth (in accordance with consumer demand and revised tariff structure and levels)<br><br>5% increase from:<br>- Increased metering<br>- Phased in cost reflective tariffs<br>- CPI<br>- Improved data integrity and billing<br>- Solving illegal connections | 2023/24 + CPI + Growth (in accordance with consumer demand and revised tariff structure and levels)<br><br>5% increase from:<br>- Increased metering<br>- Phased in cost reflective tariffs<br>- CPI<br>- Improved data integrity and billing<br>- Solving illegal connections |
| 3  | Unbilled consumption          | <b>Baseline:</b> Calculated water and electricity balance breakdown per FRP Phase 1 activity  | 10% reduction in unbilled consumption  | 10% reduction in unbilled consumption  | 10% reduction in unbilled consumption  | 10% reduction in unbilled consumption  |
| 4  | Traffic Fines                 | Improved efficiencies per approved Budget Funding Plan  | Return to 2020/21 level  | 50% increase based on 2021/22 level  | 25% increase based on 2022/23 level  | 10% increase based on 2023/24 level  |
| 5  | Operating Expenditure Targets | <b>Employee Cost:</b> < 35% of OPEX (2021/22 < 38%)<br><b>Councillor REM:</b> 100% per Gazetted maximums, subject to FRP Progress                             | Per approved Budget Parameter  | Per approved Budget Parameter  | Per approved Budget Parameter  | Per approved Budget Parameter  |



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| NO | PERFORMANCE AREA                         | ASSUMPTION/<br>BUDGET PARAMETER   | 2021/22FY<br>BUDGET<br>TARGET   | 2022/23FY<br>BUDGET<br>TARGET  | 2023/24FY<br>BUDGET<br>TARGET   | 2024/25FY<br>BUDGET<br>TARGET  |
|----|--|---|---|--|---|--|
|    |  | <b>Depreciation:</b> 100% per GRAP 17 Standard<br><b>Debt Impairment:</b> 100% of billed revenue <b>minus</b> Budgeted Collection Rate<br><b>Contracted Services:</b> < 5% of OPEX(2021/22), 5% (2022/23), 5% (2023/24), 5% (2024/25)<br><b>Other: BFP Parameters</b> |   |  |   |  |
| 6  | Cash/ Bank Balances                      | Adherence to approved Budget  | In line with approved Budget  | Targeted ratios:<br><ul style="list-style-type: none"> <li>▪ Cash Coverage : 1 Month</li> <li>▪ Current Ratio: 0.8:1 (Norm = 1.5:2.1)</li> </ul> | Targeted ratios:<br><ul style="list-style-type: none"> <li>▪ Cash Coverage : 1,5 Months</li> <li>▪ Current Ratio: 0.9:1 (Norm = 1.5:2.1)</li> </ul> | Targeted ratios:<br><ul style="list-style-type: none"> <li>▪ Cash Coverage : 2 Month</li> <li>▪ Current Ratio: 1:1 (Norm = 1.5:2.1)</li> </ul> |
| 7  | Consumer debtor's collection rate        | Adherence to approved Budget  | 78%   | 85%  | 88%   | 90%  |
| 8  | Government debtor's payment plan         | Adherence to payment plan   | 100% of payment arrangement   | 100% of payment arrangement  | 100% of payment arrangement   | 100% of payment arrangement  |
| 9  | Creditor's payment plan                  | Adherence to payment plan   | 100% of payment arrangement   | 100% of re-negotiated payment arrangement  | 100% of re-negotiated payment arrangement   | 100% of re-negotiated payment arrangement  |
| 10 | Ring-fencing of Conditional Grants       | Adherence to SOPs 100% Cash-backed  | All bank accounts and sub-account balances reported on monthly                              |  |   |  |
| 11 | Repair and Maintenance Budget allocation | National Treasury Norm = 8% of OPEX   | 2% of OPEX  | 3% of OPEX   | 5% of OPEX  | 8% of OPEX   |
| 12 | Cost-containment                         | Full compliance with the NT Cost Containment Regulations, 2019  | Maintain targeted FRP savings and ensure full compliance with regulations + further savings | Maintain targeted FRP savings, and ensure full compliance with regulations + further savings   | Maintain targeted FRP savings, and ensure full compliance with regulations + further savings  | Maintain targeted FRP savings and ensure full compliance with regulations + further savings  |



## Beaufort West LM Mandatory FRP

A financial forecasting model has been developed to set financial targets for the Beaufort West FRP over the MTREF period. The financial model escalation formulas used an average annual inflation rate of 4% and local growth of 1% per annum over the recovery period. Grounded on adherence to the above budget parameters, it is anticipated that the municipality will progressively move towards a position of improved financial sustainability over the 3-year period as illustrated in the table below. If key operational efficiencies are achieved in line with FRP Implementation Plan, it could be expected that the projected cash shortfall of R60 million at the end of the 2020/21 Financial Year will likely improve to a cash surplus of R2,9 million at the end of the 2023/24 Financial Year. The net increase in cash hold could improve with R17,6 million in 2022/23 and R54 million in 2023/24. If these positive trends could be achieved and sustained, it could realistically be expected that it will take the municipality a period of 3 years to move to a fully cash-backed funding position.

The forecasting model is flexible, and figures will be adjusted annually aligned with the revised FRP activities to facilitate sustained financial health improvement. The municipality's adherence to the Financial Recovery Plan will be monitored in terms of its achievement of the targets for revenue and expenditure set out in the financial forecasting model.



**Financial forecasting model for implementation of the Beaufort West Financial Recovery Plan**

| BUDGET ITEM                                   | 2019/20 AFS<br>AUDITED<br>R'000 | 2020/21<br>BUDGET<br>FORECAST<br>R'000 | 2021/22 MTREF<br>BUDGET<br>R'000 | 2021/22 MTREF<br>BUDGET (PT<br>CALCULATION)<br>R'000 | TARGETS:<br>2021/22 MTREF<br>BUDGET<br>R'000 | TARGETS:<br>2022/23 MTREF<br>BUDGET<br>R'000 | TARGETS:<br>2023/24 MTREF<br>BUDGET<br>R'000 |
|---|---------------------------------|--|----------------------------------|--|--|--|--|
| <i>Property Rates</i>                         | 39 564                          | 41 543                                 | 44 681                           | 42 948   | 43 377                                       | 45 546                                       | 47 824                                       |
| <i>Electricity</i>                            | 80 870                          | 85 195                                 | 96 329                           | 89 536   | 90 431                                       | 99 474                                       | 109 422                                      |
| <i>Water Revenue</i>                          | 19 134                          | 21 135                                 | 30 024                           | 24 215   | 24 457                                       | 26 903                                       | 29 593                                       |
| <i>Sanitation Revenue</i>                     | 16 589                          | 17 750                                 | 20 074                           | 19 353   | 19 547                                       | 21 501                                       | 23 651                                       |
| <i>Refuse Revenue</i>                         | 8 659                           | 9 439                                  | 10 132                           | 10 258   | 10 361                                       | 11 397                                       | 12 536                                       |
| <i>Interest: Debtors</i>                      | 4 815                           | 5 056                                  | 6 729                            | 5 086  | 5 086  | 5 595  | 6 154  |
| <i>Investment Revenue</i>                     | 284                             | 380                                    | 550                              | 1 271  | 1 271  | 1 398  | 1 538  |
| <i>Operational Grants</i>                     | 76 735                          | 93 290                                 | 81 054                           | 81 306   | 81 306                                       | 84 707                                       | 86 634                                       |
| <i>Fines &amp; Penalties</i>                  | 41 877                          | 57 326                                 | 45 002                           | 59 142   | 35 485                                       | 53 228                                       | 66 535                                       |
| <i>Other Revenue</i>                          | 8 566                           | 4 564                                  | 4 107                            | 4 059  | 4 059  | 4 221  | 4 390  |
| <b>Total Operational Revenue</b>              | <b>297 094</b>                  | <b>335 677</b>                         | <b>338 682</b>                   | <b>337 174</b>                                       | <b>315 380</b>                               | <b>353 970</b>                               | <b>388 277</b>                               |
| <i>Employee Cost</i>                          | 119 967                         | 126 530                                | 125 542                          | 126 652  | 120 319                                      | 121 523                                      | 122 738                                      |
| <i>Remuneration of Councillors</i>            | 6 286                           | 6 515                                  | 6 286                            | 6 752  | 6 752  | 7 022  | 7 303  |
| <i>Depreciation and impairment</i>            | 22 679                          | 25 096                                 | 23 813                           | 24 739   | 24 739                                       | 25 729                                       | 26 758                                       |
| <i>Debt Impairment</i>                        | 48 715                          | 54 689                                 | 28 919                           | 89 002   | 71 202                                       | 53 401                                       | 40 051                                       |
| <i>Finance Charges</i>                        | 7 715                           | 2 795                                  | 835                              | 1 464  | 1 464  | 864  | 664  |
| <i>Bulk Purchases/ Inventory<br/>consumed</i> | 75 047                          | 92 180                                 | 96 074                           | 90 880   | 90 880                                       | 94 515                                       | 98 296                                       |
| <i>Contracted Services</i>                    | 30 317                          | 22 044                                 | 22 882                           | 20 219   | 20 219                                       | 19 208                                       | 18 824                                       |
| <i>Transfers and Grants</i>                   | 510                             | 2 183                                  | 525                              | 550  | 550  | 550  | 550  |
| <i>Other expenditure</i>                      | 29 950                          | 25 107                                 | 33 638                           | 27 825   | 27 825                                       | 25 043                                       | 22 538                                       |
| <b>Total Operational<br/>Expenditure</b>      | <b>341 186</b>                  | <b>357 140</b>                         | <b>338 514</b>                   | <b>388 083</b>                                       | <b>363 950</b>                               | <b>347 854</b>                               | <b>337 721</b>                               |
|   |                                 |  |                                  |  |  |  |  |
| <b>Surplus/ (Deficit)</b>                     | <b>(44 092)</b>                 | <b>(21 463)</b>                        | <b>168</b>                       | <b>(50,909)</b>                                      | <b>(48,570)</b>                              | <b>6,116</b>                                 | <b>50,556</b>                                |
|   |                                 |  |                                  |  |  |  |  |



Beaufort West LM Mandatory FRP

**SCHEDULE A8:**  
**Cash and Investments**  
**available**

|                                     |                 |                 |                 |  |                 |                 |               |
|-------------------------------------|-----------------|-----------------|-----------------|--|-----------------|-----------------|---------------|
| <i>Cash Equivalents at year end</i> | (12 556)        | (24 512)        | (62 713)        |  | (51 677)        | (34 041)        | 19 899        |
| <b>Total</b>                        | <b>(12 556)</b> | <b>(24 512)</b> | <b>(62 713)</b> |  | <b>(51 677)</b> | <b>(34 041)</b> | <b>19 899</b> |

**Application of Cash and Investments**

|   |                 |                 |                 |  |                 |                 |                 |
|---|-----------------|-----------------|-----------------|--|-----------------|-----------------|-----------------|
| <i>Unspent Conditional Grants</i>                             | (13 119)        |                 |                 |  |                 |                 |                 |
| <i>Working Capital Requirements (Debtors minus creditors)</i> | (14 966)        | (36 118)        | (5 098)         |  | (26 186)        | (22 379)        | (16 926)        |
| <i>Other provisions</i>                                       |                 |                 |                 |  |                 |                 |                 |
| <b>Total</b>  | <b>(28 085)</b> | <b>(36 118)</b> | <b>(5 098)</b>  |  | <b>(26 186)</b> | <b>(22 379)</b> | <b>(16 926)</b> |
| <b>Surplus/ (Shortfall)</b>                                   | <b>(40 641)</b> | <b>(60 630)</b> | <b>(67 811)</b> |  | <b>(77 863)</b> | <b>(56 420)</b> | <b>2 972</b>    |



## **SERVICE DELIVERY AND FINANCIAL GOVERNANCE (RESCUE PHASE):**

To support the achievement of the financial recovery plan and the targets specified for Phase 1, it is recommended that the Provincial Intervention Team focus on the following service delivery and governance issues:

- Implement cost cutting measures.
- Continue implementing processes related to the approved organisational structure and contract appointments.
- Limit appointment of non-critical staff appointments and contract appointments.
- Improve community consultation.
- Prioritise the repair of all visible water losses and sewer spillages and respond to any breaks in services.
- Prioritise collection on all current and outstanding accounts.
- Apply all permissible and reasonable debt collection mechanisms available to the municipality.
- Ensure that grants are ring-fenced, cash-backed, and spent timeously.
- Ensure that Eskom accounts are paid as per arrangement (as revised).
- Conclude payment agreements and/or write-offs for amounts owed to creditors.
- Prioritize compliance with all environmental requirements for the landfill sites.
- Prioritize effective models for acquiring skilled human resources to ensure that the plan can be executed.
- Prioritize using correct fleet for waste collection to ensure compliance with health and safety requirements.
- Perform all repairs on streetlighting.
- Undertake road maintenance by focusing on the fixing of potholes, curbside maintenance, and other visible issues.
- Ensure that governance and oversight committees are appropriately constituted, functional and that their capacity is strengthened.
- Review the system of delegations and ensure that an interim delegation framework to support this financial recovery plan is in place.
- Ensure that an audit committee is established to deal with the issues raised by the Auditor-General.
- Prioritise all litigation matters and update the litigation register.
- Establish a disciplinary board to investigate and deal with issues of maladministration and fraud.



### **3.2 PHASE 2: STABILISATION/RECOVERY PHASE (12 - 24 MONTHS)**

In this phase of the recovery process, the focus is intended to shift from quick and visible wins to addressing and institutionalising achievements of Phase 1. Financial targets under Phase 1 will still be monitored and additional targets may be added as necessary from the work undertaken in Phase 1.

Regarding the maintenance of infrastructure, the emphasis will be on strategies to address longer term reductions in water losses. Issues of organisational overstaffing will also be addressed by implementing the redesigned organogram that is fit for purpose. The focus of the financial recovery plan is to address the underlying financial crisis. Organisational and governance issues will be considered in so far as they contribute to the financial crisis.

The expectation is that during this phase, the municipality needs to develop and approve all infrastructure plans, including but not limited to Integrated Infrastructure Asset Management Plan, Electricity Master Plan (incl. Electrification Plan), Water and Sanitation Master Plan, Water Service Delivery Plan, Water Conservation and Water Demand Management Plan, Fleet Management Plan, Roads and Stormwater Plan, Integrated Transport Plan, Integrated Waste Management Plan and the Human Settlements Plan. The municipality also needs to ensure that there is 100% expenditure on all grants. The municipality must ensure that all SCM and HR policies are complied with and limited unauthorized, irregular, and fruitless and wasteful expenditure is incurred. The municipality needs to fully develop realistic maintenance and repair plans and execute on these plans. The municipality must continue to make payments to Eskom until the account is fully up to date.

The Oversight Committee will recommend when it is appropriate for the implementation for the FRP to move from phase 1 to phase 2. The National Treasury's MFRS unit will be asked to confirm that they agree with this assessment. At this point, it may also be necessary to update the details of the activities and targets for the second phase of the FRP. The table below sets out targets for the first six months of this phase, further targets for the rest of the phase will need to be approved by the Oversight Committee.

#### **SERVICE DELIVERY, INSTITUTIONAL INDICATORS AND GOVERNANCE (STABILISATION/RECOVERY PHASE):**

To support the achievement of the financial recovery plan and the targets specified for Phase 2, it is recommended that Municipality and, if applicable, the Provincial Intervention Team focus on the following service delivery, institutional and governance issues:

- Implement further cost cutting measures.
- Prioritise the repair of all visible water losses.
- Prioritise collection on all current and outstanding accounts.
- Apply all permissible and reasonable debt collection mechanisms available to the municipality.
- Ensure that grants are ring-fenced and spent timeously.
- Ensure that Eskom accounts are paid as per arrangement.
- Prioritize compliance with all environmental requirements for the landfill sites.



## Beaufort West LM Mandatory FRP

- Prioritise the finalisation of the HRDM&S to assist with effective ways of acquiring, training, and retaining skilled human resources to ensure that the Plan is executed and limit use of consultants for core and critical functions.
- Prioritise review of the Organisational Structure to accommodate functions that are currently performed by external service providers and consultants.
- Prioritise change management interventions.
- Limit appointment of non-critical staff appointments and contract appointments until fit for purpose organogram is implemented and Model for filling of critical posts is finalised.
- Prioritize using correct fleet for waste collection to ensure compliance with health and safety requirements.
- Perform all repairs on streetlighting.
- Perform repairs on all visible sewerage spillages within the reticulation network.
- Undertake road maintenance.
- Undertake urgent repairs to other municipal infrastructure.
- Identify and plan for additional municipal infrastructure investment needs.

### **3.3 PHASE 3: SUSTAINABILITY PHASE (BEYOND 24 MONTHS OR THE TERMINATION OF PHASE 2)**

In this phase of the recovery process, the focus is to ensure the institutionalisation of processes in Phase 1 and 2 of the recovery processes. It is also envisaged that the municipality will consider long-term planning and issues necessary to ensure the sustainability of the municipality's finances. The municipality is expected to conform to norms set for financial ratios and to ensure that plans are put in place to buffer the municipality in the event of national or provincial economic and fiscal shocks. The municipality will be expected to execute on all the property, plant and infrastructure strategies that would be developed and refined during phases 1 and 2. All the infrastructure must be realistic and be implemented timeously.

The Oversight Committee will recommend when it is appropriate for the implementation for the FRP to move from phase 2 to phase 3. The National Treasury's MFRS unit will be asked to confirm that they agree with this assessment. At this point, it will be necessary to develop and agree the details of the activities and targets for the third phase of the FRP. This will be approved by the Oversight Committee.



**PART FOUR:**

**4.1 MONTHLY REPORTING ON ACHIEVEMENT OF TARGETS: BEAUFORT WEST MUNICIPALITY**

**COMPREHENSIVE SCHEDULE OF REPORTING AND COMMITTEE MEETING DATES:**

| No. | Report for month OF | Report due from municipality ON | Report considered by Monitoring and Oversight Committee ON | Considered by WC Executive BY |
|-----|---------------------|---------------------------------|--|-------------------------------|
| 1   | January 2022        | 07 February 2022                | 12 February 2022   | 20 February 2022              |
| 2   | February 2022       | 07 March 2022                   | 12 March 2022  | 20 March 2022                 |
| 3   | March 2022          | 07 April 2022                   | 12 April 2022  | 20 April 2022                 |
| 4   | April 2022          | 07 May 2022                     | 12 May 2022  | 20 May 2022                   |
| 5   | May 2022            | 07 June 2022                    | 12 June 2022   | 20 June 2022                  |
| 6   | June 2022           | 07 July 2022                    | 12 July 2022   | 20 July 2022                  |
| 7   | July 2022           | 07 August 2022                  | 12 August 2022   | 20 August 2022                |
| 8   | August 2022         | 07 September 2022               | 12 September 2022  | 20 September 2022             |
| 9   | September 2022      | 07 October 2022                 | 12 October 2022  | 20 October 2022               |
| 10  | October 2022        | 07 November 2022                | 12 November 2022   | 20 November 2022              |
| 11  | November 2022       | 07 December 2022                | 12 December 2022   | 20 December 2022              |
| 12  | December 2022       | 07 January 2023                 | 12 January 2023  | 20 January 2023               |
| 13  | January 2023        | 07 February 2023                | 12 February 2023   | 20 February 2023              |
| 14  | February 2023       | 07 March 2023                   | 12 March 2023  | 20 March 2023                 |
| 15  | March 2023          | 07 April 2023                   | 12 April 2023  | 20 April 2023                 |
| 16  | April 2023          | 07 May 2023                     | 12 May 2023  | 20 May 2023                   |
| 17  | May 2023            | 07 June 2023                    | 12 June 2023   | 20 June 2023                  |
| 18  | June 2023           | 07 July 2023                    | 12 July 2023   | 20 July 2023                  |

**PART FIVE:****5.1 REPORTING FRAMEWORK: PROGRESS AGAINST TARGETS**

The municipality must report monthly on each key activity included in the FRP Implementation Plan (Annexure A). The implementation plan will be used as basis to develop a progress reporting dashboard with the following fields:

(Example only for illustrative purposes)

| <b><u>PER FRP IMPLEMENTATION PLAN:</u></b> | <b><u>INFORMATION:</u></b>   |
|--|--|
| <b>Phase</b>                               | <b>Financial Rescue</b>  |
| <b>Pillar</b>                              | <b>Service Delivery</b>  |
| <b>Key Activity</b>                        | <ul style="list-style-type: none"> <li>▪ Prioritise the development, financing, and implementation of a proper programme to address technical water losses.</li> <li>▪ Properly determine the fundamental reasons for commercial water losses (i.e., non-payment)</li> <li>▪ Develop a plan to address the reasons.</li> <li>▪ Make key interventions to address the reasons.</li> </ul> |
| <b>Problem Statement</b>                   | <b>42% water losses (technical and commercial)</b>   |
| <b>Responsible</b>                         | <b>Technical Director</b>  |
| <b>Start Date</b>                          | <b>October 2021</b>  |
| <b>End Date</b>                            | <b>March 2022</b>  |
| <b>Key Performance Indicator</b>           | <b>5% reduction per annum</b>  |
| <b>Financial Target</b>                    | <b>R50 Million per annum</b>   |
| <b>Progress Report by Municipality:</b>    |  |
| <b>Steps taken</b>                         |  |
| <b>Progress made</b>                       |  |
| <b>Financial impact recorded</b>           |  |
| <b>Other noteworthy developments</b>       |  |



## **5.2 CONCLUSION: STRATEGIC ASSESSMENT AND CORRECTIVE ACTIONS AS REQUIRED:**

*(Please provide some concluding text with a strategic perspective on the position and progress of the financial recovery programme to the end of the relevant month and envisaged next steps to ensure achievement of programme goals.)*

## **PART SIX:**

### **6.1 RECOMMENDATIONS**

#### **It is recommended that:**

- 6.1.1 The Beaufort West LM Mandatory Financial Recovery Plan be submitted to the MEC of Finance for approval in terms of Section 143(2) of the MFMA.
- 6.1.2 The Western Cape Provincial Support Package for Beaufort West LM be aligned with the priorities as set out in Phase 1: Financial Rescue.
- 6.1.3 An Oversight and Monitoring Committee be established to direct the intervention, monitor progress, and unblock any political challenges that may hinder the success of this intervention.
- 6.1.4 The Municipal Manager drafts an internal and external communication plan to support effective communication throughout the intervention.

### **ANNEXURE A: FRP IMPLEMENTATION PLAN**

**(The FRP Implementation Plan identified the root causes of the financial problems and provide for the strategies and accompanied corrective actions with set timeframes and responsibilities. The data fields are following the FRP criteria as set out in Section 142 of the MFMA)**



PHASE 1: FINANCIAL RESCUE

| NO                          | FOCUS AREA                              | KEY ASSESSMENT FINDING (BASELINE)  | KEY ACTIVITIES   | RESOURCES REQUIRED | RESOURCES MOBILISED | RESPONSIBLE   | START DATE                         | END DATE                          | KEY PERFORMANCE INDICATOR   | PORTFOLIO OF EVIDENCE   | BUDGET PARAMETER/ REVENUE TARGET/ SPENDING LIMIT   | MUNICIPAL PROGRESS REPORT |               |                  |                               |
|-----------------------------|---|--|--|--------------------|---------------------|---|------------------------------------|-----------------------------------|---|---|--|---------------------------|---------------|------------------|-------------------------------|
|                             |   |  |  |                    |                     |   |                                    |                                   |   |   |  | STEPS TAKEN               | PROGRESS MADE | FINANCIAL IMPACT | OTHER NOTEWORTHY DEVELOPMENTS |
| <b>PILLAR 1: GOVERNANCE</b> |   |  |  |                    |                     |   |                                    |                                   |   |   |  |                           |               |                  |                               |
| 1                           | <b>GOVERNANCE MATTERS AND OVERSIGHT</b> | <p>Hung municipality led by coalition of two parties</p> <ul style="list-style-type: none"> <li>- Ineffective governance structures and oversight role by Council</li> <li>- Political and administrative stability</li> <li>- Lack of accountability and bad governance practices</li> <li>- Inadequate number of Council and committee meetings</li> <li>- Inadequate governance systems</li> <li>- No approved annual institutional calendar of Council and committee meetings</li> <li>- Four section 79 committees established</li> <li>- Unclear terms of reference for section 79 and 80 committees</li> <li>- Ineffective MPAC</li> <li>- Former Executive Mayor, former Speaker and an official arrested on allegations of fraud and corruption</li> <li>- HAWKS investigation on conflict of interest tenders by a councillor</li> </ul> | <p>Develop Institutional Corporate calendar for Council and committee meetings aligned to MFMA and MSA reporting cycle</p> <p>Council and committee meetings held as scheduled</p> <p>Conduct induction for newly elected councillors on governance, financial management and oversight responsibilities</p> <p>Develop oversight reports</p> <p>Develop and implement a stakeholder engagement strategy</p> <p>Disciplinary Board to report on investigation of all reported allegations of financial misconduct</p> <p>Enter into payment arrangements with Councillors and Administrative officials on arrears for services and monitor honoring of payment arrangements</p> <p>Investigate non payment for services by Councillors and administrative officials</p> <p>Implementation of the PWC report on forensic investigation into irregularities in the municipality</p> <p>Re-establishment of Section 79 and 80 Committees of Council with clear terms of reference</p> <p>Development of a communication plan for the duration of the intervention</p> | In house           | In house, In house  | MM, Speaker, Municipal Manager  | 01.01.2022, 01.12.2021, 01.12.2021 | 01.01.2022, Quarterly, 31.12.2021 | Improved governance and accountability. Statutory reports submitted timeously   | <p>Corporate calendar of meetings, attendance registers of meetings</p> <p>Agenda and minutes of Council and committee meetings</p> <p>Approved programme, induction material, record of induction and attendance register of councillors</p> <p>Quarterly oversight reports</p> <p>Approval by the Council and Council resolution</p> <p>Quarterly reports</p> <p>Council approved reports and resolutions</p> <p>Signed payment arrangements and financial statements</p> <p>Audit report</p> <p>Oversight Council reports on quarterly implementation progress reports</p> | <p>Financial benefits to be achieved through improved operational efficiencies</p> <p>Financial benefits to be achieved through improved oversight by Council and its committees</p> <p>Financial benefits to be achieved through improved oversight by Council and its committees</p> <p>Financial benefits to be achieved through improved operational efficiencies</p> <p>Financial benefits to be achieved through improved operational efficiencies</p> <p>Financial benefits to be achieved through improved prevention and action against maladministration, fraud and corruption</p> <p>Increase in revenue and reduction of debt owed to the municipality</p> <p>Compliance with Code of Conduct</p> <p>Effective Consequence management and improved workforce discipline</p> <p>Committees established</p> <p>informed stakeholders</p> |                           |               |                  |                               |
| 2                           | <b>UIFW EXPENDITURE MANAGEMENT</b>      | <p>UIFW expenditure at R420 870 389-00</p> <ul style="list-style-type: none"> <li>- No UIFW expenditure policy and reduction plan</li> <li>- Overspending on budget</li> <li>- Interest due to late payments of creditors</li> <li>- Non-compliance with supply chain management processes</li> <li>- No section 32 investigations done</li> </ul>   | <p>Investigation on unauthorised, fruitless, wasteful and irregular expenditure in accordance with sec 32 of the MFMA and investigation of financial misconduct</p> <p>Develop schedule of investigations with timelines</p> <p>Implement Consequence management for UIF&amp;W</p>   | In house           | In house            | Council and Disciplinary Board, Disciplinary Board, Mayor and Council | 01.12.2021, 01.12.2021             | Quarterly, Quarterly              | <p>Reduction in historic UIFW expenditure</p> <p>Implementation of consequence management (disciplinary processes, recovery of money, reported criminal cases)</p> <p>Transgressors disciplined</p> | <p>Quarterly Progress reports on investigations</p> <p>Updated schedule on investigations</p> <p>Final reports of the Disciplinary Board</p> <p>Written outcome of disciplinary hearings</p>  | <p>Financial benefits to be achieved through improved operational efficiencies</p> <p>Financial benefits to be achieved through improved operational efficiencies</p>  |                           |               |                  |                               |

|   |                         |  |  |                           |                           |                              |            |            |  |   |  |  |  |  |  |
|---|-------------------------|--|--|---------------------------|---------------------------|------------------------------|------------|------------|--|---|--|--|--|--|--|
|   |                         |  | Develop and implement UIF&W expenditure reduction plan.  | In-house and NT-MFMA unit | In-house and NT-MFMA unit | MM CFO                       | 01.12.2021 | 28.02.2022 | UIF&W expenditure reduction plan implementation and percentage reduction in historical expenditure | Approved UIF&W expenditure reduction plan and approval of Administrator. Quarterly reports on progress.                         | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Develop and implement UIFW expenditure policy  | In house                  | In house                  | MM and CFO                   | 01.12.2021 | 28.02.2022 | UIFW expenditure policy in place and implemented   | UIFW expenditure policy and approval by Council and Council resolution  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Identify, investigate and report on irregular, unauthorised, fruitless and wasteful expenditure in accordance with sec 32 of the MFMA and MFMA circular 68 | In house                  | In house                  | MM CFO                       | 01.12.2021 | Quarterly  | Reduction percentage in UIF&W expenditure. Legislative compliance.                                 | Quarterly reports on UIF&W expenditure and approval by Council  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
| 3 | By-laws and enforcement | enforcement of by-laws<br>- Inadequate institutional arrangements for enforcement<br>- by-laws updated and promulgated but No fines provided as penalties<br>- No reporting on revenue generated from enforcement of by-laws   | Undertake an audit and assessment of by laws, enforcement and review the identified by-laws, if necessary  | In house                  | In house                  | MM                           | 01.12.2021 | 30.03.2022 | Process plan adopted by Administrator. Sound policies and by-laws                                  | Assessment report to verify status and adequacy of policies and by-laws<br>Reviewed policies and by-laws                        | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Audit and update a Code of By-Laws   | In house                  | In house                  | Director: Corporate Services | 01.12.2021 | 30.03.2022 | By-Law Code in place   | Updated By-Law Code   | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Report on revenue generated and enforcement of By-laws   | In house                  | In house                  | CFO                          | 01.12.2021 | Monthly    | Revenue generated and reduction in electricity and water losses.                                   | Internal quarterly audit reports  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
| 4 | Audit action plan       | Disclaimer of opinion for 2019/20 FY; Incomplete, outdated and inadequate implementation of AG audit action plan; Bad practice of bulk reconciliation of accounting records; Lack of accountability for poor performance; Reliance on consultants; Audit Action Plan not SMART compliant; Inadequate implementation of the audit action plan and slow response; Monthly/regular reconciliation of accounting records remains a challenge; Financial misstatement findings are yet to be cleared; Insufficient reporting on consequence management; Insufficient monitoring of internal controls which result in slow progress; Poor Records Management system; Poorly prepared and non-compliant annual financial statements<br>- Poor internal controls<br>- Recommendations of Audit committee not adequately implemented<br>- Audit management documents for FY2021/22 not approved<br>- Insufficient implementation of internal audit strategies and plans | Develop and implement audit action plan  | In house                  | In house                  | MM                           | 01.12.2021 | 31.01.2022 | Improved audit outcomes and/reduction of audit findings  | Council report and resolution<br>Validated quarterly progress reports on the implementation of audit action plan and audit file | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Validate progress and verify POE for adequacy and completeness,  | In house                  | In house                  | MM                           | 01.12.2021 | Monthly    |  |   | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Weekly audit steering committee to discuss the implementation of the audit action plan,  | In house                  | In house                  | MM                           | 01.12.2021 | Weekly     |  | Attendance register and minutes of audit steering committee meetings  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Implementation of audit action plan should be integral part of performance agreement of senior managers  | In house                  | In house                  | Mayor MM                     | 01.12.2021 | 31.01.2022 |  | Signed Individual Performance agreements and scorecards for MM and Heads of department incorporating audit action plan          | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Internal audit to provide monthly assurance on the implementation progress report for the approved audit action plan                                       | In house                  | In house                  | Manager: Internal Audit      | 01.12.2021 | Monthly    | Assurance report submitted   | Assurance report signed off by Manager: Internal Audit  | Financial benefits to be achieved through improved operational efficiencies<br>Unqualified Audit opinion |  |  |  |  |
|   |                         |  | Reporting on implementation progress report for the approved audit action plan to Mayoral Committee and Council  | In house                  | In house                  | MM                           | 01.12.2021 | Monthly    | Report tabled to Mayoral Committee and Council   | Agenda and minutes of Mayoral committee and Council, and recommendations and resolutions  | Financial benefits to be achieved through improved operational efficiencies<br>Unqualified Audit opinion |  |  |  |  |
| 5 | Risk Management         | Risk management policy approved<br>- Chief Risk Officer not appointed<br>- Ineffective Risk management<br>- Poor internal controls<br>- Risk management documents for FY2021/22 not approved<br>- Insufficient implementation of risk strategies and plans   | Establishment of Risk management committee   | In house                  | In house                  | MM                           | 01.12.2021 | 31.01.2022 | Functional risk management committee   | Approved establishment report and resolution by Council   | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Submit annual risk management documents for approval by Council for the financial year 2021/22.  | In house                  | In house                  | MM                           | 01.12.2021 | 31.01.2022 | Risk management documents approved at beginning of financial year                                  | Approved risk management documents and approval by Council  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Appointment of a Chief Risk Officer  | In house                  | In house                  | MM                           | 01.12.2021 | 31.03.2022 | Chief Risk Officer appointed   | Appointment letter  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |
|   |                         |  | Risk management must be standing agenda item for all scheduled management and Executive meetings   | In house                  | In house                  | MM CRO                       | 01.12.2021 | Monthly    | Quarterly review of progress on implementation of remedial actions                                 | Agenda or minutes of management and executive meetings  | Financial benefits to be achieved through improved operational efficiencies                              |  |  |  |  |

|    |                        |   |   |              |                               |  |            |            |   |  |   |  |  |  |  |
|----|------------------------|---|---|--------------|-------------------------------|--|------------|------------|---|--|---|--|--|--|--|
|    |                        |   | Monitor and report on the implementation on risk mitigating measures that may have impact on: implementation of financial recovery plan, audit action plan and other risks identified in the risk registers | In house     | In house                      | MM CRO   | 01.12.2021 | Quarterly  | Quarterly review of progress on implementation of remedial actions              | Quarterly risk management reports approved by Council. Risk monitoring report. Monthly FRP implementation progress reports | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
| 6  | System of Delegations  | Inadequate System of delegations<br>- Inadequate delegations register<br>- Provincial COGTA assisting with review of System of delegations<br>- Non co-operation by municipality  | Review system of delegations after local government elections   | In-house     | In-house                      | MM Executive Director: Corporate Services      | 01.12.2021 | 31.03.2022 | Systems of delegations in place   | Approved system of delegations and approval by Council and resolution.   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Update delegations register   | In house     | In house                      | MM   | 30.04.2022 | Quarterly  | Accountability  | Updated delegations register   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Sign-off of sub-delegations   | In-house     | In-house                      | MM   | 31.03.2022 | 30.04.2022 | Sub-delegations in place  | Signed sub-delegations and acknowledgement of receipt  | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
| 7  | Contract Management    | Outdated and incomplete Contract register.<br>- Contracted services is 10.3%<br>- Irregular payments without proper contracts.<br>- No contract management framework resulting in poor contract management.<br>- Irregularly awarded contracts.<br>- Political interference | Audit and review all contracts  | In-house     | In-house                      | MM Manager: Internal Audit                     | 01.12.2021 | 28.02.2022 | No irregular, unnecessary or expired contracts, and contracts register in place | Audit and review report by Internal Audit Manager  | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Negotiate and sign affordable payment arrangements with creditors   | In house     | In house                      | MM   | 01.12.2021 | 28.02.2022 | Honouring of financial commitments and arrear debt payment                      | New affordable agreements signed off by all parties  | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Development and approval of contract management framework   | In house     | In house                      | MM   | 01.12.2021 | 28.02.2022 | Contract management framework in place  | Approved contract management framework and Council resolution  | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Identify goods and services required on an ongoing basis and appoint service providers on three year contracts  | In-house     | In-house                      | Municipal Manager CFO                          | 01.12.2021 | 31.03.2022 | Reduction in operational costs, Reduction in irregular deviations               | Reduction in procurement costs as per procurement plan, and appointment letters.   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Review and audit the Water Reclamation contract   | In House     | In House                      | CFO Director: Corporate Services               | 02.01.2022 | 31.03.2022 | value for money, compliance with legislation                                    | Review and audit report  |   |  |  |  |  |
|    |                        |   | Review standard terms and conditions of security tender to include penalties for loss of assets against the service provider  | In hHouse    | In House                      | CFO  | 02.01.2022 | 28.02.2022 | Recovery of losses at no cost to the municipality                               | Reviewed terms and conditions and service level agreement  |   |  |  |  |  |
|    |                        |   | Audit legal compliance with procurement processes for the currently awarded security services tender  | In House     | In House                      | Manager: Internal Audit                        | 02.01.2022 | 28.02.2022 | Compliance with statutory prescripts and reduction in irregular expenditure     | Audit report   |   |  |  |  |  |
|    |                        |   | Submission of monthly performance monitoring reports on contracts   | In-house     | In-house, Contracted Services | CFO  | 01.12.2021 | Monthly    | value for money, compliance with legislation                                    | Monthly performance monitoring reports   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Review annual procurement plan  | In-house     | In-house                      | MM CFO   | 01.12.2021 | 31.01.2022 | Reduction in operational costs related to procurement                           | Approved reviewed procurement plan by Council and resolution   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
| 8  | Contingent Liabilities | Contingent liability at R1 085 000-00<br>- Low Risk financial exposure<br>- Material non-compliance with legislation  | Development and implementation of MFMA Legal compliance matrix  | In-house     | In-house and NT-MFMA unit     | MM Executive Dir: Corporate Services           | 01.12.2021 | 31.01.2022 | Legislative compliance  | Institutionalised MFMA legal compliance matrix and AG annual audit reports   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
| 9  | Powers and Functions   | Municipality mandated to provide library services and development of Housing units.   | Conduct an in-depth analysis of cost implications   | In-house, PT | In-house, PT                  | CFO  | 01.12.2021 | 28.02.2022 | All costs funded mandated agreement.  | Cost analysis report   | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
|    |                        |   | Re-negotiate mandate agreements   | In-house, PT | In-house, PT                  | Executive Director: Corporate Services and CFO | 28.02.2021 | 30.04.2022 | Re-negotiated mandate agreements and all costs covered for                      | Signed re-negotiated mandate agreements  | Financial benefits to be achieved through improved operational efficiencies |  |  |  |  |
| 10 | Immovable prooerty     | No information received from municipality to conduct status quo assessment  | Audit of immovable property portfolio   | In house     | In house                      | MM   | 01.12.2021 | 30.05.2022 | Increase in revenue   | Audit report by Manager: Internal Audit  | Increased revenue from investment properties as                             |  |  |  |  |

|                                |  |  |   |                              |                                 |   |            |            |  |  |                                  |  |  |  |  |  |
|--------------------------------|--|--|---|------------------------------|---------------------------------|---|------------|------------|--|--|----------------------------------|--|--|--|--|--|
|                                | portfolio                                |  | Conduct cost benefit analysis (operational expenditure against revenue collected)     | In house                     | In house                        | CFO                                       | 28.02.2022 | 30.03.2022 | Reduction in operational expenditure   | Approved report by CFO   | Input on the Budget Funding Plan |  |  |  |  |  |
|                                |  |  | Review of all lease agreements  | In house                     | In house                        | MM  | 01.12.2021 | 30.03.2022 | Increase in revenue  | Reviewed signed lease agreements                                   |                                  |  |  |  |  |  |
|                                |  |  | Collection of market related rentals from tenants                                     | In house                     | In house                        | CFO                                       | 30.03.2022 | Monthly    | Increase in revenue  | Financial report   |                                  |  |  |  |  |  |
|                                |  |  | Non paying tenants be ejected from the properties                                     | In house                     | In house                        | CFO Executive Director:Corporate services | 01.12.2021 | Monthly    | Increase in revenue  | Tenant management report   |                                  |  |  |  |  |  |
|                                |  |  | Identify immovable properties not required for basic municipal services               | In house                     | In house                        | Executive Director: Corporate Services    | 01.12.2021 | 30.05.2022 | Increase revenue<br>Reduction of expenditure   | Approved report by Council and Council resolution                  |                                  |  |  |  |  |  |
|                                |  |  | Reconcile alienation transactions with Deeds office records for the past five years   | In house                     | In house<br>COGTA               | Executive Director: Corporate Services    | 01.12.2021 | 31.03.2022 | Account for all immovable properties   | Council approved reconciliation report and resolution              |                                  |  |  |  |  |  |
|                                |  |  | Development and implementation of Alienation/Land disposal policy                     | In house                     | In house                        | MM Director: Corporate Services           | 01.12.2021 | 28.02.2021 | Increase revenue<br>Reduction of expenditure   | Approved Alienation/Land Disposal policy approved by Administrator |                                  |  |  |  |  |  |
| 11                             | Information and Communication Technology | Inadequate ICT strategy<br>Approved disaster recovery plan in place;<br>The disaster recovery plan was not tested during the 2019/2020 financial year;<br>Outdated antivirus software. | Review ICT Governance framework   | In house                     | In house<br>COGTA               | ICT Manager                               | 01.12.2021 | 30.03.2022 | Integrity, confidentiality and security of data. General controls in place   | Internal audit report and AG audit report                          |                                  |  |  |  |  |  |
|                                |  |  | Review, develop and implement ICT general controls                                    | In house                     | In house<br>COGTA               | ICT Manager                               | 01.12.2021 | Monthly    | No findings by Auditor-General   | Auditor-General report<br>Internal Quarterly audit reports         |                                  |  |  |  |  |  |
|                                |  |  | Develop and implement a server downtime monitoring tool                               | In house                     | In house<br>COGTA               | ICT Manager                               | 01.12.2021 | 30.03.2022 | 99.95% uptime  | Downtime tracker report  |                                  |  |  |  |  |  |
|                                |  |  | Update the website  | In house                     | In house<br>COGTA               | ICT Manager                               | 01.12.2021 | Monthly    | Updated website  | Updated website  |                                  |  |  |  |  |  |
|                                |  |  | Report on Back office Turnaround times in resolving help desk queries                 | In house                     | In house<br>COGTA               | All Heads of Directorates                 | 01.12.2021 | Monthly    | Satisfied customers<br>Increased revenue.<br>95 % of work orders completed   | Customer satisfaction survey and Monthly work order reports        |                                  |  |  |  |  |  |
| <b>PILLAR 2: INSTITUTIONAL</b> |  |  |   |                              |                                 |   |            |            |  |  |                                  |  |  |  |  |  |
| 1                              | Change Management                        | Change Management is not implemented.  | Sensitise employees & labour regarding the introduction and implementation of the FRP | In-house capacity<br>NT-MFRS | NT-MFRS<br>WC-COGTA<br>WC-SALGA | MM, Director: CS                          | 01.01.2022 | 31.01.2022 | Achieved buy-in and support/ Set tone for change<br><br>Staff morale boosted<br><br>Enhanced service delivery & performance<br><br>Increased productivity to support Revenue Management operations<br>Smooth transitions and transformation  | Minutes and attendance registers of meetings/sessions.             | Only use mobilised resources     |  |  |  |  |  |
|                                |  |  | Develop a municipal-wide Change Management Strategy                                   | In-house capacity<br>NT-MFRS | NT-MFRS<br>WC-COGTA<br>WC-SALGA | MM, Director: CS                          | 01.01.2022 | 31.03.2022 | Achieved buy-in and support/ Set tone for change<br><br>Staff morale boosted/<br><br>Enhanced service delivery & performance<br><br>Increased productivity to support Revenue Management operations<br>Smooth transitions and transformation | Change Management Strategy,  |                                  |  |  |  |  |  |

|   |  |  |  |                              |                                 |                              |            |                       |  |  |              |  |  |  |
|---|--|--|--|------------------------------|---------------------------------|------------------------------|------------|-----------------------|--|--|--------------|--|--|--|
|   |  |  | Conduct Change Management interventions.   | In-house capacity<br>NT-MFRS | NT-MFRS<br>WC-COGTA<br>WC-SALGA | MM, Director: CS             | 01.01.2022 | 01.04.2022 & On-going | Achieved buy-in and support/ Set tone for change<br><br>Staff morale boosted/<br><br>Enhanced service delivery & performance<br><br>Increased productivity to support Revenue Management operations<br>Smooth transitions and transformation | Minutes and attendance registers of meetings/ sessions.          |              |  |  |  |
| 2 | <b>Leave Management and Absenteeism</b>            | <b>Poor management of leave and lack of record keeping. Some employees have been absent from work without official leave and no corrective measures are taken by the municipality. This also is attributed to political interference (some of the employees are active members of political party leadership - taking action against them is intercepted/ obstructed by political interventions. High rate of alcohol intake also plays a role. The municipality does not have Desertion/Incapacity Policy.</b>  | Conduct Incapacity inquiries and charge all employees who are on AWOL  | In-house                     | In-house                        | Dir: CS                      | 01.01.2022 | 31.03.2021            | Re-affirmed accountability and discipline  | Disciplinary outcomes and sanctions                              |              |  |  |  |
|   |  |  | Introduce Leave Controls (recordings, use electronic methods, approval procedures)   | In-house                     | In-house                        | Dir: CS                      | 01.01.2022 | On-going              | Improved controls and accountability   | Leave records  |              |  |  |  |
|   |  |  | Implement constant auditing of Pay-roll  | In-house                     | In-house                        | Dir: CS                      | 01.01.2022 | On-going              | Completeness of employee costs<br>Eradicated worker absenteeism  | Audit Reports (presented to Executive Management Team & Council) |              |  |  |  |
|   |  |  | Initiate and expedite medical boarding applications for affected staff (linked to Incapacity Hearings)                     | In-house                     | In-house                        | Dir: CS                      | 01.01.2022 | 31.04.2022 & On-going | Completeness of employee costs<br>Eradicated worker absenteeism  | Hearings outcomes<br>Medical boarding outcomes                   |              |  |  |  |
|   |  |  | Enlist the support of WC Liquor Board, on CSI arrangement to assist with counselling & rehabilitation of affected workers. | In-house                     | In-house                        | Dir: CS                      | 01.01.2022 | 31.04.2022 & On-going | Support enlisted   | Signed SLA   |              |  |  |  |
| 3 | <b>Organisation Structure and Placement Policy</b> | <b>The Organisational Structure was reviewed and approved on 15th June 2021. Audited (19/20) Employee costs are 43% and stated at 37% unaudited (based on 20/21 budget) of the OPEX. Some of the functions are outsourced and partly outsourced due lack of requisite skills or resources: Internal Audit, Electrical &amp; Engineering Services, ICT Services and Legal Services. Unfunded vacancies on new organogram – but not filled. There are unresolved placement disputes. High level of temporary employees (dating years back). Lack of sufficient workforce to perform duties due to inadequate organogram resulting in poor service delivery. Some staff members were illegally elevated to higher Tuned Assessment of Skills and Knowledge (T.A.S.K) grades post levels outside of normal recruitment processes and procedures. And some employees gave reported this action to the Public Protector for investigation.</b> | Conduct an assessment of current structure   | In-house                     | In-house                        | MM, Dir: CS                  | 01.01.2022 | 31.01.2021            | Assessment report  | Assessment report  | 5% reduction |  |  |  |
|   |  |  | Present assessment report to Council   | In-house                     | In-house                        | MM & Dir. CS<br>556 Managers | 01.04.2022 | 31.04.2022            | Council report   | Council's comments and recommendation.                           |              |  |  |  |
|   |  |  | Draft Placement Policy & Insert changes to the Organisational Structure  | In-house                     | In-house                        | Dir. CS                      | 01.04.2022 | 31.05.2022            | Smooth Transitions   | Draft Policy   |              |  |  |  |
|   |  |  | Consult employees & organised labour   | In-house                     | In-house                        | Dir. CS                      | 01.04.2022 | 31.05.2022            | Buy-in and support   | Minutes and attendance registers of meetings.                    |              |  |  |  |

|   |  |  |   |                                   |   |                        |            |            |   |  |  |  |  |  |  |  |
|---|--|--|---|-----------------------------------|---|------------------------|------------|------------|---|--|--|--|--|--|--|--|
|   |  |  | Approval of Placement Policy and reviewed Organisational Structure.   | In-house                          | In-house  | Dir. CS                | 01.06.2022 | 30.06.2022 | Policy finalised  | Council resolution                                 |  |  |  |  |  |  |
|   |  |  | Reverse all staff who were illegally promoted.  | In-house                          | WC NT<br>WC COGTA   | MM                     | 01.01.2021 | 31.01.2021 | Achieved accountability<br>Reduction in employee costs.   | Reversal letters and Payroll report                |  |  |  |  |  |  |
|   |  |  | Investigate employees who are illegally benefitting from Cell-phone and Travel Allowances & terminate payments.   | In-house                          | WC NT<br>WC COGTA   | MM                     | 01.01.2021 | 31.03.2021 | Achieved accountability<br>Reduction in employee costs.   | Reversal letters and Payroll report                |  |  |  |  |  |  |
|   |  |  | Resolve all placement disputes (in line with Placement Policy)  | In-house                          | WC SALGA  | Dir. CS<br>MM          | 01.05.2021 | 31.12.2021 | Placement disputes resolved   | Placement letters<br>Report on dispute resolution. |  |  |  |  |  |  |
| 4 | Review and Development of Job Descriptions | Inadequate Job Descriptions  | Conduct an assessment of approved Job Descriptions  | In-house                          | WC SALGA<br>WC COGTA  | Dir. CS                | 01.01.2022 | 28.02.2022 | Determined the individual and job categories with approved Job Descriptions                                   | Assessment report                                  |  |  |  |  |  |  |
|   |  |  | Develop Job Descriptions based on the current structure   | In-house                          | WC SALGA<br>WC COGTA  | Dir. CS                | 01.03.2022 | 01.06.2022 | Draft Job Descriptions  | Progress Report                                    |  |  |  |  |  |  |
|   |  |  | Consult affected employees and their representatives  | In-house                          | In-house  | Dir. CS                | 01.03.2022 | 01.06.2022 | Employees properly guided and participated in the process of writing posts and jobs category Job Descriptions | Minutes of consultations and signed JDs            |  |  |  |  |  |  |
|   |  |  | Review Job Descriptions for changed, new, migrated posts.   | In-house                          | In-house  | Dir. CS                | 01.07.2022 | 31.10.2022 | Employees properly guided and participated in the process of writing posts and jobs category Job Descriptions | Minutes of consultations and signed JDs            |  |  |  |  |  |  |
| 5 | Model for Filling: Critical Posts          | There is currently no Model for Filling of Critical Posts  | Develop Model for filling of critical posts.  | In-house                          | NT MFRS   | Dir. CS                | 01.01.2022 | 28.02.2022 | Systematic approach for filling posts   | Draft Model  |  |  |  |  |  |  |
|   |  |  | Consult employees & organised labour  | In-house                          | In-house  | Dir. CS                | 01.01.2022 | 28.02.2022 | Buy-in and support  | Minutes and attendance registers of meetings.      |  |  |  |  |  |  |
|   |  |  | Submit Model for approval by Council  | In-house                          | In-house  | Dir. CS                | 01.01.2022 | 28.02.2022 | Draft Model presented to Council  | Council resolution                                 |  |  |  |  |  |  |
| 6 | HR Policy Policies                         | The following policies are in place and limitations have been identified in some policies, review is required: Recruitment and Selection Essential User-Scheme Sexual Harassment Language Private Work Cell-phones HIV/AIDS Staff Induction & Training Succession Planning & Career Pathing Framework: Staff Appointment – Support Staff for elected representatives The following policies are not in place: Placement Acting Allowance Overtime Work Desertion & Incapacity Policy | Conduct a detailed assessment of the following HR Policies: Recruitment & Selection, Cellphones, Support Staff for Political Offices, Succession Planning, Study Scheme & Essential User Scheme.  | In-house<br>MFRS Advisory Support | In-house<br>MFRS Advisory Support                               | Dir. CS                | 01.01.2022 | 31.03.2022 | All HR anomalies and non-compliant areas are corrected  | Draft HR Policy Manual                             |  |  |  |  |  |  |
|   |  |  | Draft Review of the following HR Policies: Recruitment & Selection, Cellphones, Support Staff for Political Offices, Succession Planning, Study Scheme, Acting Allowances, Overtime, Work Desertion & Incapacity Policy and Essential & Emergency Services Agreement. | In-house<br>MFRS Advisory Support | In-house<br>MFRS Advisory Support<br>SALGA/SALGBC (Divisional). | Dir. CS                | 01.02.2022 | 31.05.2022 | Completed analysis, detailed short comings and gaps identified.   | Assessment report                                  |  |  |  |  |  |  |
|   |  |  | Consult Organised Labour and employees  | In-house<br>MFRS Advisory Support | In-house<br>MFRS Advisory Support                               | Dir. CS                | 01.02.2022 | 31.05.2022 | Solicited buy-in and achieved support   | Agendas, minutes and attendance registers          |  |  |  |  |  |  |
|   |  |  | Present policies to Council for consideration and approval.   | In-house                          | In-house  | Dir. CS                | 01.06.2022 | 30.06.2022 | Draft policies  | Council resolution and approved policies           |  |  |  |  |  |  |
| 7 | Verification of Staff                      | Verification of Staff are not conducted  | Conduct staff verification  | CoGTA WCG                         | CoGTA WCG   | Dir, CS Internal Audit | 01.01.2022 | 31.03.2022 | Completeness of employee costs<br>Accountability  | Verification report                                |  |  |  |  |  |  |
|   |  |  | Submit report to Council  | MM                                | MM  | Dir, CS                | 01.04.2022 | 31.04.2022 | Completeness of employee costs<br>Accountability  | Council Report and Resolution                      |  |  |  |  |  |  |

|    |  |  |   |                                   |                                   |                     |            |                       |  |   |  |  |  |  |  |
|----|--|--|---|-----------------------------------|-----------------------------------|---------------------|------------|-----------------------|--|---|--|--|--|--|--|
|    |  |  | Implement findings and apply consequence management to address adverse findings - to include desertion and incapacity inquiries and hearings. | CoGTA WCG                         | CoGTA WCG                         | MM & Dir. CS        | 01.04.2022 | 30.06.2022            | Completeness of employee costs<br>Accountability and Payroll Data Cleaned              | Incapacity hearing reports and outcomes/ findings.                  |  |  |  |  |  |
|    |  |  | Immediately terminate and stop salaries of all employees that are unaccounted for (not verified) - Align to above activity.                   | In-house, CoGTA WCG               | CoGTA WCG                         | Dir: CS, CFO and MM | 01.04.2022 | 31.04.2022            | Achieved full accountability   | Termination letters<br>Payroll Report                               |  |  |  |  |  |
| 8  | Records Management                           | Inadequate records management practices/ safeguarding of documents - possible limited storage facilities. File Plan was recently updated and approved by WCG Cultural Affairs & Sport in March 2021. Records Management Policy was revised and approved in 2016 by WCG Cultural Affairs & Sport  | Assess current practices (audit filing & archiving processes).  | In-house<br>MFRS Advisory Support | In-house<br>MFRS Advisory Support | Dir. CS             | 01.01.2022 | 31.01.2022            | Completed analysis, detailed short comings and gaps identified.                        | Assessment report   |  |  |  |  |  |
|    |  |  | Introduce Records Management Controls/ Standard Operating Procedures (SOPs)   | In-house                          | In-house                          | Dir. CS             | 01.01.2022 | 31.03.2022            | Improved accountability  | SOP Document  |  |  |  |  |  |
| 9  | Verification of Staff qualifications         | Determine if all staff qualifications are vetted on appointment (if not, all all qualifications should be vetted)  | Conduct an analysis of staff members whose qualifications have not been vetted.   | In-house                          | WC COGTA                          | Dir: CS             | 01.01.2022 | 30.05.2022            | An analysis conducted  | Analysis Report   |  |  |  |  |  |
|    |  |  | Conduct vetting qualifications of all affected employees.   | In-house                          | WC COGTA                          | Dir: CS             | 01.01.2022 | 30.05.2022            | Finalised report   | Vetting Report  |  |  |  |  |  |
|    |  |  | Present a report to Council   | In-house                          | Council                           | Dir. CS             | 01.06.2022 | 30.06.2022            | Finalised report   | Council resolution  |  |  |  |  |  |
|    |  |  | Institute consequence management against employees whose qualifications are not authentic   | In-house                          |                                   | MM, Dir: CS         | 01.06.2022 | 31.08.2022            | Disciplinary process with charge sheets  | Outcomes reports and sanctions                                      |  |  |  |  |  |
| 10 | Performance Management                       | The PMS of the municipality is adequate and well regulated. BWLM uses the Service Delivery Budget Implementation Plan (SDBIP) as the basis for the system on an annual basis, the system is web-based. The Municipal Manager and 56 Managers sign annual performance agreements, and these are evaluated as required. The noted limitations are the lack of preparation of Personal Development Plans (PDPs) post assessment and cascading of PMS to T.A.S.K grade levels below section 56 Managers. | Develop and Sign Personal Development Plans with MM and s56 Managers.   | In-house                          | CoGTA WC<br>SALGA WC              | Dir: CS             | 01.01.2022 | 31.01.2022            | Improved productivity<br>Improved accountability                                       | Signed PDPs   |  |  |  |  |  |
|    |  |  | Review PMS Policy to make provision for cascading of PMS to levels below s56 Managers.  | In-house                          | CoGTA WC<br>SALGA WC              | Dir: CS             | 01.01.2022 | 31.03.2022            | Improved productivity<br>Improved accountability<br>Improved service delivery          | Signed Performance Agreements                                       |  |  |  |  |  |
|    |  |  | Consult employees and organised labour  | In-house                          | In-house                          | MM and Dir: CS      | 01.01.2022 | 31.03.2022            | Solicited buy-in and achieved support  | Agendas, minutes and attendance registers - LLF and staff meetings. |  |  |  |  |  |
|    |  |  | Reviewed PMS Policy approved by Council   | In-house                          | In-house                          | MM and Dir: CS      | 01.04.2022 | 31.04.2022            | PMS review finalised   | Approved PMS Policy<br>Council resolution                           |  |  |  |  |  |
|    |  |  | Cascade Performance Management from post levels 2 to 3.   | In-house                          | CoGTA WC<br>SALGA WC              | Dir: CS             | 01.05.2022 | 31.07.2022            | Improved productivity<br>Improved accountability<br>Improved service delivery          | Signed Performance Agreements                                       |  |  |  |  |  |
|    |  |  | Cascade Performance Management from post levels 4 to 6.   | In-house                          | CoGTA WC<br>SALGA WC              | Dir: CS             | 01.08.2022 | 31.12.2022            | Improved productivity<br>Improved accountability<br>Improved service delivery          | Signed Performance Agreements                                       |  |  |  |  |  |
| 11 | Skills Audit                                 | Skills audits have not been conducted. The municipality lacks critical skills in key and core service delivery areas. Some appointment were without considering requisite skills and competencies for appointed incumbents.  | Conduct skills audits for all employees   | In-house                          | CoGTA WC<br>SALGA WC              | Dir: CS             | 01.01.2022 | 30.06.2022            | Set of skills and gaps determined.   | Skills Audit report   |  |  |  |  |  |
|    |  |  | Report to Council   | In-house                          | In-house                          | Dir: CS             | 01.07.2022 | 31.07.2022            | Council report   | Council resolution  |  |  |  |  |  |
|    |  |  | Implement skills audit outcomes   | In-house                          | In-house                          | Dir: CS             | 01.08.2022 | 31.12.2022 & on-going | Improved performance<br>Requisite skills acquired<br>Employees matched to correct jobs | Implementation reports  |  |  |  |  |  |
| 12 | Personal Protective Equipment/Clot hing -PPE | Inadequate PPE/Clothing for Fire and Rescue Personnel.   | Urgently procure all required PPE/C   | In-house                          | In-house                          | Dir. CS             | 01.01.2022 | 31.01.2022            | All affected employees have access to PPE/C  | Delivery notes and delivery registers signed by employees           |  |  |  |  |  |

|   |                                      |   |  |          |                         |                                |            |                       |   |  |   |  |  |  |  |
|---|--------------------------------------|---|--|----------|-------------------------|--------------------------------|------------|-----------------------|---|--|---|--|--|--|--|
| 13  | Human Resources Development Strategy | The HRDMS is in a draft form, first developed in June 2017 but not yet approved by Council. Failure to attract, appoint and retain skilled and competent workforce/critical vacancies not filled and ineffective middle management.   | Conduct HR Maturity Level  | In-house | In-house WC SALGA       | Dir. CS                        | 01.01.2022 | 28.02.2022            | HR Maturity level determined  | HR Maturity level report   |   |  |  |  |  |
|   |                                      |   | Draft HRDMS  | In-house | In-house                | Dir. CS                        | 01.01.2022 | 31.03.2021            |   | Draft HRDMS  | Draft HRDMS   |  |  |  |  |
|   |                                      |   | Consult employees and organised labour   | In-house | In-house                | Dir. CS                        | 01.01.2022 | 31.03.2022            | Achieved buy-ib and support, created deeper understanding of strategic HR   | Agendas, Minutes and attendance registers  |   |  |  |  |  |
| 14  | Management of Discipline.            | Lack of stringent control measures hampering successful outcome of disciplinary procedures. Limited in-house capacity of Presiding Officers. Staff with political links are proving to be difficult to control and manage and there is political interference.  | Develop SLAs with other municipalities and state organs to assist with Presiding Officers and Prosecutors.   | In-house | WC CoGTA WC SALGA       | MM                             | 01.01.2022 | 31.03.2022            | SLA reached and matters expedited.  | SLA for shared services.   |   |  |  |  |  |
|   |                                      |   | Train s56 Managers and line Managers as Presiding Officers and Prosecutors.  | In-house | WC CoGTA WC SALGA       | MM                             | 01.01.2022 | 31.03.2022 & ongoing  | Improved capacity, improved pace of resolving matters.  | Training attendance registers, training manuals.   |   |  |  |  |  |
|   |                                      |   | Finalise all outstanding disciplinary cases  | In-house | In-house                | MM                             | 01.01.2022 | 31.06.2022 & on-going | Improved capacity, improved pace of resolving matters.  | Case management report.  |   |  |  |  |  |
| 15  | LLF                                  | The LLF is dysfunctional. Non-attendance of meetings by both components. Last meeting took place on the 17th November 2020.   | Develop a schedule for LLF meetings and implement resolutions.   | In-house | In-house                | Dir. CS                        | 01.01.2022 | On-going              | Achieved labour peace Processing of key   | Minutes of meetings and attendance registers   |   |  |  |  |  |
|   |                                      |   | MM - discipline member of management and officials for not honoring LLF programmes. Speaker and Whippery - reprimand members of Council (nominated Cpouncillors) for not honoring LLF programmes.  | In-house | In-house                | MM, Speker & Whip of Council.  | 01.01.2022 | On-going              | Functional and effective LLF  | Reprimand letters and disciplinary outcomes.   |   |  |  |  |  |
| <b>PILLAR THREE: FINANCIAL MANAGEMENT</b> |                                      |   |  |          |                         |                                |            |                       |   |  |   |  |  |  |  |
| 1   | Budget Management (Funded Budget)    | Municipality developed and approved an unrealistic unfunded budget for 2021/2022<br><br>A8 Unfunded with R110 m (per PT calculation)<br><br>Revenue baseline insufficient<br><br>Over commitment on contracted services<br><br>Limited capital available for revenue generating infrastructure<br><br>Inability to pay bulk purchases<br><br>Inability to repair and maintain infrastructure, which effects service delivery.<br><br>Inaccurate Collection Rates and Creditor amounts<br><br>Low collection rates and negative cash flows<br><br>Budget silent on water inventory item: No provision for the costs of water extraction and/or purification as inventory as per GRAP 12 requirements | Revise Budget Funding Plan with clear objectives and financial targets aligned with FRP strategies and activities.<br><br>PT oversight on BFP implementation<br><br>Compile credible Adjustment Budget 2021/22<br><br>Apply Zero-based budgeting approach<br><br>Improve budget controls to prevent unauthorised expenditure<br><br>Consider review of budget related policies to facilitate increased revenue and contain cost. | In-house | PT Oversight PT Support | CFO (PT Oversight and Support) | 01.01.2022 | 30.05.2022            | 3-Year Budget Funding Plan<br><br>Monthly BFP Progress Reports<br><br>Credible 2021/22 MTREF Budget<br><br>Plan for phasing in of cost-reflective tariffs | Approved 2021/22 MTREF Budget<br><br>Approved Budget Funding Plan (BFP)<br><br>BFP Progress Reports<br><br>Cost-reflective tariff strategy | 100% adherence to approved 3-Year Budget Funding Plan<br><br>FRP MTREF Financial Targets<br><br>Target cash flow improvement per annum (in line with FRP targets) |  |  |  |  |

|   |  |   |   |          |  |                           |            |            |  |  |  |  |  |  |  |
|---|--|---|---|----------|--|---------------------------|------------|------------|--|--|--|--|--|--|--|
| 2 | <b>Cost Containment and Cash Flow Management</b> | <p>Cost containment policy is in place.</p> <p>No evidence on implementation and impact</p> <p>The current ratios of 0.53:1 (2021/22), 0.61:1 (2022/23) and 0.74:1 (2023/24) indicates that the working capital of the Municipality increases over the MTREF period, but still below the NT norm of 1.5 - 2:1. (exposed to liquidity risk).</p> <p>The liquidity ratios of negative 0.05:1 (2021/22), 0.02:1 (2022/23) and 0.12:1 (2023/24) is increasing over the MTREF years, however remains below the NT recommended norm of 1:1. This indicates that the Municipality does not have the ability to meet its short-term obligations.</p> <p>As at 31 March 2021, the balance for the Municipality's primary bank account (with Nedbank) was R871 000.00. The Municipality had, at that point already received all the transfers that it would receive for the 2020/21 financial year (which ended in June 2021). The Municipality was therefore considered likely to rely on its overdraft facility to fund its</p> | <p>Introduce risk management and internal control processes to ensure adequate supervision of daily cash receipting, banking processes and cash management reporting (considering creditors, unspent conditional grants, other trade and payable)</p> <p>Revenue enhancement strategy to be developed and implemented</p> <p>Establish cash flow committee</p> <p>Improve capacity of BTO</p> <p>Adopt an active cash management system to enable it to maintain sound liquidity for sustainable service delivery</p> <p>Align policy with MFMA Circular 82 for guidelines on cost containment measures, MFMA Circular 97 and the Municipal Cost Containment Regulations (Gazette No.42514)</p> | In-house | NT 2019 Cost Containment Regulations                           | CFO, Senior Managers      | 01.01.2022 | 31.12.2022 | <p>Cost Containment Policy revised and implemented.</p> <p>Reduced Employee Cost and Fruitless wasteful expenditure</p> <p>CG spending within Budget</p> <p>Cash Flow Management Reports</p>     | <p>Revised Cost Containment Policy</p> <p>Financial Impact Progress Reports</p> <p>Cash Flow Management Reports</p>  | <p>Compliance to 2019 NT Regulation on cost containment</p> <p>Savings in line with FRP Targets</p>  |  |  |  |  |
| 3 | <b>Trading Debtors and Collection Rates</b>      | <p>Not all consumers are metered and unknown consumers</p> <p>Consumer meters not read but billed on estimates</p> <p>Prepaid vendor reconciliation not performed monthly</p> <p>Valuation roll not reconciling with the billing system</p> <p>No co-ordination between technical and finance on meter readings</p>   | <p>Investigate and instil improved revenue management processes</p> <p>Assess adequacy and efficacy of Credit Control Policy and Processes in realising the debtors</p> <p>Identify new opportunities for revenue generation and growth (within its mandate), and determining areas where generation of revenue has been underutilised.</p> <p>Establish customer base which classify</p>   | In-house | PT/COGTA Support Package                                       | MM, CFO (Supported by PT) | 01.01.2022 | 31.12.2022 | <p>Improve the collection rate in line with FRP targets</p> <p>Reduced government debt</p> <p>Reduce Business debts</p> <p>Reduce Household debts by 10% (Month 3-6)</p>                         | <p>Monthly Valuation roll reconciliation to Circular 93</p> <p>Monthly Billing Reconciliations</p> <p>Monthly Debtor Age Analysis Reports</p> <p>Debtor ratios</p> | <p>Property Rates: Bill 100% of Valuation Roll Value reconciled with billing system.</p> <p>Increased billed revenue/services.</p> <p>Achieve 78% collection rate anticipated in FRP</p> <p>10% reduction in unbilled consumption</p> <p>Service Chargers: 10%</p> |  |  |  |  |
| 4 | <b>Expenditure/ Creditor Management</b>          | <p>Creditor Payment Ratio declined from 2018/19 to 2019/20 from 87days to 145 days (NT Norm = 30 days).</p> <p>Evident from the liquidity ratios that the Municipality does not have the required cash flow to keep up with its obligations.</p> <p>Total Creditors: R64 million</p> <p>Prioritise creditor payments &lt;R300,000</p> <p>Increasing Eskom debt: R27m (2020), R60m (2021)</p> <p>Some payment arrangements in place (not tested for affordability)</p> <p>The Municipality is still struggling to meet its obligations towards Eskom</p> <p>The serious risk of Eskom interrupting supply of bulk electricity or taking other actions to collect the debts owed to them</p>  | <p>Prepare creditors reconciliations for bulk suppliers</p> <p>Enter into / re-negotiate payment plan with Eskom (Interest, Credit Control, etc.) - in line with NT debt restructuring tool</p> <p>Verify NMD with Eskom assistance</p> <p>Prioritise current account payments for bulk purchases</p> <p>Ensure that creditors paid have a legitimate claim in terms of money owed</p> <p>Arrear accounts to be structured according to the FRP using the restructuring tool.</p> <p>Manage contingent liabilities to minimise the exposure of financial risk</p> <p>Incur expenditure in terms of the approved 2021/22 Budget</p>  | In-house | NT UIFW Regulation<br>NT Debt Restructuring Tool<br>PT Support | MM, CFO                   | 01.01.2022 | 31.12.2022 | <p>Compliance to BFP Budget Parameters</p> <p>Creditor Payment Ratio of 30 Days by December 2022</p> <p>Enhanced Service Delivery</p> <p>Prevented Irregular Expenditure</p> <p>Reduced UIFW</p> | <p>Creditors reconciliations</p> <p>MPAC reports</p>   | <p>100% adherence to payment arrangements</p> <p>Achieve expenditure financial targets per FRP parameters</p>  |  |  |  |  |
| 5 | <b>mSCOA Support</b>                             | <p>Disclaimed audit opinion for the 2019/20 Annual Financial Statements</p> <p>The credibility of the data strings is a challenge</p> <p>MTREF Budget not directly prepared on the mSCOA financial systems</p> <p>mSCOA Implementation Plan in place and</p>  | <p>Setup mSCOA Steering Committee</p> <p>Implementation of mSCOA Road Map</p> <p>Timeously Submission of credible data strings</p> <p>Revise and implement plan for non-functional modules such as asset</p>  | In House | PT Oversight   | MM, CFO, 556 Managers     | 01.01.2022 | 31.12.2022 | <p>Functional mSCOA Steering Committee</p> <p>Approved mSCOA Road Map</p> <p>Timeously submission of credible data strings</p>   | <p>STEERCOM ToR</p> <p>mSCOA Roadmap</p> <p>Data Strings submission evidence</p>   | <p>As per approved Municipal Budget</p> <p>As per approved Municipal Budget</p> <p>As per approved Municipal Budget</p>  |  |  |  |  |

|   |                         | committee ToR (Functionality questioned)   | management modules etc.  |          |              |                       |            |            | Full functionality of all modules on the core system   | mSCOA Progress Reports                      | As per approved Municipal Budget |  |  |  |  |
|---|-------------------------|--|--|----------|--------------|-----------------------|------------|------------|--|---|----------------------------------|--|--|--|--|
| 6 | Asset Management        | <p>Key Functional Modules not implemented</p> <p>Asset Management policy in place (Approved in June 2021 for the 2021/22 financial year)</p> <p>No evidence obtained for adherence to policy provisions regarding accounting and information system that accounts for assets nor a system of internal control for municipal assets.</p> <p>No evidence of systems in place to avoid misuse and abuse of municipal assets.</p> <p>FAR not GRAP 17 Compliant (per AG Report)</p> | <p>PT support on mSCOA implementation</p> <p>Asset Management policy to be amended to reflect Mayor instead of Executive Mayor as per paragraph 7 of the Asset Management Policy</p> <p>Municipality to ensure there are efficient systems in place for accounting for all municipal assets.</p> <p>Municipality to develop and record systems to avoid misuse and abuse of municipal assets.</p> <p>Facilitate FAR GRAP 17 compliance</p>   | In-house | PT Oversight | MM, CFO, S56 Managers | 01.01.2022 | 31.12.2022 | Improved Asset Management Accounting   | Updated GRAP compliant Fixed Asset Register | Not applicable                   |  |  |  |  |
| 7 | Trading Tariffs         | <p>Trading services reflect an overall fixed surplus over the 2021/22 MTREF, except for energy and waste management services that are reflecting a deficit.</p>  | <p>Municipality must re-examine the cost-effectiveness of its trading services, especially electricity as this is the largest trading service and should be able to generate surpluses.</p> <p>Put in place strategies to reduce losses even further by attempting to reduce its technical and non-technical asses as these will reduce the cost of supplying services and increase the volumes sold.</p>  | In-house | In-house     | MM, CFO               | 01.01.2022 | 31.12.2022 | <p>Cost-reflective tariffs</p> <p>Cost-of-Supply Studies</p> <p>Trading Services Surpluses</p> | Cost-of-Supply Reports                      | Tariff Structure                 |  |  |  |  |
| 8 | Supply Chain Management | <p>Not all municipal planned procurement is included in the procurement plan.</p> <p>Supply Chain Management policy is in place, but need to be reviewed for alignment with national guidelines</p> <p>No evidence for implementation of policy – reports were not submitted quarterly</p> <p>High levels of UIFW point towards SCM deficiencies</p>   | <p>Review SCM policy to deal with any internal controls weaknesses identified, and ensure they are aligned to all applicable legislation</p> <p>Design and implement systems and procedures to ensure total compliance to the policies by the municipality (strengthened controls)</p> <p>SCM Checklists to be developed and implemented to provide a step-by-step guide to the Officials.</p> <p>All municipal items for procurement should be included in the procurement plan.</p> <p>Municipality to ensure annual adherence to SCM reporting requirements as contained in the MFMA.</p> <p>Implement SCM SOPs</p> | In-house | In-house     | MM, CFO               | 01.01.2022 | 31.12.2023 | <p>SCM Policy</p> <p>SOPs</p>  | SCM Policy                                  | SOPs approved and implemented    |  |  |  |  |

|                                      |                                      |   |  |          |                               |  |            |            |   |  |  |  |  |  |  |
|--------------------------------------|--------------------------------------|---|--|----------|-------------------------------|--|------------|------------|---|--|--|--|--|--|--|
| 9                                    | <b>Financial Control Environment</b> | <p>Status of accounting records is unreliable</p> <p>SOPs not fully implemented</p> <p>Utilisation of financial resources are not used effectively, efficiently, and economically.</p> <p>Full and proper records of the financial affairs are not kept in accordance with prescripts</p> <p>Financial and risk management not adequately implemented</p>                         | <p>All revenue and expenditure to be captured on a live system. Checks and balances to be monitored. All account reconciliations to be performed by capable individuals and approved by senior official.</p> <p>All reconciliations to be performed and monitored</p> <p>Implementation of SOP's for all BTO functions. Workshop the SOP and monitor implementation</p> <p>Appointment and training of officials</p> <p>Review of SOP's, training of staff and support with implementation</p> <p>Develop records management procedure in line with regulations, train staff and support with implementation</p> <p>Train management on risk identification and mitigation</p>     | In-house | In-house                      | MM, CFO, Director: Corporate Services                    | 01.01.2022 | 31.12.2023 | <p>Complete Procurement Plan</p> <p>Implemented SOPs</p> <p>Complete Audit Files</p> <p>Increased BTO skill levels</p>                | <p>Procurement Plan</p> <p>SOPs</p> <p>Training Plan</p> <p>Audit Files</p>  |  |  |  |  |  |
| 10                                   | <b>Indigent Management</b>           | <p>Non-alignment of qualifying criteria with National standard: 1 state pension vs 2 state pension to qualify for 100% subsidy</p> <p>Limited financial resources: Overstated debtor's book</p> <p>Inaccurate recording of indigents: Unrealistic indigent register lacking proper verification process</p> <p>Allocation of support to consumers who are no longer indigents</p> | <p>Status verification through physical inspection/ revision and external verification.</p> <p>Verification of indigent should also be done via SASA database in addition to available processes to ensure creditability of the register. Publication of names should be maintained.</p> <p>Verified indigent customers should not be charged interest, this will overstate debtor's book.</p> <p>Acquisition of Indigent Management System</p> <p>Review of the Indigent Management Policy for alignment with national standard</p> <p>Review of Indigent Register</p> <p>Well driven awareness campaign and educating community.</p> <p>With respect to relief strategies to</p> | In-house | In-house                      | MM, CFO, Director: Corporate Services                    | 01.01.2022 | 31.12.2023 | <p>Updated Indigent Management Policy</p> <p>Complete Indigent Register</p> <p>Adjusted Debtors Book</p>                              | <p>Indigent Management Policy</p> <p>Indigent Register</p>   |  |  |  |  |  |
| <b>PILLAR FOUR: SERVICE DELIVERY</b> |                                      |   |  |          |                               |  |            |            |   |  |  |  |  |  |  |
| 1                                    | <b>Asset Management</b>              | <p>Limited management of assets based on conditional assessments on asset register. Poor asset management strategies. Management did not maintain proper records to ensure the source documents are readily available for audit purposes. The asset register is not up to date.</p>   | <p>Review and update of Asset Maintenance and Renewal policy and strategy.</p> <p>Participate in the District Municipality one user license offer for GIS.</p> <p>Implementation of Asset Maintenance and Renewal policy and strategy.</p>   | In-house | In-house, Contracted Services | MM, CFO, Director: Technical Services, Community Service | 01-Dec-21  | 30-Nov-22  | <p>Terms of reference. Procurement of service provider</p> <p>Reviewed Asset Maintenance and Renewal Policy and strategy in place</p> | <p>Reviewed Asset Maintenance and Renewal Policy and strategy in place</p> <p>Updated GIS database of infrastructure assets in the GIS software</p> <p>Program Implementation Report</p> | <p>GRAP Compliant Asset Register. Target 8% of Opex.</p> <p>GRAP Compliant Asset Register. Target 8% of Opex.</p> <p>GRAP Compliant Asset Register. Target 8% of Opex.</p> |  |  |  |  |

|   |                       |  |  |                                    |                                      |  |           |           |  |   |  |  |  |  |  |
|---|-----------------------|--|--|------------------------------------|--------------------------------------|--|-----------|-----------|--|---|--|--|--|--|--|
|   |                       |  | Audit of current infrastructure (conditional assessment, determination of the remaining useful life)                       | In-house                           | In-house, Contracted Services        | MM, CFO, Director: Technical Services, Community Service | 01-Dec-21 | 30-Nov-22 | Complete and up to date asset data, including but not limited to asset classification, asset condition, determination of remaining useful life, and asset revaluation if still usable after end of life.                       | GRAP compliant asset register   | GRAP Compliant Asset Register.   |  |  |  |  |
|   |                       |  | Work In Progress Management (Record keeping for WIP, Componentization of Assets as part of the consultant's scope of work) | In-house                           | In-house, Contracted Services        | Technical Director, CFO, DBSA                            | 01-Dec-21 | 30-Nov-22 | Asset componentization report for all new infrastructure. Consultant scope of work must incorporate elements of asset management and final payments must not be made without asset componentization report on asset delivered. | GRAP compliant asset register   | GRAP Compliant Asset Register  |  |  |  |  |
| 2 | Frictionless Payments | Municipality is losing revenue because it does not have cost reflective tariffs for service provision and has limited revenue collection platforms. The water losses are recorded as 56% and electricity losses are recorded as 14.7%.   | Enable Mobile Application and USSD (Unstructured Supplementary Service Data) enquiries from customers for utility bills    | In-house                           | In-house, Contracted Services        | MM, Technical Director, CFO                              | 01-Dec-21 | 30-Nov-22 | Ability of customers to make payments on multiple mobile platforms   | Mobile account enquiry and payment platform   | Target a 95% collection rate by increasing a collection rate by at least 5% per month. |  |  |  |  |
|   |                       |  | Enable use of airtime to pay for municipal payments  | In-house                           | In-house, Contracted Services        | MM, Technical Director, CFO                              | 01-Dec-21 | 30-Nov-22 | Ability of customers to make payments using airtime  | Mobile payment platform   | Target a 95% collection rate by increasing a collection rate by at least 5% per month. |  |  |  |  |
|   |                       |  | Enable e-services on including payment of municipal bills on the municipal website   | In-house                           | In-house, Contracted Services        | MM, Technical Director, CFO                              | 01-Dec-21 | 30-Nov-22 | e-services page on the www.Beaufort West.gov.za website  | e-service portal on the municipal website   | Target a 95% collection rate by increasing a collection rate by at least 5% per month. |  |  |  |  |
| 3 | Electricity Supply    | The municipality owes Eskom R59,5m (June 2021). Electricity losses are above the 7-10% norm @ 14.7%(2020). The municipality is not collecting and paying the bulk supplier Eskom and as a result there is a large outstanding electricity debt. The municipality is experiencing cable theft. The municipality has not indicated a clear strategy to deal future energy security, taking into account SSEG and the 100MW self-generation potential. Inadequate staff training due to budget constraints. | Review the payment plan for Eskom  | In-house                           | In-house, Contracted Services, ESKOM | MM, Technical Director, CFO                              | 01-Dec-21 | 30-Nov-22 | Proof of payment in line with the payment plan   | Proof of payment in line with the payment plan  | Payment in line with payment plan  |  |  |  |  |
|   |                       |  | Pay Eskom current account  | In-house                           | In-house, Contracted Services, ESKOM | MM, Technical Director, CFO                              | 01-Dec-21 | 30-Nov-22 | Proof of payment in line with the current account  | Proof of payment in line with payment plan  | Payment must be in line with current account   |  |  |  |  |
|   |                       |  | Pay Eskom historical account   | In-house                           | In-house, Contracted Services, ESKOM | MM, Technical Director, CFO                              | 01-Dec-21 | 30-Nov-22 | Proof of payment in line with payment plan   | Proof of payment in line with payment plan  | Payment in line with payment plan  |  |  |  |  |
|   |                       |  | Develop a Energy Demand Side Management (EDMS) strategy to reduce electricity losses to below 10%.                         | In-house                           | In-house, Contracted Services        | MM, Technical Director                                   | 01-Dec-21 | 30-Nov-22 | EDMS Strategy Document   | EDMS Strategy Document  | Reduce losses by 5% in the first three months. Current Baseline (AFS 19/20) = 14,7%    |  |  |  |  |
|   |                       |  | Implementation of the EDMS strategy  | In-house                           | In-house, Contracted Services        | MM, Technical Director                                   | 01-Dec-21 | 30-Nov-22 | Baseline Assessment and retrofit schedule. Implementation of cut-offs and removal of illegal connections register  | Baseline Assessment and retrofit schedule. Implementation of cut-offs and removal of illegal connections register | Reduce losses by 5% in the first three months. Current Baseline (AFS 19/20) = 14,7%    |  |  |  |  |
|   |                       |  | Complete Cost of Supply Study  | Contracted Services, CoGTA funding | Contracted Services                  | MM, Technical Director, CoGTA                            | 01-Dec-21 | 30-Nov-22 | Terms of Reference for Appointment of Service Provider. Appointment letter.  | Terms of Reference for Appointment of Service Provider. Appointment letter.                                       | Cost reflective tariffs must be achieved.  |  |  |  |  |

|   |                      |   |   |                         |                                     |                              |           |           |   |  |  |  |  |  |  |
|---|----------------------|---|---|-------------------------|-------------------------------------|------------------------------|-----------|-----------|---|--|--|--|--|--|--|
|   |                      |   | Training internal staff in order to comply with GMR requirements  | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | HV Reg Certificates Trade Test Certificates                     | HV Reg Certificates Trade Test Certificates  | Not Applicable   |  |  |  |  |
|   |                      |   | Development of Electricity Master Plan  | In-house, DBSA          | In-house, Contracted Services, DBSA | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Business Case Development                                       | Business Case, Review and support by PPMU/PSC (Decision letter to the municipality)  | Not Applicable   |  |  |  |  |
|   |                      |   | Development of Electricity Maintenance Plan   | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Electricity Maintenance Plan                                    | Electricity Maintenance Plan   | Not Applicable   |  |  |  |  |
|   |                      |   | Installation of billing meters to replace non-functioning meters  | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Distribution transformer refurbishment plan and progress report | Replace and upgrade 4000 electricity meters  | Replace and upgrade 4000 electricity meters  |  |  |  |  |
|   |                      |   | Development of an asset protection strategy to minimize theft and vandalism   | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Faulty Traffic Light repair schedule                            | Approved asset protection strategy   | Approved asset protection strategy   |  |  |  |  |
|   |                      |   | Implement the asset protection strategy to minimize theft and vandalism   | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Faulty Street Light repair schedule                             | Implementation plan for the asset protection strategy  | Implementation plan for the asset protection strategy  |  |  |  |  |
|   |                      |   | Development of the quality of service and quality of supply strategy for the energy business  | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Faulty Street Light repair schedule                             | Approved quality of service and quality of supply strategy   | Approved quality of service and quality of supply strategy   |  |  |  |  |
| 4 | Bulk Water Supply    | Water losses registered were above the norm of 30% at 56% (2020). The municipality is a drought stricken area, there are risks on security of supply on both surface and ground water sources due to lack of rain, high project development costs for water sources. No action is taken on the consumption by indigents above the 6kl consumption level. There is inadequate credit control on both indigents and normal clients. Money owed by the municipality was  | Augmentation of water supply - surface and ground water   | In-house                | In-house                            | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Increase water provision capacity                               | Progress report on business plan implementation - Completion of borehole drilling and equipping.   | Progress report on business plan implementation - Completion of borehole drilling and equipping.         |  |  |  |  |
|   |                      |   | Augmentation of water storage capacity  | In-house                | In-house, Contracted Services       | MM, Technical Director       | 01-Dec-21 | 30-Nov-22 | Increase water storage capacity                                 | Progress report on business plan implementation - Completion of reservoir construction.  | Progress report on business plan implementation - Completion of reservoir construction.                  |  |  |  |  |
| 5 | Potable Water Supply | Water losses registered were above the norm of 30% at 56% (2020). The municipality is a drought stricken area, there are risks on security of supply on both surface and ground water sources due to lack of rain, high project development costs for water sources. No action is taken on the consumption by indigents above the 6kl consumption level. There is inadequate credit control on both indigents and normal clients. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA. | Implement water conservation and demand strategy.   | In-house                | In-house, Contracted Services       | Director: Technical Services | 01-Dec-21 | 30-Nov-22 | WCDM Performance Report   | WCDM Performance Report  | Current reported water loss is 56%. The municipality must reduce losses by 5% in the first three months. |  |  |  |  |
|   |                      |   | Identify consumers in the municipality per category<br>- Ensure all consumers have functional meters<br>- Read all consumer meters on a monthly basis | In-house & WSIG Funding | In-house & contracted services      | Director: Technical Services | 01-Dec-21 | 30-Nov-22 | Top Consumers identified and meters functional and read         | Monthly meter readings   | Current reported water loss is 56%. The municipality must reduce losses by 5% in the first three months. |  |  |  |  |
|   |                      |   | - Install check meters on strategic billing meters;<br>- Installation and monitoring of zone meters, installation of and upgrade of water meters      | In-house & WSIG Funding | In-house & contracted services      | Director: Technical Services | 01-Dec-21 | 30-Nov-22 | Installation of Check meters                                    | GPS co-ordinates and photos of meter installations.<br>HILLSIDE (1)The Smart Water Meters (1 050 erven) kept as is.<br>2)The Upgraded Token Water Meters (314 erven) upgrade to Smart STS.<br>3)ITS Utility Systems Water Meters (700 erven) upgrade to Smart STS.<br>4)Old Token Pre-Paid Water Meters (109 erven) upgrade to Smart STS.) RUSTDENE (Old token pre-paid water meters (2 092 erven) upgrade to Smart STS) | Current reported water loss is 56%. The municipality must reduce losses by 5% in the first three months. |  |  |  |  |

|   |   |  |  |          |                               |  |           |           |  |   |  |  |  |  |  |
|---|---|--|--|----------|-------------------------------|--|-----------|-----------|--|---|--|--|--|--|--|
|   |   |  | Implement a vigorous awareness campaign to educate all consumers of their obligations to pay timeously   | In-house | In-house, Contracted Services | Director: Technical Services                     | 01-Dec-21 | 30-Nov-22 | Community Activations in each municipality per month   | One activation per municipality per month   | One activation per municipality per month  |  |  |  |  |
|   |   |  | Implement water restrictions and cut-offs to non-paying entities, companies; institutions and all other consumers and government departments   | In-house | In-house, Contracted Services | Director: Technical Services                     | 01-Dec-21 | 30-Nov-22 | Cut-off lists for (1) government departments, (2) business and industry and (3) other consumers  | Cut-off lists for (1) government departments, (2) business and industry and (3) other consumers | Target a 95% collection rate by increasing a collection rate by at least 5% per month. |  |  |  |  |
|   |   |  | Water Quality must comply to SANS 0214   | In-house | In-house, Contracted Services | Director: Technical Services                     | 01-Dec-21 | 30-Nov-22 | Comply with SANS 0214  | SANS 0214 Compliance Report   | Comply with SANS 0214  |  |  |  |  |
|   |   |  | Adequate skilled, competent technical staff for maintenance and meter reading (artisans) in line with the Institutional Model on filling of critical vacancies and review of the organization structure. | In-house | In-house                      | Director: Technical Services, Corporate Services | 01-Dec-21 | 30-Nov-22 | Skills Audit Report and Workplace Skills Program   | Skills Audit Report and Workplace Skills Program  | Training to improve competency using available budget                                  |  |  |  |  |
| 6 | Sanitation Services (Waterborne and non-waterborne) | No provision of sanitation (614 units), biological trickie filter system decommissioned and load increase in activated sludge process, limited personnel for fault response. The Municipality has performed well on the previous Green Drop assessments by obtaining a percentage score of 93.73 during the 2013 assessment. Competent Process Controllers | Emergency repairs and refurbishment of all water borne sanitation systems  | In-house | In-house, Contracted Services | Director: Technical Services                     | 01-Dec-21 | 30-Nov-22 | Functional WWTW  | Project Progress Report   | Repairs to be effected within 12hrs of reporting.                                      |  |  |  |  |
| 7 | Fleet Management                                    | Inadequate fleet to perform municipal functions optimally.   | Develop a short-term fleet management and funding plan   | In-house | In-house                      | MM, CFO, Technical Director, Corporate Services  | 01-Dec-21 | 30-Nov-22 | Short Term Fleet Management and Funding Plan   | Fleet Performance Progress Report   | 100% expenditure of funding secured.   |  |  |  |  |
|   |   |  | Implement a Fleet Management System  | In-house | In-house, Contracted Services | MM, CFO, Technical Director, Corporate Services  | 01-Dec-21 | 30-Nov-22 | Fleet Management Parameters (fuel use, harsh braking, kilometres travelled, vehicle licensing, driver licensing, insurance, etc)   | Fleet Performance Progress Report   | Not Applicable   |  |  |  |  |
|   |   | Inadequate maintenance of municipal fleet  | Develop a high-level maintenance plan for on the critical fleet infrastructure assets and based on the conditional assessment on the asset register.   | In-house | In-house                      | MM, CFO, Technical Director, Corporate Services  | 01-Dec-21 | 30-Nov-22 | Conditional Assessment of Fleet Maintenance Plan   | Fleet Performance Progress Report   | Not Applicable   |  |  |  |  |
|   |   |  | Licences of redundant vehicles to be cancelled, new licences to be updated.  | In-house | In-house                      | MM, CFO, Technical Director, Corporate Services  | 01-Dec-21 | 30-Nov-22 | Up to date vehicle licensing register.   | Fleet Performance Progress Report   | Not Applicable   |  |  |  |  |
|   |   |  | Insurance payments to be reviewed and paid, as necessary. Insurance claims to be submitted as necessary and costs recouped.  | In-house | In-house                      | MM, CFO, Technical Director, Corporate Services  | 01-Dec-21 | 30-Nov-22 | Insurance Management Parameters (payment of premiums, review of insurance premiums, claims management including recouping of funds from "at fault persons", paying liability if municipal at fault, etc) | Fleet Performance Progress Report   | Review insurance premiums and target a reduction of 4%-10%                             |  |  |  |  |
|   |   | Inadequate maintenance of municipal fleet  | Ensure that the mechanical workshop is functional to repair vehicles and equipment internally  | In-house | In-house                      | MM, CFO, Technical Director, Corporate Services  | 01-Dec-21 | 30-Nov-22 | Functional Mechanical Workshop   | Fleet Performance Progress Report   | Not Applicable   |  |  |  |  |

|    |  |   |  |                |                               |   |           |           |  |   |  |  |  |  |  |
|----|--|---|--|----------------|-------------------------------|---|-----------|-----------|--|---|--|--|--|--|--|
|    |  |   | Repair / salvage dysfunctional equipment   | In-house       | In-house                      | MM, CFO, Technical Director, Corporate Services | 01-Dec-21 | 30-Nov-22 | Items for repair and salvage   | Fleet Performance Progress Report   | If repair is more than 20% of the value of asset consider disposing.                       |  |  |  |  |
|    |  |   | Auction off redundant equipment in line with legislation and policy                                  | In-house       | In-house                      | MM, CFO, Technical Director, Corporate Services | 01-Dec-21 | 30-Nov-22 | Items for disposal and auction date  | Fleet Performance Progress Report   | Minimum price must be set before bidding based on valuation approved by Technical Director |  |  |  |  |
| 8  | Waste Management                       | The municipality has 4 sites, one of which has reached its end of life and it is unclear how far the municipality is with the new site. Some of the sites are not properly licenced. The municipality needs to appoint one of the senior managers as the Waste Management Officer. The municipality has received a section 24G notice for non-compliance in terms of the National Environmental Management Act 107 of 1998. | Implementation of the Integrated Waste Management Plan (IWMP) of Beaufort West LM Landfill Sites     | In-house, DBSA | In-house, DBSA                | Technical Director                              | 01-Dec-21 | 30-Nov-22 | Integrated Waste Management Plan   | Integrated Waste Management Plan  | Not Applicable   |  |  |  |  |
|    |  |   | Monitoring of compliance with Integrated Waste Management Plan (IWMP) of Beaufort West Landfill Site | In-house       | In-house                      | Technical Director                              | 01-Dec-21 | 30-Nov-22 | Monthly Report on Waste Disposal (Incl. waste types, tonnage and billing)  | Waste Disposal Schedule from landfill gate house. Billing for waste disposal. Submission on the waste information system. | Revenue generated = Recorded disposed waste (according to waste disposal tariffs)          |  |  |  |  |
|    |  |   | Review tariffs and policy  | In-house       | In-house                      | Technical Director                              | 01-Dec-21 | 30-Nov-22 | Cost reflective tariffs and reviewed policy  | Cost reflective tariffs and reviewed policy   | Cost reflective tariffs and reviewed policy  |  |  |  |  |
|    |  |   | Promulgate updated by-laws as required.  | In-house       | In-house                      | Technical Director                              | 01-Dec-21 | 30-Nov-22 | Updated promulgated by-laws  | Promulgated by-laws   | Promulgated by-laws  |  |  |  |  |
|    |  |   | Develop waste management facilities (Beaufort West & Maraisburg - R17m).                             | In-house       | In-house                      | Technical Director                              | 01-Dec-21 | 30-Nov-22 | Project progress according to the project implementation plan  | Project Progress Report   | Project Progress Report  |  |  |  |  |
|    |  |   | The municipality must complete the project for the weighbridge and fencing for Vaalkoppies           | In-house       | In-house                      | Technical Director                              | 01-Dec-21 | 30-Nov-22 | Monthly Report on Waste Disposal (Incl. waste types, tonnage and billing)  | Waste Disposal Schedule from landfill gate house. Billing for waste disposal. Submission on the waste information system. | Revenue generated = Recorded disposed waste (according to waste disposal tariffs)          |  |  |  |  |
| 9  | Capital Expenditure                    | Grants are not fully spent and projects are not completed as planned.   | Monitoring of grant performance  | In-house       | In-house, Contracted Services | Director: Technical Services                    | 01-Dec-21 | 30-Nov-22 | 100% Grant Expenditure   | Grant Expenditure and Project Progress Report   | 100% Capital Expenditure   |  |  |  |  |
| 10 | Roads and Stormwater                   | Poor roads and stormwater conditions in the municipality.   | Participation in the District Rural Road Asset Management Program                                    | In-house       | In-house, Contracted Services | Director: Technical Services                    | 01-Dec-21 | 30-Nov-22 | Rural Road Asset Management Report   | Rural Road Asset Management Report, project progress report on resealing and regravelling.                                | 100% budget expenditure  |  |  |  |  |
|    |  |   | Develop an Emergency Road Repair Program   |                |                               |   | 01-Dec-21 | 30-Nov-22 |  |   |  |  |  |  |  |
|    |  |   | Implement the Emergency Road Repair Program  |                |                               |   | 01-Dec-21 | 30-Nov-22 |  |   |  |  |  |  |  |
|    |  |   | Completed work on routine maintenance (Patching)   | In-house       | In-house                      | Director: Technical Services                    | 01-Dec-21 | 30-Nov-22 | Square meters of work completed  | Roads and Stormwater Maintenance Report   |  |  |  |  |  |
|    |  |   | Completed work on normal maintenance (Resurfacing)   | In-house       | In-house                      | Director: Technical Services                    | 01-Dec-21 | 30-Nov-22 | Square meters of work completed  | Roads and Stormwater Maintenance Report   |  |  |  |  |  |
|    |  |   | Completed work on heavy rehabilitation (Thick overlays and reconstruction)                           | In-house       | In-house                      | Director: Technical Services                    | 01-Dec-21 | 30-Nov-22 | Square meters of work completed  | Roads and Stormwater Maintenance Report   |  |  |  |  |  |
| 11 | Strengthen Coordination Forums         | Non coordination and fragmented implementation of programmes and projects by different sector departments   | Quarterly meetings with Sector Departments & key stakeholders  | In-house       | In-house                      | Director: Technical Services                    | 01-Dec-21 | 30-Nov-22 | Quarterly meetings attended by Sector Departments and key stakeholders   | Minutes and attendance register of quarterly meetings   |  |  |  |  |  |
| 12 | Spatial Planning and Human Settlements | Lack of housing development and bulk infrastructure.  | Implement the spatial development plan   | In-house       | In-house                      | MM, Director: Development and Planning          | 01-Dec-21 | 30-Nov-22 | Spatial development Framework Implementation Progress Reports  | Spatial development Framework Implementation Progress Reports   |  |  |  |  |  |
|    |  |   | Increase revenue by making land available and attractive to private sector developers.               | In-house       | In-house                      | MM, Director: Development and Planning          | 01-Dec-21 | 30-Nov-22 | List of land available for sale or lease. Government owned land parcels which could be donated to the municipality | List of land available for sale or lease. Government owned land parcels which could be donated to the municipality        |  |  |  |  |  |

|    |  |   |  |                             |                             |  |           |           |   |  |  |  |  |  |  |  |
|----|--|---|--|-----------------------------|-----------------------------|--|-----------|-----------|---|--|--|--|--|--|--|--|
|    |  |   | Review development and land use tariffs. Such as rezoning costs. Update where necessary. Promulgate updated by-laws as required. | External / Service provider | In-house                    | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Reviewed Tariffs  | Reviewed Tariffs   |  |  |  |  |  |  |
|    |  |   | Enforcement of Land Use Scheme and By-law to curb the high number of illegal land uses   | External / Service provider | External / Service provider | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | By-law transgression fines register   | By-law transgression fines register  |  |  |  |  |  |  |
|    |  |   | Conduct assessments and the alienation and disposal of some of the Council Owned Properties                                      | External / Service provider | External / Service provider | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Land Disposal Schedule  | Land Disposal Schedule   |  |  |  |  |  |  |
|    |  |   | Tribunal Applications; Submit applications to Tribunal and Processing of applications for approval                               | External / Service provider | In-house                    | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Number of applications processed  | Tribunal Minutes   |  |  |  |  |  |  |
|    |  |   | Develop and implement the 30% Project Sub-contract Policy for to support local companies   | External / Service provider | External / Service provider | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Percentage expenditure on sub-contractor per project monthly spend  | Percentage expenditure on sub-contractor per project monthly spend calculation                     |  |  |  |  |  |  |
|    |  |   | Review and implement application Fees for land development application   | External / Service provider | External / Service provider | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Revenue Generated from fees charged   | Revenue Generated from fees charged  |  |  |  |  |  |  |
|    |  |   | Printing of Maps   | In-house                    | In-house                    | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Revenue Generated   | Revenue Generated  |  |  |  |  |  |  |
|    |  |   | Issue Zoning certificates  | In-house                    | In-house                    | MM, Director: Development and Planning                         | 01-Dec-21 | 30-Nov-22 | Register for issue of certificates  | Register for issue of certificates   |  |  |  |  |  |  |
| 13 | Public Safety, Traffic and Licensing                     | Law enforcement activities is affected by inadequate equipment. Lack of Human resources<br>Outdated By-Laws. Poor collection of traffic fines.  | Collection of traffic and other by-law infringement fines.   | External / Service provider | External / Service provider | MM, Director: Community Services                               | 01-Dec-21 | 30-Nov-22 | Intensive Law enforcement activities.<br><br>Monthly operations.<br><br>Intensify inspection of trading permits. Compliance | Collected Revenue Register   | Traffic Fines: Return to 2020/21 level |  |  |  |  |  |
| 14 | Recreational Facilities, Libraries, Parks and Cemeteries | Improved provision of recreational facilities, libraries, parks and cemeteries  | Collection of tariffs for use of facilities.   | External / Service provider | External / Service provider | MM, Director: Community Services                               | 01-Dec-21 | 30-Nov-22 | Service Level Agreements with users including applicable tariffs  | Collected Revenue Register   |  |  |  |  |  |  |
| 15 | Municipal Infrastructure Plans                           | The municipality has a Water Services Development Plan, a Water Conservation and Demand Management Plan, a Pavement Management System and an Electricity Master Plan. The municipality needs to develop other infrastructure plans which it does not already have in place. | Develop an Integrated Infrastructure Asset Management Plan   | External / Service provider | External / Service provider | MM, Director: Community Services, Director: Technical Services | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan.                       | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
|    |  |   | Develop a Water and Sanitation Master Plan   | External / Service provider | External / Service provider | Director: Technical Services                                   | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan.                       | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
|    |  |   | Update the Water Service Delivery Plan   | External / Service provider | External / Service provider | Director: Technical Services                                   | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan.                       | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
|    |  |   | Update the Water Conservation and Water Demand Management Plan   | External / Service provider | External / Service provider | Director: Technical Services                                   | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan.                       | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |

|   |                             |                             |  |           |           |   |  |  |  |  |  |  |  |
|---|-----------------------------|-----------------------------|--|-----------|-----------|---|--|--|--|--|--|--|--|
| Update the Pavement Management System       | External / Service provider | External / Service provider | Director: Technical Services                                   | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan. | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
| Develop the Integrated Transport Plan       | External / Service provider | External / Service provider | MM, Director: Community Services, Director: Technical Services | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan. | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
| Develop an Integrated Waste Management Plan | External / Service provider | External / Service provider | Director: Community Services                                   | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan. | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
| Develop an Air Quality Management Plan      | External / Service provider | External / Service provider | Director: Community Services                                   | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan. | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
| Develop a Human Settlements Plan            | External / Service provider | External / Service provider | MM, Director: Community Services, Director: Technical Services | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan. | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |
| Develop a Fire Risk Management Plan         | External / Service provider | External / Service provider | MM, Director: Community Services, Director: Technical Services | 01-Dec-21 | 30-Nov-22 | Funding request for the development of the plan. Appointment of the service provider. Completed Plan. | Funding request for the development plan. Appointment of the service provider. The completed plan. |  |  |  |  |  |  |



PHASE 2: STABILIZATION

| NO                            | FOCUS AREA  | KEY ASSESSMENT FINDING (BASELINE)   | KEY ACTIVITIES   | RESOURCES REQUIRED        | RESOURCES MOBILISED           | RESPONSIBLE                                    | START DATE | END DATE  | KEY PERFORMANCE INDICATOR  | PORTFOLIO OF EVIDENCE  | BUDGET PARAMETER/ REVENUE TARGET/ | MUNICIPAL PROGRESS REPORT |               |                  |                               |  |
|-------------------------------|---|---|--|---------------------------|-------------------------------|--|------------|-----------|--|--|-----------------------------------|---------------------------|---------------|------------------|-------------------------------|--|
|                               |   |   |  |                           |                               |  |            |           |  |  |                                   | STEPS TAKEN               | PROGRESS MADE | FINANCIAL IMPACT | OTHER NOTEWORTHY DEVELOPMENTS |  |
| <b>PILLAR ONE: GOVERNANCE</b> |   |   |  |                           |                               |  |            |           |  |  |                                   |                           |               |                  |                               |  |
| 1                             | Unauthorised, Irregular, Fruitless and Wasteful expenditure | UIFW expenditure at R420 870 389-00<br>- No UIFW expenditure policy and reduction plan<br>- Overspending on budget<br>- Interest due to late payments of creditors<br>- Non-compliance with supply chain management processes<br>- No section 32 investigations done        | Implement UIF&W expenditure reduction plan.  | In-house and NT-MFMA unit | In-house and NT-MFMA unit     | Chief Finance Officer                          | 28.02.2022 | Monthly   | UIFW expenditure reduction plan implementation and percentage reduction in historical expenditure        | Quarterly Council reports on progress on implementation of the reduction plan            |                                   |                           |               |                  |                               |  |
|                               |   |   | Implement measures to prevent and address unauthorised, irregular, fruitless and wasteful expenditure                                      | In-house                  | In-house                      | MM, CFO, Directors                             | 28.02.2022 | Monthly   | Percentage reduction in current UIF&W expenditure  | AG Audit report and internal audit reports   |                                   |                           |               |                  |                               |  |
|                               |   |   | Identify, and report on irregular, unauthorised, fruitless and wasteful expenditure as per legislation                                     | In-house                  | In-house                      | Council, MPAC, Disciplinary Board              | 01.12.2021 | Quarterly | Quarterly reports on UIF&W expenditure and investigations  | Council approved quarterly reports, MPAC oversight reports, Disciplinary Board's         |                                   |                           |               |                  |                               |  |
|                               |   |   | Implement Consequence management   | In-house                  | In-house                      | Disciplinary Board, Executive Mayor and MM     | 01.12.2021 | Quarterly | Transgressors disciplined  | Written outcome of disciplinary hearings   |                                   |                           |               |                  |                               |  |
| 2                             | System of Delegations                                       | Inadequate System of delegations<br>- Inadequate delegations register<br>- Provincial COGTA assisting with review of System of delegations<br>- Non co-operation by municipality  | Update delegations register  | In-house                  | In-house                      | Executive Director: Corporate Services         | Quarterly  | Quarterly | Sub-delegations emanating from approved System of delegations signed-off by MM and Heads of Directorates | Approved system of delegations, signed-off sub-delegations. Updated delegations register |                                   |                           |               |                  |                               |  |
| 3                             | Contract Management   | Outdated and incomplete Contract register.<br>- Contracted services is 10.3%<br>- Irregular payments without proper contracts.<br>- No contract management framework resulting in poor contract management.<br>- Irregularly awarded contracts.<br>- Political interference | Maintain an updated contract register  | In-house                  | In-house                      | Executive Director: Corporate Services and CFO | 28.02.2022 | Monthly   | No irregular, unnecessary or expired contracts, and contracts register in place                          | Updated contract register  |                                   |                           |               |                  |                               |  |
|                               |   |   | Monitor deviations to identify other goods and services required on an ongoing basis and appoint service providers on three year contracts | In-house                  | In-house                      | CFO  | 01.06.2022 | Monthly   | Reduction in operational costs, Reduction in irregular deviations, compliance with legislation           | Reduction in procurement costs as per procurement plan, and appointment letters          |                                   |                           |               |                  |                               |  |
|                               |   |   | Submission of monthly performance monitoring reports on contracts  | In-house                  | In-house, Contracted Services | CFO  | Monthly    | Monthly   | value for money, compliance with legislation   | Monthly performance monitoring reports   |                                   |                           |               |                  |                               |  |
|                               |   |   | Implementation of contract management framework  | In-house and COGTA/SALGA  | In-house and COGTA/SALGA      | CFO/Executive Director: Corporate Services     | 28.02.2022 | Monthly   | Effective contract management and compliance with legislation.   | AG audit reports and quarterly internal audit reports                                    |                                   |                           |               |                  |                               |  |
|                               |   |   | Monitor implementation of approved annual procurement plan   | In-house                  | In-house                      | CFO  | 31.01.2022 | Monthly   | Reduction in operational costs related to procurement  | Approved reviewed procurement plan and Council resolution                                |                                   |                           |               |                  |                               |  |
| 4                             | Litigation and Contingent liability                         | .Contingent liability at R1 085 000-00<br>- Low Risk financial exposure<br>- Material non-compliance with legislation   | Monthly update litigation register   | In-house                  | In-house                      | Executive Director: corporate Services         | Monthly    | Monthly   | Reduction in legal costs, updated litigation register in place   | Monthly updated litigation register  |                                   |                           |               |                  |                               |  |
|                               |   |   | Implementation of MFMA Legal compliance matrix   | In-house                  | In-house and NT-MFMA unit     | Executive Director: corporate Services         | Monthly    | Monthly   | Legislative compliance   | AG annual audit reports and quarterly internal audit reports                             |                                   |                           |               |                  |                               |  |
| 5                             | Risk and internal Audit                                     | Risk management policy approved<br>- Chief Risk Officer not appointed<br>- Ineffective Risk management<br>- Poor internal controls<br>- Risk management documents for FY2021/22 not approved  | Maintain an updated risk register  | In-house                  | In-house                      | Manager: Internal Audit                        | Monthly    | Monthly   | Effective management of corporate risks  | Updated risk register  |                                   |                           |               |                  |                               |  |
|                               |   |   | Quarterly reports on internal audit and risk management  | In-house                  | In-house                      | Manager: Internal Audit                        | Quarterly  | Quarterly |  | Quarterly reports and Council resolutions  |                                   |                           |               |                  |                               |  |

|   |                                  |  |  |          |   |  |            |                     |  |   |  |  |  |  |  |  |
|---|----------------------------------|--|--|----------|---|--|------------|---------------------|--|---|--|--|--|--|--|--|
|   |                                  | - Insufficient implementation of risk strategies and plans   | Quarterly progress reports on implementation of remedial actions to mitigate against corporate risks and annual audit plan                         | In-house | In-house                                | Manager: Internal Audit                    | Quarterly  | Quarterly           | Effective management of identified risks   | Quarterly reports and Council resolutions   |  |  |  |  |  |  |
|   |                                  |  | Approval of annual audit plan and risk management documents for the financial year 2022/23 financial year  |          | In house                                | Manager: Internal Audit Chief Risk officer | 01.05.2022 | 31.05.2022          | Policies and plans in place  | Approved annual audit plan and risk management documents, and related Council resolutions |  |  |  |  |  |  |
| 6 | By-laws and Enforcement          | enforcement of by-laws<br>- Inadequate institutional arrangements for enforcement<br>- by-laws updated and promulgated but No fines provided as penalties<br>- No reporting on revenue generated from enforcement of by-laws   | Enforcement of By-laws   | In-house | In-house, NPA and Department of Justice | Director: Community safety                 | 01.12.2021 | Monthly             | Effective enforcement of by-laws. Reduction in electricity and water losses.             | Quarterly audited reports on revenue generated from enforcement of by-laws.               |  |  |  |  |  |  |
|   |                                  |  | Report on revenue generated  | In-house | In-house                                | Director: Community safety                 | 01.12.2021 | Monthly             | Increase in revenue  | Quarterly audited reports on revenue generated from enforcement of by-laws.               |  |  |  |  |  |  |
| 7 | Governance Matters and Oversight | Hung municipality led by coalition of two parties<br>- Ineffective governance structures and oversight role by Council<br>- Political and administrative stability<br>- Lack of accountability and bad governance practices<br>- Inadequate number of Council and committee meetings<br>- Inadequate governance systems<br>- No approved annual institutional calendar of Council and committee meetings<br>- Four section 79 committees established<br>- Unclear terms of reference for section 79 and 80 committees<br>- Ineffective MPAC<br>- Former Executive Mayor, former Speaker and an official arrested on allegations of fraud and corruption and Hawks investigating conflict of interest in tenders by a councillor. | Development of annual schedule of meetings and adherence for council and committees for 2022/23 financial year                                     | In-house | In-house                                | Director: Corporate Services               | 01.05.2022 | 31.05.2022          | Schedule of meetings in place and adhered to.  | Approved schedule of meetings and Council resolution                                      |  |  |  |  |  |  |
|   |                                  |  | Review terms of reference for MPAC to add more oversight responsibilities  | In-house | In-house and COGTA                      | Director: Corporate Services               | 01.12.2021 | 31.03.2022          | Increased oversight by Council and its committees over the Executive and administration. | Approved reviewed terms of reference and Council resolution.                              |  |  |  |  |  |  |
|   |                                  |  | Increase and monitor frequency of meetings for MPAC for 2022/23 financial year   | In-house | In-house                                | Director: Corporate Services               | 01.12.2021 | Quarterly           | Increased oversight by Council and its committees over the Executive and administration. | Approved annual schedule of Council and committee meetings and Council resolution         |  |  |  |  |  |  |
|   |                                  |  | Convene meetings of TROIKA   | In-house | In-house and COGTA/SALGA                | MM/Director: Corporate Services            | 01.12.2021 | Monthly             | Effective political and administrative interface   | Minutes of meetings   |  |  |  |  |  |  |
|   |                                  |  | Maintain annual schedule of TROIKA meetings  | In-house | In-house                                | Director: Corporate Services               | 01.12.2021 | Monthly             | Organised and focused TROIKA   | Approved schedule of meetings and Council resolution                                      |  |  |  |  |  |  |
|   |                                  |  | Enforcement and monitoring of the code of conduct for councillors  | In-House | In-house                                | Speaker of Council                         | 01.12.2021 | Monthly             | Disciplined councillors and adherence to legal prescripts                                | Quarterly reports on compliance with code of conduct by Councillors                       |  |  |  |  |  |  |
|   |                                  |  | Section 32 investigation on UIF&W expenditure and financial misconduct investigation reports to Council  | In house | In house                                | Disciplinary Board, Mayor and MM           | Quarterly  | Quarterly           | Effective Consequence management   | Council approved section 32 investigation reports   |  |  |  |  |  |  |
|   |                                  |  | Implementation of the PWC report on forensic investigation into irregularities in the municipality   | In House | In House                                | Mayor MM                                   | 02.01.2022 | Quarterly           | Effective Consequence management and improved workforce discipline                       | Oversight Council reports on quarterly implementation progress reports                    |  |  |  |  |  |  |
|   |                                  |  | Investigate non payment for services by Councillors and administrative officials   | In House | In House                                | Manager: Internal Audit and CFO            | Quarterly  | Quarterly           | Compliance with Code of Conduct  | Audit report  |  |  |  |  |  |  |
|   |                                  |  | Enter into payment arrangements with Councillors and Administrative officials on arrears for services and monitor honoring of payment arrangements | In House | In House                                | CFO Director: Corporate Services           | 02.01.2021 | Quarterly           | Increase in revenue and reduction of debt owed to the municipality                       | Signed payment arrangements and financial statements                                      |  |  |  |  |  |  |
|   |                                  |  | Develop schedule and implementation of meetings for Executive management meetings  | In-house | In-house                                | MM   | 01.05.2022 | 30.05.2022, Monthly | Effective and efficient co-ordination of administration and service delivery             | Approved schedule of meetings and Council resolution                                      |  |  |  |  |  |  |
|   |                                  |  | Develop and implement training programme for councillors on governance, financial management and oversight;  | In-house | In-house                                | Director: Corporate Services               | 01.04.2022 | 30.04.2022          | Empowered Councillors to execute their responsibilities                                  | Council approved training programme and resolution, and attendance register.              |  |  |  |  |  |  |

|   |  |  |   |          |          |               |  |            |  |  |   |  |  |  |  |  |  |
|---|--|--|---|----------|----------|---------------|--|------------|--|--|---|--|--|--|--|--|--|
| 8 | Information and Communication Technology | Inadequate ICT strategy<br>Approved disaster recovery plan in place;<br>The disaster recovery plan was not tested during the 2019/2020 financial year;<br>Outdated antivirus software.   | Implementation of ICT Governance framework more specifically general controls | In-house | In-house | Director: ICT | 01.04.2022                               | Monthly    | Effective ICT general controls, assurance on confidentiality and integrity of data.                  | AG Audit report and internal quarterly audit reports                 |   |  |  |  |  |  |  |
|   |  |  | Report on Back office Turnaround times in resolving help desk queries         | In house | In house | COGTA         | All Heads of Directorates                | Monthly    | Monthly  | Satisfied customers Increased revenue. 95 % of work orders completed | Customer satisfaction survey and Monthly work order reports |  |  |  |  |  |  |
|   |  |  | Update the website  | In house | In house | COGTA         | ICT Manager                              | Monthly    | Monthly  | Updated website  | Updated website   |  |  |  |  |  |  |
| 9 | Immovable Property Portfolio             | Loss of revenue, no approved alienation policy, ineffective management, Ineffective collection of revenue on leased properties, illegal occupation of properties, market related rentals needs updating, inadequate institutional arrangements | Disposal of strategic land parcels for economic development                   | In house | In house | MM            | 30.05.2022                               | 31.12.2022 | Facilitate economic development, Increased revenue( rates and taxes, and electricity and watersales) | Deeds of Transfer  |   |  |  |  |  |  |  |
|   |  |  | Collection of market related rentals from tenants                             | In house | In house |               | CFO                                      | Monthly    | Monthly  | Increase in revenue  | Financial report  |  |  |  |  |  |  |
|   |  |  | Non paying tenants be ejected from the properties                             | In house | In house |               | MM Executive Director:Corporate services | Monthly    | Monthly  | Increase in revenue  | Tenant management report                                    |  |  |  |  |  |  |

**PILLAR TWO: INSTITUTIONAL**

|   |                        |  |   |          |                      |         |            |            |   |                               |  |  |  |  |  |  |
|---|------------------------|--|---|----------|----------------------|---------|------------|------------|---|-------------------------------|--|--|--|--|--|--|
| 1 | Performance Management | The PMS of the municipality is adequate and well regulated. BWLM uses the Service Delivery Budget Implementation Plan (SDBIP) as the basis for the system on an annual basis, the system is web-based. The Municipal Manager and 56 Managers sign annual performance agreements, and these are evaluated as required. The noted limitations are the lack of preparation of Personal Development Plans (PDPs) post assessment and cascading of PMS to T.A.S.K grade levels below section 56 Managers. | Cascade Performance Management from post levels 7 and remaining levels. | In-house | CoGTA WC<br>SALGA WC | Dir: CS | 01.01.2023 | 31.12.2023 | Improved productivity<br>Improved accountability<br>Improved service delivery | Signed Performance Agreements |  |  |  |  |  |  |
|---|------------------------|--|---|----------|----------------------|---------|------------|------------|---|-------------------------------|--|--|--|--|--|--|

**PILLAR THREE: FINANCIAL MANAGEMENT**

|   |   |   |  |          |                          |                       |           |           |  |  |   |  |  |  |  |  |
|---|---|---|--|----------|--------------------------|-----------------------|-----------|-----------|--|--|---|--|--|--|--|--|
| 1 | Budget Management (Funding Status, Policies, etc) | Municipality developed and approved an unrealistic unfunded budget for 2021/2022<br><br>A8 Unfunded with R110 m (per PT calculation)<br><br>Revenue baseline insufficient<br><br>Over commitment on contracted services | Approve a credible 2022/23 MTREF Budget (linked to Budget Funding Plan)  | In-house | PT Oversight and Support | CFO (Supported by PT) | 01-Mar-22 | 30-Jun-22 | Credible 2022/23 MTREF Budget                              | Approved 2022/23 MTREF Budget                              | 100% adherence to approved 3-Year Budget Funding Plan                                   |  |  |  |  |  |
|   |   |   | Compile credible Adjustment Budget 2022/23   |          |                          |                       | 01-Dec-22 | 28-Feb-23 | 3-Year Budget Funding Plan<br>Monthly BFP Progress Reports | Approved Budget Funding Plan (BFP)<br>BFP Progress Reports | BFP include MTREF Financial Targets<br>Target cash flow improvement per                 |  |  |  |  |  |
| 2 | Cost Containment and cash flow management         | Weak liquidity position   | Sustain functional cash flow committee   | Inhouse  | PT Oversight             | CFO (PT Oversight)    | 01-Jan-23 | Ongoing   | Appointment Letters<br>Weekly Minutes                      | Weekly Minutes   | Targeted ratios:<br>- Cash Coverage: 1 Month<br>- Current Ratio: 0.8:1 (Norm = 1.5:2.1) |  |  |  |  |  |
|   |   |   | Sustain an active cash management system to enable it to maintain sound liquidity for sustainable service delivery | Inhouse  |                          |                       | 01-Jan-23 | Ongoing   | Cash Management Framework                                  | Progress reports   |   |  |  |  |  |  |
|   |   |   | Revenue enhancement strategy implemented with impact reporting   | Inhouse  |                          |                       | 01-Jan-23 | Ongoing   | Revenue Enhancement Strategy Implementation Reports        | Progress reports   | Improved revenue  |  |  |  |  |  |
|   |   |   | Improve capacity of BTO  | Inhouse  |                          |                       | 01-Jan-23 | Ongoing   | Reduction of Consultants Expenditure                       | Contract register  | Reduction of Consultants Expenditure  |  |  |  |  |  |

|  |  |   |   |   |  |  |                            |  |  |  |   |                                    |  |  |  |  |
|--|--|---|---|---|--|--|----------------------------|--|--|--|---|------------------------------------|--|--|--|--|
| 3  | Revenue Management   | Metered Services and Vending :<br>Incorrect billing and Prepaid Electricity not effectively managed | Establish customer base which classify customer category. i.e Business, Industry, residents, Government etc                       | Inhouse, Munsoft  | NT MFIP & PT Oversight   | CFO (Supported by NT MFIP, PT Oversight) | 01-Jan-22                  | 01-May-22                                | Debtors Reconciliations  | Debtors Reconciliations  | Service Charges: 5% increase from:<br>-Increased metering<br>-Phased in cost reflective tariffs<br>-EPI<br>-Improved data integrity and billing<br>-Solving illegal connections |                                    |  |  |  |  |
|  |  |   | Meter reading should be done on a monthly basis and variances be attended promptly  | Inhouse, Munsoft  |  |  | 01-Jan-22                  | 30-Jun-22                                | Debtors Billing Reconciliation                                       | Debtors Billing Reconciliation                                   | 85% Collection Rate   |                                    |  |  |  |  |
|  |  |   | Review the list of vendors and supply codes, perform monthly reconciliation on a weekly basis                                     | Inhouse   |  |  | 01-Jan-22                  | 30-Jun-22                                | Prepaid Reconciliation   | Prepaid Reconciliation   | Increase revenue from Prepaid sales   |                                    |  |  |  |  |
|  |  | Incorrect Property Rates tariffs applied  | Reconcile tariffs approved by Council and tariffs captured on the financial Management System (Munsoft) and correct discrepancies | Inhouse, Munsoft  | NT MFIP & PT Oversight   | CFO (Supported by NT MFIP, PT Oversight) | 01-Jan-22                  | 01-Oct-21                                | Tariff Reconciliation  | Tariff File  | Accurate Billing  |                                    |  |  |  |  |
|  |  | Billing Co-ordination between BTO and Technical Services  | Establish weekly formal meeting between Technical and Finance   | Inhouse   | NT MFIP & PT Oversight   | CFO and Director Technical Services      | 01-Jan-22                  | 01-Oct-21                                | Weekly Minutes   | Weekly Minutes   | Improved revenue management   |                                    |  |  |  |  |
|  |  | No effective customer care management Unit and Policy   | Establish a customer care unit and update a policy on customer care   | Inhouse   | NT MFIP & PT Oversight   | CFO and Corporate Manager                | 01-Jan-22                  | 30-Jun-22                                | Established Customer Care Unit Approved Custome Care Policy          | Appointment Letters Council Resolution                           | Improved Customer Relations   |                                    |  |  |  |  |
|  |  | Debtors book not reviewed to identify indigents and write offs of irrecoverable debts               | Review the debtor's book and identify long outstanding debts, reconcile with the indigent register and recommend write offs       | Inhouse   | NT MFIP & PT Oversight   | CFO (Supported by NT MFIP, PT Oversight) | 01-Jan-22                  | 30-Jun-22                                | Debtors Reconciliations  | Debtors Reconciliations  | Reduce outstanding debtors  |                                    |  |  |  |  |
|  |  | 4   | Financial Control environment   | Utilisation of financial resources are not used effectively, efficiently, and economically. | Appointment and training of officials Review of SOP's, training of staff and support with implementation   | Inhouse                                  | NT MFIP & PT Oversight     | CFO (Supported by NT MFIP, PT Oversight) | 01-Jan-22  | 30-Jun-22  | Reviewed SOP's adopted  | SOP's                              |  |  |  |  |
|  |  |   |   | Full and proper records of the financial affairs are not kept in accordance with prescripts | Develop records management procedure in line with regulations, train staff and support with implementation | Inhouse                                  | NT MFIP & PT Oversight     | CFO and Director Corporate Managemen t   | 01-Feb-22  | 30-Jun-22  | Record Management Procedure Manual  | Record Management Procedure Manual |  |  |  |  |
|  |  |   |   | Financial and risk management not adequately implemented                                    | Train management on risk identification and mitigation   | Inhouse                                  | NT MFIP & PT Oversight     | CEA                                      | 01-Sep-21  | 30-Jun-22  |   |                                    |  |  |  |  |
| Internal Audit not fully effective                         | Filling of Chief Audit Executive position  |   |   | Inhouse   | NT MFIP & PT Oversight   | Municipal Manager                        | 01-Jan-22                  | 28-Feb-22                                | CEA Appointed  | Appointment Letter   |   |                                    |  |  |  |  |
|  | Escalate IA findings and recommendations to management level for oversight on implementation |   |   | Inhouse   | NT MFIP & PT Oversight   | CEA                                      | 01-Mar-22                  | 30-Jun-22                                | Number of audit findings resolved towards improved internal controls | Consolidated report and supporting POE on audit findings cleared |   |                                    |  |  |  |  |
| UIF&W and other losses are not prevented                   | Develop UIF&W strategy   |   |   | Inhouse   | NT MFIP & PT Oversight   | CFO and All Directors                    | 01-Mar-22                  | 30-Jun-22                                | UIF&W strategy approved  | UIF&W Strategy   | Reduced UIF&W   |                                    |  |  |  |  |
| The failure of the municipality to implement tariff policy | Audit on tariff structures   |   |   | Inhouse   | NT MFIP & PT Oversight   | CFO (Supported by NT MFIP, PT Oversight) | 01-Sep-21                  | 31-Dec-21                                | Tariff Reconciliation  | Tariff File  | Credible billing  |                                    |  |  |  |  |
| Credit control and debt collection not effective           | Review revenue management and control environment  | Inhouse   | NT MFIP & PT Oversight  | CFO (Supported by NT MFIP, PT Oversight)  | 01-Sep-21  | 30-Jun-22                                | Control sytems implemented |  | Credible billing   |  |   |                                    |  |  |  |  |
| Inadequate reconciliation control.                         | Training of officials on all reconciliation control requirements                             | Inhouse   | NT MFIP & PT Oversight  | CFO (Supported)   | 01-Sep-21  | 30-Jun-22                                | BTO Staff trained          | Attendance registers                     | Improved Financial   |  |   |                                    |  |  |  |  |



|  |   |  |  |                                 |                             |                                   |            |                                      |   |                   |  |  |  |  |
|--|---|--|--|---------------------------------|-----------------------------|-----------------------------------|------------|--------------------------------------|---|-------------------|--|--|--|--|
|  | The Municipality does not have an evaluation criteria to assess official's competencies in order to determine capacity / skills gap for Asset Management Unit | Develop and enforce an evaluation criteria to assess official's competencies in order to determine capacity / skills gap for Asset Management Unit | In-house   | PT Oversight<br>NT MFIP Advisor | MM, CFO,<br>S56<br>Managers | 01.10.2021                        | 30.09.2022 | Trained Asset Management staff       | Developed and operational evaluation criteria to assess official's competencies in order to determine capacity / skills gap for Asset Management Unit | Not applicable    |  |  |  |  |
| <b>Asset Management Policy and Standard Operating Procedures</b> |   |  |  |                                 |                             |                                   |            |                                      |   |                   |  |  |  |  |
|  | The municipality does not have Asset Management SOP (s)   | Develop adequate Asset Management SOPs   | In-house   | PT Oversight<br>NT MFIP Advisor | MM, CFO,<br>S56<br>Managers | 01.10.2021                        | 30.09.2022 | Asset Management SOP (s)             | Operational Asset Management SOPs   | Not applicable    |  |  |  |  |
| <b>Asset Management Accounting</b>                               |   |  |  |                                 |                             |                                   |            |                                      |   |                   |  |  |  |  |
|  | The municipality has not linked infrastructure asset components to the GIS  | Link infrastructure asset components to the GIS  | In-house   | PT Oversight<br>NT MFIP Advisor | MM, CFO,<br>S56<br>Managers | 01.10.2021                        | 30.09.2022 | Improved Asset Management Accounting | Linked infrastructure asset components to the GIS   | Not applicable    |  |  |  |  |
|  | The municipality does not request valuation reports (from experts) regarding landfill sites on at each reporting date   | Request valuation reports (from experts) regarding landfill sites on at each reporting date  | In-house   | PT Oversight<br>NT MFIP Advisor | MM, CFO,<br>S56<br>Managers | 01.10.2021                        | 30.09.2022 | Improved Asset Management Accounting | Valuation reports (from experts) regarding landfill sites on at each reporting date   | Not applicable    |  |  |  |  |
| <b>Asset Management Internal Controls</b>                        |   |  |  |                                 |                             |                                   |            |                                      |   |                   |  |  |  |  |
|  | The Asset Register have no restrictive access to officials, managed by password controls  | Create the restrictive access to officials, managed by password controls on the Asset Register   | In-house   | PT Oversight<br>NT MFIP Advisor | MM, CFO,<br>S56<br>Managers | 01.10.2021                        | 30.09.2022 | Improved FAR Access controls         | Restrictive access to officials, managed by password controls on the Asset Register   | Not applicable    |  |  |  |  |
|  | The Asset Register does not incorporate GIS spatial data for all key infrastructure asset   | Incorporate the GIS spatial data for all key infrastructure asset in the asset register  | In-house   | PT Oversight<br>NT MFIP Advisor | MM, CFO,<br>S56<br>Managers | 01.10.2021                        | 30.09.2022 | GIS data                             | GIS data  |                   |  |  |  |  |
| <b>PILLAR FOUR: SERVICE DELIVERY</b>                             |   |  |  |                                 |                             |                                   |            |                                      |   |                   |  |  |  |  |
| 1  | <b>Asset Management Master Plans</b>  | <b>Lack of skills, Non-compliance with Asset Management Policy and Procedure Manual, Lack of asset replacement strategy.</b>                       | Implementation of Asset Management policy and strategy.<br><br>Development and implementation of a long-term Asset Management Master Plans that will investigate long term investments, replacement, maintenance and sustainability of the municipality, amongst others<br><br>Development of Property Plant and Equipment maintenance plan<br><br>Audit of current infrastructure to determine state, taking into consideration service backlogs and long-term strategy aligned to the operating model IDP, budget and long-term financial plan<br><br>Update and maintain Asset Register<br><br>Maintenance of Property Plant and Equipment through internal capacity and outsourced services<br><br>Review contracts and tariffs on municipal | In-house                        | In-house                    | MM, CFO,<br>Technical<br>Director | 01-Dec-22  | 30-Nov-23                            | Asset maintenance plans<br><br>Approved building maintenance plan<br>Update and maintained Asset Register   | Target 8% of OPEX |  |  |  |  |

|   |                          |   |  |          |          |  |           |           |   |     |  |  |  |  |  |
|---|--------------------------|---|--|----------|----------|--|-----------|-----------|---|-----|--|--|--|--|--|
| 2 | Roads and Stormwater     | Poor Road condition and Road surface marking visibility   | <p>Implement the roads and stormwater master plan</p> <p>Develop and implement the Roads and Stormwater Maintenance plan</p> <p>Maintenance of roads infrastructure through internal capacity and outsourced services</p> <p>Rehabilitate roads as per Maintenance Plan</p> <p>Implement internal roads programme</p>  | In-house | In-house | MM, Director: Technical Services       | 01-Dec-22 | 30-Nov-23 | <p>Approved Maintenance Plan</p> <p>Repaired roads</p> <p>Rehabilitated roads</p> <p>Completed roads projects</p>                   | N/A |  |  |  |  |  |
| 3 | Building Control         | Unit Incapacity, Poor Feedback/communication with stakeholders, Lack of Resources                 | <p>Streamline the building plans approval process</p> <p>Set cost reflective building approval tariffs</p> <p>Address building contraventions and enforce the building bylaws. This includes compliance with zoning status.</p> <p>Obtain a functionary from MISA or a shared services option to render land use planning services.</p>  | In-house | In-house | MM, Director: Development and Planning | 01-Dec-22 | 30-Nov-23 | To continuously ensure uniformity and compliance to building regulations and improve on turn-around times for such approval         | N/A |  |  |  |  |  |
| 4 | Waste and Refuse Removal | Inappropriate vehicles and equipment for refuse removal. Expired license for operating a landfill | <p>Develop and implement Refuse Removal Management Maintenance and Refurbishment Plan</p> <p>Operationalise the operation and maintenance plan</p> <p>Review tariffs to cost reflective. Promulgate updated by-laws as required.</p> <p>Enforcement of bylaws. Conduct awareness campaigns on illegal dumping and enforce municipal by-laws.</p> <p>Appointment of service providers for as &amp; when contracted services</p> | In-house | In-house | MM, Director: Community Services       | 01-Dec-22 | 30-Nov-23 | <p>Approved Maintenance Plan</p> <p>Updated tariffs, policy and by-laws.</p> <p>Safe and clean environment</p> <p>SLA Concluded</p> | N/A |  |  |  |  |  |

|   |   |   |   |          |  |                                  |           |           |   |                                   |  |  |  |  |  |
|---|---|---|---|----------|--|----------------------------------|-----------|-----------|---|-----------------------------------|--|--|--|--|--|
| 5 | <b>Portable Water Supply and Bulk Water</b> | <b>Poor drinking water quality, Water Losses, Water Shortages, Lack of accounting, Revenue Collection</b> | Implement the Water Master Plan<br>Development of WSDP<br>Develop a Water Infrastructure Maintenance plans<br>Develop and implement a Water Conservation and Water Demand Management Plan (municipal-wide)<br>Network Maintenance and refurbishment<br>•Refurbishment of water services infrastructure<br>Replacement of ageing water services infrastructure<br>Reduce unaccounted Water (water losses)<br>•Install bulk water meters<br>•Audit water meters<br>•Replace malfunctioning meters (Monthly reporting to Council)<br>Capture non-metered households<br>Tariff Policy<br>Development of Bulk Services contribution policy and set bulk contribution fees<br>Enforce Water by-laws<br>•Disconnect illegal connections.<br>Awareness Campaign maybe required with the assistance of political office. | In-house | In-house, Contracted Services                      | MM, Director: Technical Services | 01-Dec-22 | 30-Nov-23 | Efficient and sustainable water management<br><br>Reduce water losses<br><br>Provision of new water infrastructure while upgrading existing infrastructure<br><br>Improved billing<br><br>Updated tariffs, policy and by-laws<br><br>Reduction in illegal connection<br><br>Increase in revenues and improved cash flows<br><br>Improved Blue drop status<br><br>Quality water and an environment not harmful to human health and wellbeing<br><br>Improve quantity and quality | WSIG and MIG to be fully utilised |  |  |  |  |  |
| 6 | <b>Sanitation Services</b>                  | <b>Treatment capacity is below demand requirements, Poor Maintenance</b>                                  | Implement the sanitation master plan<br>Develop a sanitation Infrastructure Maintenance plan<br>Rehabilitate and develop sewer reticulation network in urban areas and peri-urban areas and commence billing<br>Improve management of WWTW<br>•Ensure the WWTW effluent are compliance with the relevant regulations<br>•Refurbish the plants and network<br>•Upgrading WWTWs to increase capacity<br>•Continuously treat and test effluent quality and introduce quick corrective measures.  | In-house | In-house<br><br>Approach MISA for capacity support | MM, Director: Technical Services | 01-Dec-22 | 30-Nov-23 | Improve the quantity and quality of municipal infrastructure and services<br><br>Approved Maintenance Plan<br><br>Enhanced lifespan of assets through proactive and preventative maintenance<br><br>Reduction of current blockages<br><br>Quality wastewater and an environment not harmful to human health and wellbeing   | MIG to be fully utilised          |  |  |  |  |  |
| 7 | <b>Electricity Supply</b>                   | <b>Outstanding Eskom Account, Distribution Losses.</b>  | Timeous payment of Eskom Current Account and Arrear debt payment as per payment plan.<br><br>Compile and implement Electricity Maintenance and Refurbishment plan<br><br>Refurbish / upgrade electrical network according to priority implementation programme<br><br>Review SLA with Eskom to ensure that it adequately address all technical, service delivery and financial matters.<br><br>Review tariffs and policy. Update. Promulgate updated by-laws as required.   | In-house | In-house<br><br>Approach MISA for capacity support | MM, Director: Technical Services | 01-Dec-22 | 30-Nov-23 | Approved Maintenance and refurbishment Plan<br><br>Ensure provision of efficient and sustainable electricity supply to the consumers within the municipality's licensed areas of supply<br>Signed amended SLA<br><br>Reliable bulk electricity agreement<br><br>Enhance revenue collection and sustainable electricity supply   | INEP to be fully utilised         |  |  |  |  |  |

|    |   |  |  |          |          |  |           |           |   |     |  |  |  |  |  |
|----|---|--|--|----------|----------|--|-----------|-----------|---|-----|--|--|--|--|--|
| 8  | <b>Recreational Facilities, Libraries, Parks and Cemeteries</b> | <b>Improved provision of recreational facilities, libraries, parks and cemeteries</b>                            | <p>Develop and implement Recreational Facilities Maintenance Plan</p> <p>Review the Maintenance and Operation Plan (cost) in order to be effective</p> <p>Refurbish priority facilities</p> <p>Review tariffs and policy. Promulgate updated by-laws as required.</p> <p>Introduce of Cost reflective tariff on all services rendered; Introduction of cost reflective tariffs on (pruning of trees, cleaning of erf)</p> <p>Review leases for Public Amenities i.e. swimming pool, soccer stadium etc: Leases of public amenities (swimming pool, soccer stadium, outdoor gym)</p> <p>Cemeteries; Verification of the indigent Register to curb provision of free burial sites to non-indigent residents</p> <p>Library Services; Negotiate with DSRAC with the view of requesting financial funding for library services</p> | In-house | In-house | MM,<br>Director:<br>Community Services       | 01-Dec-22 | 30-Nov-23 | <p>Approved Recreational Facilities Maintenance Plan</p> <p>Approved O&amp;M Plan</p> <p>Rehabilitated facilities</p> <p>Reviews policy, facilities use tariffs</p> <p>Cost reflective tariffs</p> <p>Functional and utilized sport facilities managed by PPP</p> <p>Data Cleansing of the indigent register</p> <p>Funding for Library Services</p> <p>100% expenditure of capital budget for the project. Completed Sportsfield</p> | N/A |  |  |  |  |  |
| 9  | <b>Public Safety, Traffic and Licensing</b>                     | <b>Law enforcement activities is affected by Inadequate equipment. Lack of Human resources Outdated By-Laws.</b> | <p>Law enforcement across divisions</p> <p>Fire, Traffic and Security.</p> <p>Renewal of trading permits</p>   | In-house | In-house | MM,<br>Director:<br>Community Services       | 01-Dec-22 | 30-Nov-23 | <p>Intensive Law enforcement activities.</p> <p>Monthly operations.</p> <p>Intensify inspection of trading permits. Compliance</p>  | N/A | Traffic Fines: 50% increase based on 2020/21 level |  |  |  |  |
| 10 | <b>Spatial Planning and Human Settlements</b>                   | <b>Lack of housing development, and bulk infrastructure</b>  | <p>Implement the spatial development plan</p> <p>Increase revenue by making land available and attractive to private sector developers.</p> <p>Review development and land use tariffs. Such as rezoning costs. Update where necessary. Promulgate updated by-laws as required.</p> <p>Enforcement of Land Use Scheme and By-law to curb the high number of Illegal land uses</p> <p>Conduct assessments and the alienation and disposal of some of the Council Owned Properties</p> <p>Tribunal Applications; Submit applications to Tribunal and Processing of applications for approval</p> <p>Develop and Implement the 30% Project Sub-contract Policy for to support local companies</p>   | In-house | In-house | MM,<br>Director:<br>Planning and development | 01-Dec-22 | 30-Nov-23 | <p>Spatial development Framework</p> <p>Review of municipal investment property and proposed future uses.</p> <p>Reduced land use contravention<br/>Reduced land use contravention</p> <p>Review of municipal investment property and proposed future uses.<br/>SPLUMA Meeting Minutes<br/>Local Economic Development Policy<br/>Tariff of Charges</p>  | N/A |  |  |  |  |  |

|    |                                      |  |  |          |  |  |           |           |  |  |  |  |  |  |  |  |  |
|----|--------------------------------------|--|--|----------|--|--|-----------|-----------|--|--|--|--|--|--|--|--|--|
| 11 | <b>Fleet Management</b>              | <b>Inadequate fleet to perform municipal functions optimally.</b>  | Develop and implement Fleet Management Strategy and Plan<br><br>Development and implementation of the vehicle maintenance plan<br><br>Develop and implement a insurance and fuel management policies<br><br>Develop and implement vehicle replacement plan   | In-house | In-house<br><br>Provincial Support Package | MM,<br>Director:<br>Technical Services,<br>Director:<br>Community Services,<br>Director:<br>Planning and Development | 01-Dec-22 | 30-Nov-23 | Approved Fleet Management Strategy and Plan and implemented<br><br>Developed planned service schedule, including costs<br><br>Controlled and planned servicing and maintenance of vehicles<br><br>Implemented functional Fleet and Fuel Management System<br>Cost saving in fleet and fuel management<br>Reduced theft and abuse<br>Replacement of redundant/ obsolete fleet<br>Reduced vehicle downtime and increased utilisation/ uptime<br>Modernised and reliable feet | In line with approved Budget and Mobilised Funding |  |  |  |  |  |  |  |
| 12 | <b>Fleet Maintenance</b>             | <b>Inadequate maintenance of municipal fleet</b>   | Establish and equip workshop with basic tools and equipment and stock for priority, medium term operations<br><br>Fleet maintenance team to comply to OHS standards<br><br>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 | In-house | In-house                                   | MM,<br>Director:<br>Technical Services,<br>Director:<br>Community Services,<br>Director:<br>Planning and Development | 01-Dec-22 | 30-Nov-23 | Functional equipmentx<br><br>Workshop operating at minimum OHS standards<br><br>Valid roadworthy certificates for all operable vehicles  | N/A  |  |  |  |  |  |  |  |
| 13 | <b>Project Management Unit (PMU)</b> | <b>Capacitation of the unit to achieve 100% expenditure on all capital execution projects</b>  | Development and implementation of the procurement plans  | In-house | In-house                                   | MM,<br>Director:<br>Technical Services   | 01-Dec-22 | 30-Nov-23 | Improved forward planning and implementation of projects<br><br>Improved service delivery  | N/A  |  |  |  |  |  |  |  |
| 14 | <b>Landfill Site</b>                 | <b>Lack of maintenance and operations at landfill sites, Licensing of the existing landfill site, Non-compliance with Environmental Legislations</b> | Approve and Implement Integrated Waste Management Plan<br><br>Adhere to legislation to become compliant landfill site operator<br><br>Review tariffs and policy. Promulgate updated by-laws as required.<br><br>Install weighbridges on landfill sites or use an alternative waste measurement method.<br><br>Landfill Site Mediation Agreement                            | In-house | In-house                                   | MM,<br>Director:<br>Technical Services,<br>Director:<br>Community Services,<br>Director:<br>Planning and Development | 01-Dec-22 | 30-Nov-23 | Approved and implemented Integrated Waste Management Plan<br><br>Functional Plant and Equipment<br><br>Updated tariffs, policy and by-laws.<br><br>Revenue collected in line with usage  | N/A  |  |  |  |  |  |  |  |
| 15 | <b>Security Services</b>             | <b>Municipal property must be protected from vandalism.</b>  | Develop Security Policy that covers internal and outsources security services.<br><br>Review security strategy to incorporate the guarding of municipal property, staff, customers and equipment.  | In-house | In-house                                   | MM,<br>Director:<br>Community Services   | 01-Dec-22 | 30-Nov-23 | Asset Management Policy to include how assets within the municipality are protected.<br><br>Asset Management Policy to include how assets within the municipality are protected.   | N/A  |  |  |  |  |  |  |  |
| 16 | <b>Local Economic Development</b>    | <b>Inadequate preparation of enabling environment for economic activities and investments, Lack of land for development</b>                          | Develop LED strategy and implementation plan<br>Generate revenue by exploiting tourism and other readily available private development opportunities.  | In-house | In-house                                   | MM,<br>Director:<br>Planning and development   | 01-Dec-22 | 30-Nov-23 | LED Strategy<br><br>Tariff of charges – Tourism Levy   | N/A  |  |  |  |  |  |  |  |



**PHASE 3: SUSTAINABILITY**

| NO | FOCUS AREA | KEY ASSESSMENT FINDING (BASELINE) | KEY ACTIVITIES | RESOURCES REQUIRED | RESOURCES MOBILISED | RESPONSIBLE | START DATE | END DATE | KEY PERFORMANCE INDICATOR | PORTFOLIO OF EVIDENCE | BUDGET PARAMETER/ REVENUE | MUNICIPAL PROGRESS REPORT |               |                  |                               |
|----|------------|-----------------------------------|----------------|--------------------|---------------------|-------------|------------|----------|---------------------------|-----------------------|---------------------------|---------------------------|---------------|------------------|-------------------------------|
|    |            |                                   |                |                    |                     |             |            |          |                           |                       |                           | STEPS TAKEN               | PROGRESS MADE | FINANCIAL IMPACT | OTHER NOTEWORTHY DEVELOPMENTS |

**PILLAR THREE: GOVERNANCE**

To be informed by progress and achievements on Phase 2

**PILLAR THREE: INSTITUTIONAL**

To be informed by progress and achievements on Phase 2

**PILLAR THREE: FINANCIAL MANAGEMENT**

|   |   |  |   |                  |                          |  |   |                   |   |  |  |   |  |  |  |
|---|---|--|---|------------------|--------------------------|--|---|-------------------|---|--|--|---|--|--|--|
| 1 | Budget Management (Funding Status, Policies, etc) | Unfunded Budget  | Develop a Budget funding plan with clear activities and goals   | In-house         | PT Oversight and Support | CFO (Supported by PT)                    | 01-Nov-23   | 30-Jun-23         | 3-Year Budget Funding Plan  | Approved 2023/24 MTREF Budget                              | 100% adherence to approved 3-Year Budget Funding Plan                                      |   |  |  |  |
|   |   |  | Compile credible Budget 2023/24   |                  |                          |  | 01-Nov-22   | 30-Jun-23         | Monthly BFP Progress Reports<br>Credible 2023/24 MTREF Budget<br>Adopted 2023/24 MTREF Budget | Approved Budget Funding Plan (BFP)<br>BFP Progress Reports |  | BFP include MTREF Financial Targets<br>Target cash flow improvement per |  |  |  |
| 2 | Cost Containment and cash flow management         | Weak Cash Flow position  | Sustain functional cash flow committee  | Inhouse          | PT Oversight             | CFO (PT Oversight)                       | 01-Jan-24   | Ongoing           | Appointment Letters<br>Weekly Minutes   | Weekly Minutes   | Targeted ratios:<br>- Cash Coverage: 1.5 Months<br>- Current Ratio: 0.9:1 (Norm = 1.5:2.1) |   |  |  |  |
|   |   |  | Sustain an active cash management system to enable it to maintain sound liquidity for sustainable service delivery                | Inhouse          |                          |  | Cash Management Framework                           | Progress reports  |   |  |  |   |  |  |  |
|   |   |  | Revenue enhancement strategy implemented with impact reporting  | Inhouse          |                          |  | Revenue Enhancement Strategy Implementation Reports | Progress reports  | 88% Collection Rate   |  |  |   |  |  |  |
|   |   |  | Improve capacity of BTO   | Inhouse          |                          |  | Reduction of Consultants Expenditure                | Contract register | Reduction of Consultants Expenditure  |  |  |   |  |  |  |
| 3 | Revenue Management                                | Metered Services and Vending : Incorrect billing and Prepaid Electricity not effectively managed | Establish customer base which classify customer category. i.e Business, Industry, residents, Government etc                       | Inhouse, Munsoft | NT MFIP & PT Oversight   | CFO (Supported by NT MFIP, PT Oversight) | 01-Jul-22   | 30-Jun-24         | Debtors Reconciliations   | Debtors Reconciliations                                    | Accurate Billing   |   |  |  |  |
|   |   |  | Meter reading should be done on a monthly basis and variances be attended promptly  | Inhouse, Munsoft |                          |  | 01-Sep-21   | 30-Jun-22         | Debtors Billing Reconciliation  | Debtors Billing Reconciliation                             | Accurate Billing   |   |  |  |  |
|   |   |  | Review the list of vendors and supply codes, perform monthly reconciliation on a weekly basis                                     | Inhouse          |                          |  |   |                   | Prepaid Reconciliation  | Prepaid Reconciliation                                     | Increase revenue from Prepaid sales  |   |  |  |  |
|   |   | Incorrect Property Rates tariffs applied   | Reconcile tariffs approved by Council and tariffs captured on the financial Management System (Munsoft) and correct discrepancies | Inhouse, Munsoft | NT MFIP & PT Oversight   | CFO (Supported by NT MFIP, PT Oversight) | 01-Sep-21   | 01-Oct-21         | Tariff Reconciliation   | Tariff File  | Accurate Billing   |   |  |  |  |

|   |                                      |  |   |                   |                        |  |           |           |   |  |                                 |  |  |  |  |
|---|--------------------------------------|--|---|-------------------|------------------------|--|-----------|-----------|---|--|---------------------------------|--|--|--|--|
|   |                                      | <b>Billing Co-ordination between BTO and Technical Services</b>                                    | Establish weekly formal meeting between Technical and Finance   | Inhouse           | NT MFIP & PT Oversight | CFO and Director Technical Services      | 01-Sep-21 | 01-Oct-21 | Weekly Minutes  | Weekly Minutes                         | Improved revenue management     |  |  |  |  |
|   |                                      | <b>No effective customer care management Unit and Policy</b>                                       | Establish a customer care unit and update a policy on customer care   | Inhouse           | NT MFIP & PT Oversight | CFO and Corporate Manager                | 01-Feb-22 | 30-Jun-22 | Established Customer Care Unit Approved Custome Care Policy | Appointment Letters Council Resolution | Improved Customer Relations     |  |  |  |  |
|   |                                      | <b>Debtors book not reviewed to identify indigents and write offs of irrecoverable debts</b>       | Review the debtor's book and identify long outstanding debts, reconcile with the indigent register and recommend write offs | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 01-Feb-22 | 30-Jun-22 | Debtors Reconciliations                                     | Debtors Reconciliations                | Reduce outstanding debtors      |  |  |  |  |
| 4 | <b>Financial Control environment</b> | <b>Utilisation of financial resources are not used effectively, efficiently, and economically.</b> | Appointment and training of officials<br>Review of SOP's, training of staff and support with implementation                 | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | Reviewed SOP's adopted                                      | SOP's                                  |                                 |  |  |  |  |
|   |                                      | <b>Full and proper records of the financial affairs are not kept in accordance with prescripts</b> | Develop records management procedure in line with regulations, train staff and support with implementation                  | Inhouse           | NT MFIP & PT Oversight | CFO and Director Corporate Management    | 30-Jun-22 | 30-Jun-24 | Record Management Procedure Manual                          | Record Management Procedure Manual     |                                 |  |  |  |  |
|   |                                      | <b>Financial and risk management not adequately implemented</b>                                    | Train management on risk identification and mitigation  | Inhouse           | NT MFIP & PT Oversight | CEA                                      | 30-Jun-22 | 30-Jun-24 |   |  |                                 |  |  |  |  |
|   |                                      | <b>Internal Audit not fully eff</b>  | Filling of Chief Audit Executive position   | Inhouse           | NT MFIP & PT Oversight | Municipal Manager                        | 01-Jan-22 | 28-Feb-22 | CEA Appointed   | Appointment Letter                     |                                 |  |  |  |  |
|   |                                      |  | Escalate IA findings and recommendations to management level for oversight on implementation                                | Inhouse           | NT MFIP & PT Oversight | CEA                                      | 30-Jun-22 | 30-Jun-24 | Findings Escalated  | Memorandum to MM                       |                                 |  |  |  |  |
|   |                                      | <b>UIF&amp;W and other losses are not prevented</b>  | Develop UIF&W strategy  | Inhouse           | NT MFIP & PT Oversight | CFO and All Directors                    | 30-Jun-22 | 30-Jun-24 | UIF&W strategy approved                                     | UIF&W Strategy                         | Reduced UIF&W                   |  |  |  |  |
|   |                                      | <b>The failure of the municipality to implement tariff policy</b>                                  | Audit on tariff structures  | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | Tariff Reconciliation                                       | Tariff File                            | Credible billing                |  |  |  |  |
|   |                                      | <b>Credit control and debt collection not effective</b>  | Review revenue management and control environment   | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | Control sytems implemented                                  |  | Credible billing                |  |  |  |  |
|   |                                      | <b>Inadequate reconciliation control.</b>  | Training of officials on all reconciliation control   | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | BTO Staff trained   | Attendance registe                     | Improved Financial              |  |  |  |  |
|   |                                      | <b>Financial Management system not optimal utilised</b>  | Ensure full compliance to MSCOA regulations   | Inhouse & Munsoft | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | MSCOA Implemented in full                                   |  |                                 |  |  |  |  |
|   |                                      | <b>Lack of proper Cash flow management.</b>  | Establish Cash Flow Management committee  | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | Cash Flow management committee establish                    | Appointment letters. Minutes           | Improve cash flow management    |  |  |  |  |
|   |                                      | <b>System of expenditure control</b>   | Review expenditure manager  | Inhouse           | NT MFIP & PT Oversight | CFO (Supported by NT MFIP, PT Oversight) | 30-Jun-22 | 30-Jun-24 | Expenditure SOP's reviewed                                  | SOP's                                  | Improved Expenditure Management |  |  |  |  |

|                                      |                         |  |   |          |                                 |  |            |            |  |   |   |  |  |  |  |
|--------------------------------------|-------------------------|--|---|----------|---------------------------------|--|------------|------------|--|---|---|--|--|--|--|
|                                      |                         |  | Provide training on implemen  | Inhouse  | NT MFIP & PT Oversight          | CFO (Supported by NT MFIP, PT Oversight)                   | 01-Jan-22  | 31-Mar-22  | Completed training on SOP's and Implemented  | SOP's   | Improve Financial Managemt                          |  |  |  |  |
|                                      |                         | <b>Control over agency fees and conditional Grants.</b>  | Ring fence agency fees and conditional grants   | Inhouse  | NT MFIP & PT Oversight          | CFO (Supported by NT MFIP, PT Oversight)                   | 30-Jun-22  | 30-Jun-24  | Agency fee ringfenced. Conditional Grants Ringfenced   | Registers   | Improved Agency fee and conditional gran management |  |  |  |  |
|                                      |                         |  | Development of project plans  | Inhouse  | NT MFIP & PT Oversight          | CFO and All Directors (Supported by NT MFIP, PT Oversight) | 30-Jun-22  | 30-Jun-24  | Project Plans Developed  | Project Plan  | Inproved Project Management                         |  |  |  |  |
| 5                                    | <b>Asset Management</b> | <b>Asset Management Institutional</b>  |   |          |                                 |  |            |            |  |   |   |  |  |  |  |
|                                      |                         | The current Staff within the Asset Management Unit was not trained on GRAP standards as they relate to assets in the previous two years                    | GRAP Training to Staff within the Asset Management Unit as they relate to assets  | In-house | PT Oversight<br>NT MFIP Advisor | MM, CFO, S56 Managers                                      | 01.10.2022 | 30.09.2023 | Trained Asset Management staff   | Training material and attendance registers for the training | Not applicable                                      |  |  |  |  |
|                                      |                         | The Municipality does not have a long term strategic plan in place to develop Asset Management Officials with the relevant capacity skills                 | Develop Long term strategic plan to develop Asset Management Officials with the relevant capacity skills                      | In-house | PT Oversight<br>NT MFIP Advisor | MM, CFO, S56 Managers                                      | 01.10.2022 | 30.09.2023 | Long term strategic plan to develop Asset Management Officials with the relevant capacity skills                     | Operational Long term strategic plan                        | Not applicable                                      |  |  |  |  |
|                                      |                         | <b>Asset Management Policy and Standard Operating Procedures</b>   |   |          |                                 |  |            |            |  |   |   |  |  |  |  |
|                                      |                         | The Municipality does not have a planned maintenance schedule (manual or electronic) in place that is aligned to the Condition Assessment of its assets    | Have a planned maintenance schedule (manual or electronic) in place that is aligned to the Condition Assessment of its assets | In-house | PT Oversight<br>NT MFIP Advisor | MM, CFO, S56 Managers                                      | 01.10.2022 | 30.09.2023 | Asset maintenance schedule (manual or electronic) in place that is aligned to the Condition Assessment of its assets | Asset maintenance schedule (manual or electronic)           | Not applicable                                      |  |  |  |  |
|                                      |                         | <b>Service Delivery</b>  |   |          |                                 |  |            |            |  |   |   |  |  |  |  |
|                                      |                         | Material electricity losses of R122 300 429 (2018-19: R111 837 480) were incurred, which represents 38% (2018-19: 32%) of the total electricity purchased. |   |          |                                 |  |            |            |  |   |   |  |  |  |  |
|                                      |                         | Material water losses of R60 316 516 (2018-19: R62 564 444) were incurred, which represents 73% (2018-19: 93%) of the total water purchased.               |   |          |                                 |  |            |            |  |   |   |  |  |  |  |
| <b>PILLAR FOUR: SERVICE DELIVERY</b> |                         |  |   |          |                                 |  |            |            |  |   |   |  |  |  |  |

|   |                                      |   |   |          |  |  |           |                     |  |   |  |  |  |  |  |
|---|--------------------------------------|---|---|----------|--|--|-----------|---------------------|--|---|--|--|--|--|--|
| 1 | Asset Management                     | Limited management of assets based on conditional assessments on asset register.  | Implementation of Asset Management policy and strategy<br><br>Implementation of a long-term asset management master plans<br><br>Update and maintain the Asset Register   | In-house | In-house   | MM, CFO, Technical Director  | 01-Dec-23 | End of Intervention | Improved maintenance of assets and infrastructure planning   | Maintenance SOPs and GRAP Compliant Asset Register            |  |  |  |  |  |
| 2 | Roads and Stormwater                 | Poor roads and public infrastructure due to lack of funds for operation and a lack of maintenance Poor roads and public infrastructure due to lack of funds for operation and a lack of maintenance | Implement the roads and stormwater maintenance plan   | In-house | In-house   | MM, Director: Technical Services   | 01-Dec-23 | End of Intervention | Repaired roads<br><br>Rehabilitated roads<br><br>Completed roads projects  | Road Conditional Assessment Report                            |  |  |  |  |  |
| 3 | Waste and Refuse Removal             | Inappropriate vehicles and equipment for refuse removal   | Implement Integrated Waste Management Plan<br>Continually implement Refuse Removal Management Maintenance and Refurbishment Plan<br>Annually review all waste and refuse removal tariffs.<br>Design & Construction of new cells at landfill sites | In-house | In-house   | MM, Director: Technical Services, Director: Community Services, Director: Planning and Development | 01-Dec-23 | End of Intervention | Environmental compliance, improved waste and refuse removal service. Improve the quantity and quality of municipal infrastructure and services<br>Safe and clean environment<br>Improved Landfill Capacity | Increasing trend of recycled waste (waste diversion)          |  |  |  |  |  |
| 4 | Portable Water Supply and Bulk Water | Poor drinking water quality, Water Losses, Water Shortages, Lack of accounting, Revenue Collection  | Implement the water master plan and the Water Infrastructure Maintenance plans<br>Monitor Water Losses (municipal-wide)<br>Continuously Replace malfunctioning meters<br>Monitor Water quality management and compliance                          | In-house | In-house, Contracted Services<br><br>Approach DBSA for WCWDM Support | MM, Director: Technical Services   | 01-Dec-23 | End of Intervention | Provision of new water infrastructure while upgrading existing infrastructure<br>Improved billing  | WSIG and MIG to be fully utilised<br><br>Reduced Water losses |  |  |  |  |  |

|   |   |   |  |          |  |  |           |                     |  |                           |  |  |  |  |  |  |
|---|---|---|--|----------|--|--|-----------|---------------------|--|---------------------------|--|--|--|--|--|--|
| 5 | <b>Sanitation Services</b>                                      | <b>Treatment capacity is below demand requirements, Poor Maintenance</b>  | Implement the sanitation master plan<br><br>Implement the sanitation Infrastructure Maintenance plan<br><br>Continuously monitor effluent quality at WWTWs                   | In-house | In-house<br><br>Approach MISA for capacity support | MM, Director: Technical Services       | 01-Dec-23 | End of Intervention | Improve the quantity and quality of municipal infrastructure and services<br><br>Enhanced lifespan of assets through proactive and preventative maintenance<br><br>Quality wastewater and an environment not harmful to human health and wellbeing | MIG to be fully utilised  |  |  |  |  |  |  |
| 6 | <b>Electricity Supply</b>                                       | <b>Outstanding Eskom Electricity debt. May be insufficient electrical capacity to support proposed human settlement developments.</b>   | Implement Electricity Maintenance and Refurbishment plan<br><br>Annual review of tariffs per policy.   | In-house | In-house<br><br>Approach MISA for capacity support | MM, Director: Technical Services       | 01-Dec-23 | End of Intervention | Improve the quantity and quality of municipal infrastructure and services<br><br>Achieve cost reflective tariffs   | INEP to be fully utilised |  |  |  |  |  |  |
| 7 | <b>Recreational Facilities, Libraries, Parks and Cemeteries</b> | <b>Improved provision of recreational facilities, libraries, parks and cemeteries</b>   | Implement Recreational Facilities Maintenance Plan<br><br>Annually review tariffs of Recreational Facilities, Parks and Cemeteries.  | In-house | In-house   | MM, Director: Community Services       | 01-Dec-23 | End of Intervention | Improved Recreational Facilities Maintenance Plan<br><br>Cost reflective tariffs   | N/A                       |  |  |  |  |  |  |
| 8 | <b>Public Safety, Traffic and Licensing</b>                     | <b>Law enforcement activities is affected by Inadequate equipment. Lack of Human resources. Outdated By-Laws. Non-compliance with the validity period of permits. Non-compliance with the validity period of permits.</b> | Law enforcement across divisions<br><br>Fire, Traffic and Security.<br><br>Renewal of trading permits  | In-house | In-house   | MM, Director: Community Services       | 01-Dec-23 | End of Intervention | Intensive Law enforcement activities.<br><br>Monthly operations.<br><br>Intensify inspection of trading permits. Compliance  | N/A                       |  |  |  |  |  |  |
| 9 | <b>Spatial Planning and Human Settlements</b>                   | <b>Housing Backlog. Limited spatial planning capacity in the municipality.</b>  | Implement the spatial development plan<br><br>Annually review all development and land use tariffs.<br><br>Spatial Planning; Demarcation of Sites and township establishment | In-house | In-house   | MM, Director: Development and Planning | 01-Dec-23 | End of Intervention | Implemented spatial development plan<br><br>Cost reflective tariffs<br><br>Demarcated sites and new township establishment   | N/A                       |  |  |  |  |  |  |

|    |                                   |  |  |          |  |  |           |                     |   |  |  |  |  |  |  |  |
|----|-----------------------------------|--|--|----------|--|--|-----------|---------------------|---|--|--|--|--|--|--|--|
| 10 | <b>Fleet Management</b>           | <b>Inadequate fleet to perform municipal functions optimally.</b>  | Implement Fleet Management Strategy and Plan<br><br>Implementation of the vehicle maintenance plan and the fleet and fuel management system<br><br>Implement vehicle replacement plan  | In-house | In-house<br><br>Provincial Support Package | MM, Director: Technical Services,<br>Director: Community Services,<br>Director: Planning and Development | 01-Dec-23 | End of Intervention | Improved Fleet<br><br>Controlled and planned servicing and maintenance of vehicles<br><br>Implemented functional Fleet and Fuel Management System | In line with approved Budget and Mobilised Funding |  |  |  |  |  |  |
| 11 | <b>Landfill Site</b>              | <b>Lack of maintenance and operations at landfill sites, Licensing of the existing landfill site, Non-compliance with Environmental Legislations</b> | Implement Integrated Waste Management Plan   | In-house | In-house                                   | MM, Director: Technical Services,<br>Director: Community Services,<br>Director: Planning and Development | 01-Dec-23 | End of Intervention | Approved and implemented Integrated Waste Management Plan<br><br>Functional Plant and Equipment<br><br>Revenue collected in line with usage       | N/A  |  |  |  |  |  |  |
| 12 | <b>Security Services</b>          | <b>Municipal property must be protected from vandalism.</b>  | Implement the Security Policy that covers internal and outsources security services.   | In-house | In-house                                   | MM, Director: Community Services   | 01-Dec-23 | End of Intervention | Secure municipal personnel and infrastructure   | N/A  |  |  |  |  |  |  |
| 13 | <b>Local Economic Development</b> | <b>Inadequate preparation of enabling environment for economic activities and investments, Lack of land for development</b>                          | Implement the LED strategy and implementation plan<br><br>Generate revenue by exploiting tourism and other readily available private development opportunities<br><br>Development and implementing of Housing Strategy. Developed Integrated Human Settlement Plan | In-house | In-house                                   | MM, Director: Development and Planning   | 01-Dec-23 | End of Intervention | LED Strategy implementation<br><br>Improved revenue<br><br>Implementation of Human Settlements  | N/A  |  |  |  |  |  |  |