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RB9.1.2/31-05-2019

**TABLING OF THE 2019/2020 ANNUAL BUDGET**

**RESOLVED:**

1. Council approves the annual budget tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX B.
2. Council approves the annual budget supporting tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX C.
3. Council approves the Quality Certificate signed by the Accounting Officer, as set out in APPENDIX D.
4. Council approves the revised budget related policies, as set out in APPENDIX E.
  - Absenteeism and Desertion Policy
  - Accounting Policy to the AFS
  - Asset Management Policy
  - Borrowing Policy
  - Budget Policy
  - Cash Management Policy
  - Cederberg Risk Management Policy Annex A - rating scales

Amended

- Circular No 01-2018 – Disciplinary Procedure Collective Agreement
- Code of Ethics Policy
- Consumer Service Charter - Cederberg LM
- Customer Care Improvement Policy
- Customer Care, Credit Control and Debt Collection Policy
- Development Contributions Policy
- Drought Communication Strategy
- E3-Sexual Harassment policy
- Education Training and Development Policy
- Employment Equity Plan - Cederberg Municipality 2018-2023
- Employment Equity Policy
- Enterprise Risk Management Policy
- Enterprise Risk Management Strategy
- EPWP Policy
- Finance Management Internship Policy
- Fleet Management Policy
- Fraud and Corruption Prevention Policy
- Fraud and Corruption Prevention Strategy
- Free Basic Energy Policy Guidelines
- Funding and Reserves Policy
- Grants-In-Aid Policy
- HIV AND AIDS Workplace Policy
- ICT Data Backup and Recovery Policy
- ICT Disaster Recovery Policy
- ICT Municipal Corporate Governance of ICT - Cederberg

- ICT Operating System Security Controls Policy
- ICT Security Controls Policy
- ICT User Access Management Policy
- IGR Policy
- Indigent Support Policy
- Insurance Management Policy
- Investment Policy
- Job Evaluation Policy
- Kollektiewe ooreenkoms rakende Dissiplinere Prosedure
- Long-Term Financial Plan Policy
- Out of Pocket Expenses Policy
- Overtime & Standby Policy
- Performance Management Framework Policy
- Petty Cash Policy
- PPE Procedure 1
- Property Rates By-Law Cederberg
- Property Rates Policy
- Records Management
- Recruitment & Selection Policy
- Relocation Policy
- Revenue Enhancement Policy
- Risk and Ethics Management Committee Terms of Reference
- Risk assessment Methodology
- Risk Management Committee Charter
- Risk Management Policy
- Risk Management Register

- Risk Management Risk Appetite Framework
- Risk Management Strategy
- Selection of Housing Beneficiaries Policy
- Sexual Harassment Policy
- Smoking Policy
- Social Media Policy
- Special Rating Areas Policy
- Study Aid Policy
- Study Bursary Policy
- Substance Abuse Policy
- Supply Chain Management Policy - Cederberg Municipality –  
Amended May 2019
- Tariff Policy
- Travel and Subsistence Allowances Policy
- Virement Policy - MSCOA compliant
- Watermeter Vervangingsbeleid
- Whistle Blowing Policy
- Write-Off Policy

5. Council approves the property rates and charges on properties, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in APPENDIX F.

6. Council take note of the Budget Circulars, Dora, Provincial Gazette and approves the Service level standards frameworks, Procurement Plans and Budget Locking Certificate, as set out in APPENDIX G, H, I & J.

**Proposed:** Cllr. R Pretorius

**Seconded:** Cllr. J Meyer

  
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**VOORSITTER / CHAIRPERSON**

31-05-2019  
**DATUM / DATE**

# REVENUE ENHANCEMENT POLICY



**Compiled: February 2016**

**Reviewed March 2018**

**Reviewed March 2019**

## STRATEGY

### 1. Billing

- ✓ A substantial amount of income is from the delivery of service. It is therefore important that billing is done correctly, and bills be send out for all services delivered.
- ✓ The billing function drives the cash flow of the Municipality and is critical to the success of the Municipality.

#### 1.1 Elements of successful billing

- ✓ Must have a system with financial integrity to process transactions accurately.
- ✓ Input of data must be accurate
- ✓ Relevant controls must be in place to ensure complete and accurate billing.
- ✓ It is critical that services are billed according to a property as base

#### 1.2 Successful billing relies on

- ✓ Accurate property information
- ✓ Accurate customer information
- ✓ Accurate tariffs associated to property usage, debtor type, zoning and service type
- ✓ Accurate ward information per property

The following information is key to accurate billing

- ✓ Erf number
- ✓ Street name and number
- ✓ Customer name
- ✓ Physical and postal address
- ✓ ID/Company registration/CC/Trust
- ✓ Classification
- ✓ Owner/Tenant

***NB: IF ABOVE INFORMATION IS INCORRECT – NO SUCCESFUL DEBT COLLECTION***

#### 1.3 Billing integrity

The integrity of billing can be enhanced by the following controls:

- ✓ Access control to function on current Financial System
- ✓ Protection of passwords
- ✓ Authority levels on opening and closing of accounts or changing of account details

- ✓ Accounts not billed
- ✓ Accounts with no valuation
- ✓ Abnormal consumption
- ✓ Abnormal billing

#### **1.4 Common problems**

- ✓ Wrong reading
- ✓ Finger problem in data capturing
- ✓ Rollover/ Clock over of meter
- ✓ No valuations

*The control on Credit journals must be closely monitored.*

## **2. Indigent Management**

- ✓ Our household consumers consist of consumers who can afford to pay and other who are poor (indigent).
- ✓ It is unlikely that the same credit control and debt collection processes will be successful for both.
- ✓ This is evident in the high percentage outstanding debt in the previously disadvantaged communities and especially in the low cost housing communities.
- ✓ It is also important to ensure that people that can pay, claim that they are indigent, be picked up during the registration process.

### **2.1 Challenges with indigent applications**

- ✓ Budgetary constraints
- ✓ Capacity shortage
- ✓ Inconsistent application of evaluation criteria when evaluating applications
- ✓ No verification of correctness of information supplied

### **2.2 How to manage indigent subsidy**

#### **2.2.1 Data capture**

- ✓ Application process
- ✓ Survey

#### **2.2.2 Verification process**

- ✓ Site visit
- ✓ Verifying the accuracy of information contained, completion of questionnaire/application form
- ✓ UIF, Department of Welfare, ITC check, Credit Bureaus



### 2.2.3 Recommendations

- ✓ After verification completed final approval.

### 2.2.4 Indigent committee:

- ✓ The indigent committee that should consist of relevant ward committee member, Chief Financial Officer, Manager Treasury, verification offices, Accountant credit control official.
- ✓ This committee must meet regularly at least once per month.
- ✓ If application declined, applicants must be informed accordingly.
- ✓ If application successful, the indigent register must be updated.

## 3. Credit Control and debt collection

### 3.1 Policy

- ✓ Credit Control and Debt Collection policy plays an important role in the Revenue Enhancement plans.
- ✓ Review of this policy to identify and find solutions to problems identified.
- ✓ The following factors must be taken into account:
  - Defaulter may or may not be able to pay—consider actions
  - Get the support of councilor and ward committee
  - Equity in action taken

*Section 96 of MSA requires that all money due and payable must be collected and must adapt and maintain a credit control & debt collection policy.*

### 3.2 Monthly credit control reports

- ✓ Total debt outstanding, debts collected, arrangements, promises to pay, acknowledgement of debts and debts subjected to legal process.
- ✓ Prescribed debt, debt to be written off plus justification
- ✓ Accounts under query
- ✓ Progress reports on tracing
- ✓ Indigent report
- ✓ All financial aspects of debt collection, commissions, cost, etc.
- ✓ Proposed action plans for following month

### 3.3 Requested data needed for debt analysis

- ✓ Total debtors per age analysis
- ✓ Debtors per service type
- ✓ Debtors per zone type

- ✓ Debtor per ward/suburbs/ towns/ areas
- ✓ Debtors by indigent indicators
- ✓ Debtors per active and inactive indicator
- ✓ Debtor by valuation
- ✓ Payment for last 12 months

### 3.4 Indigent debt

- ✓ Indigent debt is regarded as non-collectable and should be excluded from debt collection processes. Debt indicated as indigent are unlikely to be recovered;
- ✓ The following problems may contribute to debt collection problems
- ✓ Lack of political will to enforce credit control measures due to
  - Lack of accurate data on which credit control measures can be taken
  - Credit control measures taken on indigent households
  - Councilors influencing the operations of officials
- ✓ Lack of skills and capacity to manage the collection of outstanding debt
- ✓ Lack of adequate debt collection administrative systems
- ✓ Lack of integration and co-ordination among the financial management, credit control and debt collection systems within municipalities
- ✓ Incorrect interpretation of legislation pertaining to credit control and debt collection procedures

## 4. Data Cleansing

- ✓ Data cleansing is an important link in the revenue enhancement process.
- ✓ It is important that the information on which the municipal billing system is based is accurate and up to date.
- ✓ This is essential to the financial wellbeing and viability of the municipality
- ✓ The objective is the maximization of revenue potential and the prevention of losses resulting from inadequate or incorrect information

### *Legislative Requirements*

#### *The MSA requires municipalities to*

- ✓ *Ensure people liable for payments receive regular and accurate accounts that indicate the basis for calculating the amounts due (Section 95(e))*
- ✓ *Collect all money due and payable (Section 96(a))*

### 4.1 Desktop data cleaning

- ✓ All billing data must be checked for inaccuracies and anomalies, mistakes must be rectified, anomalies must be recorded and investigated.
- ✓ Use the following criteria

- Valuation roll
  - Name of owner
  - Zoning of property
  - Size of property
  - Valuation
  
- Debtor type
  - Customer should be changed according to debtor type/zoning
  - **THE BASIS OF TARIFFS IN RESPECT OF LAND USAGE AND LAND ZONING MUST BE DETERMINED.**
  
- Tariff analysis
  - The debtor type(usage/zoning) must be compared to tariff charged;

The following errors may occur:

- Owner not charged all services
- Tenants charged by owner services
- Business users charge domestic tariff
- Domestic users charge business tariff
- Free basic services apply
  
- Services
  - ✓ Once all the above has been done, ensure that all services are connected to a customer/erf.

#### 4.2 Returned mail cleaning

- ✓ Returned mail is a big problem in debt collection processes. It is important that returned mail be analyzed for reasons why the accounts are returned.
- ✓ It must be split as follows:
  - Customer no longer at given address
  - Postal address incorrect
  - Physical address incorrect
- ✓ Once reason for non-delivery has been established, contact should be made to consumer by either:
  - If telephone number is available; contact telephonically to clarify detail
  - If telephone/cellphone contact not possible do ITC/Title deed search to contact owner/tenant
  - Ensure that correct detail is captured on system once customer has been located

#### 4.3 Physical field audit

- ✓ Field audit become necessary if desk research is not able resolve anomalous accounts
- ✓ It must be carefully planned

- ✓ The following preparation is necessary
  - Appropriate fieldwork questionnaire to obtain following
    - Customers correct name, postal address and physical address
    - Correct erf number
    - Classification of debtor
    - Verification of meter numbers
    - Ward allocation
    - Indigent status

## 5. Effective communication

- ✓ Make public aware of the Action Plans for Revenue Enhancement.
- ✓ Communication must be credible, it is essential to be honest, good and bad news have equal value.
- ✓ People must understand the message
- ✓ The target audience must understand what is communicated.
- ✓ Way of communication :
  - Pamphlets
  - Posters
  - Ward Committee
  - Workshops
  - Public meetings
  - Radio
  - Newspaper

### 5.1 Billing system

- ✓ Inform community on the layout of customer accounts by using household information.
- ✓ Provide training to ward committee on all aspects of Billing System
- ✓ May combine the campaign with promotion of Indigent grant policy.

### 5.2 Indigent applications

- ✓ Purpose of grant
- ✓ Who is eligible?
- ✓ What people need to do to apply
- ✓ Where applications can be made
- ✓ What information and documentation should be supplied
- ✓ How long the grant lasts
- ✓ How much the grant is worth
- ✓ What conditions apply
  - ✓ Must provide training to ward committee members on all aspects of Indigent Policy and procedures.
- ✓ Information must be published in Community newspaper.