



**CEDERBERG MUNICIPALITY  
REVENUE ENHANCEMENT  
POLICY  
2025/2026**

<b>POLICY NAME</b>	<b>REVENUE ENHANCEMENT POLICY</b>
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# Contents

<b>STRATEGY</b> .....	3
<b>1. Billing</b> .....	3
1.1. Elements of successful billing .....	3
1.2. Successful billing relies on .....	3
1.3. Billing integrity .....	4
1.4. Common problems.....	4
<b>2. Indigent Management</b> .....	4
2.1. Challenges with indigent applications.....	4
2.2. How to manage indigent subsidy .....	5
<b>3. Credit Control and debt collection</b> .....	5
3.1. Policy.....	5
3.2. Monthly credit control reports .....	5
3.3. Requested data needed for debt analysis.....	6
3.4. Indigent debt .....	6
<b>4. Data Cleansing</b> .....	7
4.1. Desktop data cleaning.....	7
4.2. Returned mail cleaning .....	8
4.3. Physical field audit .....	9
<b>5. Effective communication</b> .....	9
5.1. Billing system.....	10
5.2. Indigent applications.....	10

# 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***

Council embarked on a data cleansing project, the scope of the work to be undertaken is as follow:

- ✓ Obtain Title Deed information per property
- ✓ Debtor information and debtor classification
- ✓ Verify account status (active / inactive) and include as reporting indicator
- ✓ Provide update customer information
- ✓ Consolidation of duplicated customer profile accounts

- ✓ Correctly categories each account according to the correct and responsible debtor
- ✓ Door to Door survey
- ✓ Annual customer data updating and data cleansing of billing samples for a period of 3 years

### **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 low income 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

The data cleansing project currently performed will ensure that:

- ✓ Reflect areas per account according to ageing and by service
- ✓ Analyse the arrear debt in the municipal books in order to determine whether there are accounts that are untraceable, inaccurate, etc. and require some writing-off or any adjustments
- ✓ Prepare a list of all accounts that may require to be written off for a Council approval

### **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

In terms of the data cleansing, households will be verified:

- ✓ Verify households in need of indigent support from the Indigent Register and include as a reporting indicator

#### 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.
  
- Data Cleansing scope of work currently undertaken is as follow:
  - ✓ Investigate all accounts which appear to have incorrect billing, e.g. tenant accounts with assessment rates
  
- Comprehensive data cleansing of properties to ensure billing integrity
  - ✓ Verifying service coverage per site, through assessing billing status per registered ERF against scheme coverage and level of service
  - ✓ Review service and tariff code structure and provide documentary support to the validity and completeness of all billable charges per debtor as it related to the financial year
  - ✓ Identify account holders meters that have not been read for a long time
  - ✓ Identify and report houses operating as businesses and provide information
  - ✓ Analyse data on pre-paid systems and ensure that all customer details are captured and match customer information in the billing system and erf files
  - ✓ Identify and verify accounts in the pre-paid systems that are redundant and have not made any purchases over a period of time and make recommendation for such

#### **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
- ✓ The data cleansing project includes a door to door survey to ascertain critical billing information. The following information will be verified:
  - Obtaining infrastructure details and linking it to individual properties (Verifying meter installation – domestic, commercial, industrial, through assessing meter information as per billing system against meter audit data per registered ERF)
  - The following information will be verified and obtained from each property per site visit:
    - Property information
    - Occupant information
    - Owner information
    - Electricity Meter
    - Water Meter
    - Refuse Bin information
    - Access to property

#### **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.

Summary: This document describes the Revenue Enhancement Policy that will be applicable to the Cederberg Municipality, with effect from 01 July 2025.