

AMAJUBA

DISTRICT MUNICIPALITY – UMKHANDLU WESIFUNDA



FINANCIAL RECOVERY PLAN

2019/2020

LOCATION



Amajuba District Municipality is demarcated as DC 25 as per the Municipal Demarcation Board; and is one of the ten (10) District Municipalities and one (1) Metro that constitute KwaZulu Natal Province. Amajuba District is a Category C Municipality which is made up of three local municipalities namely:

- Newcastle Local Municipality (KZN 252);
- Dannhauser Local Municipality (KZN 253); and
- Emadlangeni Local Municipality (KZN 254)

Amajuba District Municipality (ADM) is located to the north-western corner of the KwaZulu- Natal Province. It comprises of Newcastle, Emadlangeni and Dannhauser local municipalities. The main transportation route linking the district to its surroundings, is the N11. This is also an alternative route to Johannesburg from Durban. The R34 bisects the district in an east-west direction and provides a linkage from the port city of Richards Bay to the interior. The district has a total surface area of 6 910 km², it is divided into Newcastle Municipality which covers 1855 km², Emadlangeni Municipality which has a surface area of 3539 km² and Dannhauser Municipality which covers 1516 km². Local Municipality (KZN 254).

The geographic location of Amajuba District Municipality along the border of KwaZulu-Natal, Free-State and Mpumalanga Provinces establishes the area as gateway (entry and exit) point to these provinces. The main transportation routes linking the District to its surroundings includes the N11 which is the alternative route to Johannesburg from Durban, and the rail line which is the main line from the Durban harbour to Gauteng. The R34 also bisects the District in an east-west direction and provides a linkage from the port city of Richard Bay to the interior. The P483 provincial road forms the major access road from Newcastle to Madadeni, Osizweni and Utrecht all located to the east of Newcastle.

Amajuba is administratively located within KwaZulu-Natal, it is geographically positioned within the space economy of three other provinces which are Free-State, Mpumalanga and Gauteng. This is due to its proximity in relation to the economic trading hubs of these provinces. The distance from the Amajuba to the major economic hubs within these provinces indicates that it is 144km away from Harrismith (Free-State), 152km from Ermelo (Mpumalanga), 259km from Pietermaritzburg (KwaZulu-Natal), 291km from Johannesburg (Gauteng) and 339km from Durban (KwaZulu-Natal). The position and role of the Amajuba in the regional space economy is tightly interlinked with these three provinces since the areas have strong functional linkages. The challenge is to ensure that the area benefit from trading and undertaking commerce activities with these economic hubs as opposed to being a peri-pheral to the economy of these regions.

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LEGAL AND LEGISLATIVE IMPLICATIONS



APPLICABLE LEGISLATION/POLICIES	SECTION
Local Government Municipal Finance Management Act (No. 56 of 2003) (MFMA)	<p>Section 135 of the MFMA stipulates that (1) "The primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself."</p> <p>(2) "A municipality must meet its financial commitments."</p> <p>(3) "If a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately -</p> <ul style="list-style-type: none">(a) seek solutions for the problem;(b) notify the MEC for local government and MEC for Finance in the province; and(c) notify organized local government.
MFMA Circular No. 82: Cost Containment Measures	<p>The MFMA Circular No. 82 requires municipalities to ensure the following:</p> <p>That the Accounting Officers to take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically;</p> <p>That municipal councils and accounting officers should institute appropriate measures to ensure that the limited resources and public funds are appropriately utilised to achieve value for money; and</p> <p>That the cost containment measures must be implemented to eliminate wasteful expenditure.</p>

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SIGNS OF FINANCIAL DISTRESS AT THE MUNICIPALITY



Area of distress

Audit Opinion	<p>Going concern opinion Current Ratio = Ratio of current assets to current liabilities should be 2:1 = current assets must be twice as much as current liabilities. Currently, current liabilities exceed current assets.</p>
Working capital/financial viability	<p>The municipality is unable to generate sufficient income to meet operating payments, debt commitments and allow growth, while maintaining service levels.</p>
Negative current ratio.	<ul style="list-style-type: none"> • Declining or negative free cash flow. • Contingent liabilities <ul style="list-style-type: none"> ✓ A possible obligation, whose existence will be confirmed only by occurrence of one or more of future events not wholly within the control of the entity; ✓ A present obligation that is not recognized because, the outflow of benefits is not probable; or ✓ A real present obligation, that may not be recognized, either because the "when" (timing) or because the "how much" (measurement) is not known. • Non-implementation of contract vendor terms (contract management). • Increase in accounts receivable aging. • Increase in outstanding accounts payable.
Human resource management matters	<ul style="list-style-type: none"> • Is the organizational structure not bloated? <ul style="list-style-type: none"> ✓ % of total human resource cost, over total operating budget in above norm. ✓ Norm = 25% to 40%, ADM's is more than 40%. ✓ This means that some service delivery is affected by funds which are channelled to the salaries expense. • Is the structure aligned to achieve the objectives of the municipality? <ul style="list-style-type: none"> ✓ Does the staff structure facilitate the realization of the service delivery and governance objectives of the municipality as enshrined in the IDP? ✓ Are the functions, duties and responsibilities delineated accordingly; ✓ Does the system of delegations promote accountability; ✓ Are the current performance measurement mechanisms being implemented optimally?

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Guiding Principles

Principle 1	The most critical principle that should guide the resolution of the financial challenges facing the municipality is for Councillors, management and all employees to recognize and acknowledge the existence of the challenge.
Principle 2	Taking ownership of the identified challenge is a bold step towards the resolution of the financial challenges facing the municipality. Owning up does not necessarily mean that one was part or is responsible for the causes of the challenges, but it assists one to focus on, find and implement practical solutions rather than wasting time in apportioning blame to someone or something that is outside the system.
Principle 3	Unpacking the elements of the financial challenges, causal factors and their effects to the attainment of the strategic operational goals of the municipality. A purposeful and realistic approach and application of mind to this Principle will help in focusing on the challenges rather than on people.
Principle 4	Employment of a systematic approach to the resolution of each element or component of the financial challenge, instead of focusing on the entire situation. The idea here is to understand that the financial challenges encountered now are actual not financial challenges as the name implies. In fact, they are costly human behavioural errors and/or misjudgements that have had financial implications to the municipality.
Principle 5	One other crucial principle in this regard is to put in place a review mechanism that will ensure that the plan of action is monitored and evaluated regularly. This will ensure that the entire municipality is marshalled towards the attainment of the agreed upon goals and objectives of the Financial Recovery Plan. The mechanism will also assist in the identification and resolution of any emergent challenges that were not anticipated at the beginning of the implementation of the plan.
Principle 6	The submission of regular reports to EXCO and Council becomes crucial in this regard. Of interest to this Principle of the plan should be for Council to monitor the implementation of each indicator or action. However, the role of Portfolio Committees, MPAC and the Audit Committee becomes crucial as these committees were established with a view to assist and bolster the oversight capacity and role of Council.

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STRATEGIC THRUST – AMAJUBA FINANCIAL RECOVERY PLAN



12 DELIVERABLES

1 EFFECTIVE FINANCIAL MANAGEMENT

2 REVENUE ENHANCEMENT AND MANAGEMENT

3 BUDGET EXPENDITURE MANAGEMENT

4 EFFECTIVE AND EFFICIENT CUSTOMER CARE SERVICES

5 CASH MANAGEMENT AND LIABILITY

6 FINANCIAL CONTROLS

7 ASSET MANAGEMENT

8 INSTITUTIONAL STABILISATION AND IMPROVEMENT OF COUNCILOR OVERSIGHT

9 ACCOUNTING ICT AND DATA MANAGEMENT

10 INTERNAL AUDIT AND RISK MANAGEMENT

11 IMPROVED PERFORMANCE MANAGEMENT

12 CONTRACT MANAGEMENT

OUTCOMES

To ensure the development of a suitably qualified, skilled, motivated and productive administrative capacity to bring about change in the municipality.

To develop and improve the oversight capacity and role of Councilors.

To ensure sound and sustainable management of the financial affairs of the municipality

To improve staff performance and effect consequential management on deviant behavior.

To focus the municipality on the delivery of its core mandate as enshrined in the Constitution (1996).

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DELIVERABLE 1: EFFECTIVE FINANCIAL MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Strict adherence to the budgeting processes and principles (MFMA).	The Calendar is not in sync with the MSA and MFMA compliance targets.	To ensure that the dates in the Events Calendar facilitate both governance and compliance issues.	Corporate Services	30 May 2019	Alignment of an Annual Events Calendar with legislation.	
	Poor management of departments.	Submission of monthly reports on the implementation of Departmental Budget to Portfolio Committees and ExCo.	HODs	Monthly	Effective and efficient management of the 2019/2020 Annual Budget.	
	Management of Regulation 36 Deviations and Section 32 appointments	Review of the Reg 36 Deviations and section 32 procurement by the Internal Audit before approval.	OMM			

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DELIVERABLE 2: REVENUE ENHANCEMENT AND MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Review revenue management systems to maximise revenue generation possibilities and improve revenue performance.	<ul style="list-style-type: none"> The Technical Services department installs water meters. 	Expedite billing of communities who are currently getting water for free.	BTO	30-Jun-2020	Installation of water meters.	
	<ul style="list-style-type: none"> BTO is making use of the EPWP staff to verify meter readings on a monthly basis. 	Performing meter audit of metered services.	BTO	30-Jun-2020	Credible and reliable data.	
	<ul style="list-style-type: none"> BTO is making use of the EPWP staff to perform physical verification of water meters. When found faulty, a list is submitted to Technical Services department for further assessment and replacement. 	Physical verification of water meters.	BTO	30-Jun-2020	Credible and reliable data.	
	<ul style="list-style-type: none"> BTO is making use of the EPWP staff to assist with data cleansing. 	Debtor data analysis and cleansing.	BTO	30-Jun-2020	Credible and reliable data.	
	<ul style="list-style-type: none"> Draft Indigent Register was tabled to ExCo in October 2018. Cogta provided technical advise at ExCo on 24 April 2019 on how to deal with the review of the Indigent Policy and Register; Policy and Register to be aligned before it is tabled to ExCo and Council by 30 June 2019. 	Indigent verification (Emadlangeni and Dannhauser LMs).	BTO	30-Jun-2020	Reviewed Indigent Register.	

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DELIVERABLE 2: REVENUE ENHANCEMENT AND MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Review revenue management systems to maximise revenue generation possibilities and improve revenue performance.	• No Loss Control Policy	Conducting on-site water demand management and loss control.	Engineering Services	30-Jun-2020	Accurate data	
	• Revenue due and outstanding debtors are reported monthly to Council with the section 71 reports.	Calculations and reporting on revenue due and outstanding debtors monthly.	BTO	30-Jun-2020	Percentage reduction of long outstanding debt.	
	• As soon as the user departments submit the specifications, the BSC rolls that out and ensures that these are approved by the Accounting Officer.	Appointment of a suitably and experienced Service Provider.	BTO	30-Jun-2020	Rolling of the SCM processes.	
	• Currently and pending the finalization of the indigent register the collection rate is 51%.	Monitoring of revenue collection.	BTO	30-Jun-2020	Percentage collection rate (Norm 95%).	
	• EPWP staff have seconded to the Revenue Unit.	Increase staff capacity in the Revenue Unit.	BTO	30-Jun-2020	Pro-active approach to revenue management and debt collection functions.	
	• EPWP staff have seconded to the Revenue Unit.	Development and implementation of a War on Water Leaks Programme.	Engineering Services	30-Jun-2020	Development and implementation of a Water on Leaks Programme.	
Water and Sanitation By-laws		Development and implementation of Water	Engineering Services	30-Jun-2020	Council approved Water and Sanitation By-laws.	

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DELIVERABLE 3: BUDGET EXPENDITURE MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Improve customer care, increase responsiveness to consumer billing and other queries.	• To ensure an effective and efficient budget and expenditure management thereby ensuring the seamless delivery of basic services to communities.	Review revenue projections and operational expenditure.	Management	30-Jun-2020	Preparation of the 2017/2018 Draft Adjustment Budget.	
		Identification of top ten (10) expenditure drives.	Management	30-Jun-2020	Strategy to reduce unnecessary expenditure on each of the expenditure drivers identified.	
Increase community access points.		Ensure an allocation for repairs and maintenance for capital projects.	Engineering Services	30-Jun-2020	Allocation through the 2017/2018 Adjustment Budget process.	
Contracts Management	• Lack of Contract Management	Review of contracted services (emergency Engineering Services which give rise to deviations).	Engineering Services	30-Jun-2020	Review of contract.	
Asset Management Plan	• Technical Services department is currently busy with the asset management plan for infrastructure assets.	Development of credible and budget aligned Assets Maintenance Plans which will be aligned to the Water Service Development Plan, IDP, Budget and SDBIP	Engineering Services/BTO	30-Jun-2020	Developed Asset Management Plan	

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DELIVERABLE 4 : EFFECTIVE AND EFFICIENT CUSTOMER CARE SERVICES



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Improve customer care, increase responsiveness to consumer billing and other queries.		100% complaints responded within 48 hours.	Engineering Services	30-Jun-2020	Timeous response to the queries and complaints raised by consumers.	
		Conduct a customer satisfaction survey.	Community Services	30-Jun-2020	Report on the level customer satisfaction on services provided by the municipality.	
Increase community access points.		Entering of into a Service Level Agreement with Local Municipalities.	Engineering Services	30-Jun-2020	Joint monitoring and provision of responses to water provision related queries.	

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DELIVERABLE 5: CASH MANAGEMENT AND LIABILITY



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
To achieve effective fiscal management.	BTO reports monthly on the budget implementation by all departments.	Manage the municipality within budgetary and policy frameworks of the municipality.	BTO	30-Jun-2020	Strict implementation of a Council approved Budget (2017/2018).	
Liquidity Management.	Reduction in current liabilities will improve the current ratio which is 0.71 as calculated on the audited 2018 AFS.	Current Ratio Current Assets / Current	BTO	30-Jun-2020	Ratio	
VAT Returns	Input VAT claimed from SARS is used as cash inflow utilized to reduce outstanding creditors.	Liabilities (Norm: 1.5 to 2.1)	BTO	30-Jun-2020	Reduction of payable accounts.	
Review all liabilities current and noncurrent and devise a strategy to meet obligations in a timely manner in accordance with legislative requirements	Input VAT claimed from SARS is used as cash inflow utilized to reduce outstanding creditors.	Continuing to use VAT claims to reduce accounts payable.	BTO	30-Jun-2020	Determination of a Cashflow plan to settle the short-term liabilities.	
	Input VAT claimed from SARS is used as cash inflow utilized to reduce outstanding creditors.	Review and calculate short term liabilities.	BTO	30-Jun-2020	Determination of a Cashflow plan to settle the long-term liabilities.	
	Settlement plan arranged with Emadlangeni LM.	Review and calculate long term liabilities.	BTO	30-Jun-2020	Agreement on the settlement plan.	
A functional and effective system monitoring water tanker services.	Water tanker costs are reported monthly to Council with the section 71 reports.	Engage with creditors to discuss repayment plans/arrangements.	BTO	30-Jun-2020	Submission of monthly reports on the provision of water through water tankers.	

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DELIVERABLE 6: FINANCIAL CONTROLS



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Full Compliance with Chapter 11 of the MFMA.	Uncoordinated project management and implementation.	Introduction and implementation of an effective and efficient monitoring mechanisms.	Engineering Services	30-Jun-2020	Strict adherence to the SCM Policy.	
		Review internal controls and delegations regarding financial management.	OMM	30-Jun-2020	Clarity of roles and responsibilities.	
	A staff member has been seconded from the OMM to BTO for updating the contract register.	Contract Management.	BTO	30-Jun-2020	Development of the requisite Human Resource and technical capacity to deal with Contract management.	
	Exco resolved that Top Management must compile a consolidated Contract Management report		BTO	30-Jun-2020	Perform 12 monthly contract register updates and submit to Council quarterly.	
		Improved Supply Chain Management.	OMM/BTO	30-Jun-2020	Meetings of BID Committees held monthly and as when a need arises.	
	The Accounting Officer appoints the Bid Committee members. PT offered training to Management and Bid Committee members.			30-Jun-2020	Capacity Building for BID Committees.	
	Monthly, quarterly, half yearly and annual reporting is performed in line with the MFMA Calendar.			30-Jun-2020	MFMA reporting (monthly, quarterly, mid-year and annually).	

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DELIVERABLE 6: FINANCIAL CONTROLS



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Full Compliance with Chapter 11 of the MFMA.	The user departments are responsible for ensuring that the grants are user in line with the conditions attached to the grants	Grant Management	BTO	30-Jun-2020	Expenditure on grants to be in line with the agreed upon conditions.	
	Grant Expenditure as per the Grant Register is reported monthly to Council with the section 71 reports.		BTO	30-Jun-2020	Monthly reports tabled at Council on the implementation of grants. (Grant Register).	
		Strict management and reporting of Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFW).	Management	30-Jun-2020	Reduction of UIFW	
			OMM	30-Jun-2020	Disclosure and reporting the UIFW to Council and PT.	
			OMM	30-Jun-2020	Consequence management of deviancy from the MFMA.	
		Aligned departmental objectives to municipal goals.	OMM	30-Jun-2020	Development of Departmental Procurement Plans.	

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DELIVERABLE 7: ASSET MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Implementing asset management through an integrated infrastructure and asset management plan.	• Assets Reconciliation are prepared monthly.	Number of Monthly Assets Reconciliations prepared per month.	BTO	30-Jun-2020	Submission of 12 Monthly Assets Reconciliations.	
	• Assets Reconciliation are prepared monthly.	Review and update the Asset Register.	BTO	30-Jun-2020	Submission of 12 Monthly Assets Reconciliations.	
Assessment: Cost-benefit Analysis of the Thusong MPCC and Old Monte Vista Casino.	• Assessment: Cost-benefit Analysis of the Thusong MPCC and Old Monte Vista Casino.	Report to be tabled at the Top Manco for consideration.	OMM	30-Jun-2020	Assessment Report	
Asset Disposal		Assessment of municipal fleet	Corporate Services	30-Jun-2020	Disposal of obsolete fleet	

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DELIVERABLE 8: INSTITUTIONAL STABILISATION AND IMPROVEMENT OF COUNCILOR OVERSIGHT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Ensure stability in Council and Council committees.	Existing Evets Calendar.	Council to adopt an Annual Events Calendar (2019/2020).	OMM	30-Jun-2020	Council approved Annual Events Calendar for the 2017/2018 FY.	
Attendance of Council meetings by Councillors.	Reports submitted on the attendance of Councillors.	Monitoring and reporting on the attendance of Councillors of Council sanctioned meetings.	OMM	30-Jun-2020	Submission of monthly reports to Council.	
Strengthening Council Oversight.	Fairly functional MPAC.	Regular capacity building session to improve Council oversight capacity.	OMM	30-Jun-2020	Salga and Cogta to provide support towards the development of an oversight capacity of Councillors.	
Strengthening Council Oversight.	Monitoring of the implementation of the approved SDBIP targets.	Monitoring the implementation of the 2017/2018 Service Delivery and Budget Implementation Plan (SDBIP).	Management	30-Jun-2020	Monthly reporting on the implementation of the 2017/2018 SDBIP.	
Strengthening Council Oversight.	Functional Audit Committee.	Ensuring a functional Audit Committee (AC).	OMM	30-Jun-2020	Submission of monthly reports to Council.	
Strengthening Council Oversight.	Functional MPAC.	Ensuring a functional Municipal Public Accounts Committee (MPAC).	OMM	30-Jun-2020	Submission of monthly reports to Council.	
Ensuring a performance oriented, capable and accountable administration.	Effective implementation of the SDBIP.	Strict implementation of the Performance Management System.	OMM	30-Jun-2020	Regular Report on the implementation of the PMS Policy Framework.	
Ensuring a performance oriented, capable and accountable administration.	Improving consequence management.	Consequent Management	OMM	30-Jun-2020	Effective management of the Disciplinary Code of the municipality.	

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DELIVERABLE 8: INSTITUTIONAL STABILISATION AND IMPROVEMENT OF COUNCILOR OVERSIGHT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Ensuring a performance oriented, capable and accountable administration.	No SOPs	Development of Standard Operating Procedures (SOP).	Management	30-Jun-2020	Regular review of the SOPs.	
Ensuring a performance oriented, capable and accountable administration.	Strengthening management	Top Management Committee to meet fortnightly.	OMM	30-Jun-2020	Quarterly reports on the functionality of the TMC to be submitted at ExCo.	
Ensuring a performance oriented, capable and accountable administration.	Strengthening management	Extended Manco to meet bi-monthly.	OMM	30-Jun-2020	Quarterly reports on the functionality of the TMC to be submitted at ExCo.	
Ensuring a performance oriented, capable and accountable administration.	Regular and constant engagement with staff.	General Staff Meetings to be held quarterly.	OMM	30-Jun-2020	Quarterly reports on issues raised at the meeting to be submitted to Council.	
Filling of vacant critical posts.	Adherence with the Cost Cutting Measures.	Prioritization of critical posts.	Management	30-Jun-2020	Council to approve the filling of the identified vacant critical posts.	
Work Study Development	Alignment of the organogram with the strategic objectives of the municipality.	Work Study Development.	OMM	30-Jun-2020	Confirmation of support from the eThekweni Municipality regarding the development of a Work Study for Amajuba District Municipality.	

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DELIVERABLE 11: IMPROVED PERFORMANCE MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Effective management of Overtime (OT).	<ul style="list-style-type: none"> Poor management of leave 	Proper and prior plan of work to avoid unnecessary overtime.	Corporate Services	30 June 2020	Submission of monthly reports on overtime worked.	
Strengthening of the Local Labour Forum (LLF).	<ul style="list-style-type: none"> Not functional LLF 	LLF meetings to be part of an Annual Events Calendar (2019/2020).	Corporate Services	30 June 2019	Functional LLF	
Implementation of municipal policies.	<ul style="list-style-type: none"> HRM Policies not approved by Council. 	Policy Review.	Corporate Services	30 May 2019	Council approved reviewed policies.	
		Workshopping Councillors and staff on municipal policies.	Corporate Services	30 May 2019	Staging of a Policy Workshop.	

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DELIVERABLE 9: ACCOUNTING ICT AND DATA MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Implementation of the Municipal Standard Charts of Accounting (MSCOA).	• Revival of Mscoa Committees	Ensure the functionality of MSCOA Committee (Steering Committee and Implementation).	OMM and Management	30 Sept 2019	Submission of Quarterly reports to Council (implementation of MSCOA).	Joint sitting of Committees to be held by 30 May 2019
Control of the number of 3G's issued to each individual.	• Analysis of access and eligibility to the 3G	Strict application of the policy of the allocation of 3Gs.	OMM	30 Sept 2019	Submission of monthly reports on the use of 3Gs.	Analysis is underway.
Functional and effective system for monitoring telephone costs.		Introduction of a strategy to reduce telephone expenditure.	Corporate Services	30 Sept 2019	Consideration of options to reduce costs.	
Management of attendance of meetings, conferences and seminars.	• Memorandum issued for staff to provide reports to Top Manco following to their attendance of external events (23 Apr 2019).	Prioritization of meetings, seminars, workshop and other work-related events to be attended by Councillors and staff.	OMM	30 Sept 2019	To ensure that Councillors and staff attend events that will be of direct benefit to the municipality.	Ongoing monitoring of reports.
Full implementation of the MFMA Circular 82.	• Ongoing implementation and reporting on the implementation of Cost Containment measures.	Cost containment measures.	Management	30 June 2020	Monthly reports to Council on the implementation of Cost Containment measures.	Submission of financial reports to ExCo and Council.
Revision of the Car allowance policy.	• Analysis of access and eligibility to the car allowance.	Re-assessment of work related needs.	Corporate Services	30 Sept 2019	Allocation of car allowance in strict determination of work related needs and requirements.	Analysis is underway.
System for effective administration of municipal vehicles.	• Replacement of the obsolete fleet.	Introduction of an effective and efficient mechanism to monitor the use of municipal vehicles (fleet).	Corporate Services	30 Sept 2019	Effective, efficient and economical management of municipal vehicles.	

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DELIVERABLE 10: INTERNAL AUDIT AND RISK MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Development of a Fraud Risk Policy	• No Fraud and Risk Policy	Development of and tabling of a Draft Policy at Council.	OMM	30 Sept 2019	Council approved policy	
Fraud Risk Awareness workshop	• Risk Management Committee established.	Risk Committee members to attend the Cogta Risk Management Workshop on 10 May 2019.	OMM	10 May 2019	Capacity building on Risk Management	
Compilation of a Fraud Risk Register	• No Fraud and Risk Register	Departments to identify risks that are relevant to their respective departments.	OMM	30 Sept 2019	Functional register	
Development of a Fraud Risk Plan	• No Fraud and Risk Plan	Departmental submission (above) to form the basis for the development of the plan.	OMM	30 Sept 2019	Top Manco approved Plan.	
Conducting of an IT Audit	• IT Audit Report is available.	To request support from Cogta and PT.	OMM	30 Sept 2019	Audit report	PT provided support in developing an IT Audit.
Improved Internal Audit.	• Provision of support to the IA Unit.	Capacity building to the current personnel	OMM	30 June 2020	Development of the requisite capacity in the IA Unit (training).	
Strict Management and reporting of Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UFW).	• UIFW Report was tabled to Council in March 2019.	Disclosure of UIFW to Council, Cogta and Provincial Treasury.	OMM	30 June 2019	Strict adherence to section 32 of the MFMA (2003) in dealing with UIFW.	Council referred the UIFW Report to MOPAC for investigation.

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DELIVERABLE 11: IMPROVED PERFORMANCE MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Strategical alignment: IDP, Budget and SDBIP	<ul style="list-style-type: none"> 2019/2020 SDBIP to be comply with the SMART Principles of PMS. Development of Technical Indicator Descriptions. 	Ensuring adherence to the SMART Principles of PMS	OMM	30 June 2019	Ensuring quality and implementable targets.	
Full Compliance with Chapter 11 of the MFMA.	<ul style="list-style-type: none"> Departments to report monthly to the Portfolio Committees on progress made in respect to the implementation of SDBIP Targets. 	Improved reporting on the implementation of targets (SDBIP).	OMM	Monthly	Credible and reliable Monthly Reports, Quarterly Reports, AFS, Annual Report, Oversight Report; etc.	

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DELIVERABLE 12: CONTRACT MANAGEMENT



Key Deliverable Project	Current Status	Specific Activities	Responsible Department	Achieved by (Date)	Outcome/Output	Progress
Implementation of a Contract Management System, Compliance with MFMA Circular 62	<ul style="list-style-type: none"> Management of vendor performance and monitor expenditure against non performing vendors by user departments. User departments monitor the incurring of irregular expenditure and BTO reports monthly to Council on irregular expenditure incurred which is referred to MPAC for investigation. 	Customization and adoption of the KwaZulu-Natal Contract Management Policy Framework and Procedure Manual, Development of a Contract Management Unit.	BTO	30 June 2020	Improvement in the management of vendors, Improvement in cash flow in terms of income generating contracts and reduced expenditure against non-perform to non-performing vendors, Reduction in irregular expenditure, Monthly reports to council on contracts and contract management.	Exco resolved that Top Management must compile a consolidated Contract Management report.
Full Compliance with Chapter 11 of the MFMA.	<ul style="list-style-type: none"> Staff member was seconded from the OMM to deal with Contract Management. 	Review internal controls and delegations regarding financial management.	BTO	30 June 2020	Development of the requisite Human Resource and technical capacity to deal with Contract management.	
Full Compliance with Chapter 11 of the MFMA.	<ul style="list-style-type: none"> Contract Register has been developed. Relevant municipal officials were workshopped by the NT. 	Development and maintenance of a Contract Register.	BTO	30 June 2020	Updated Contract Register.	
Full Compliance with Chapter 11 of the MFMA.	<ul style="list-style-type: none"> Contract Register is updated monthly. 	Contract Management.	BTO	30 June 2020	Perform 12 monthly contract register updates and submit to Council quarterly.	

FINANCIAL RECOVERY PLAN 2019/2020

IMPLEMENTATION OF THE COUNCIL APPROVED FINANCIAL RECOVERY PLAN



- The implementation of the Financial Recovery Plan shall be the responsibility of all Councillors and staff of the Amajuba District Municipality.
- The Mayor shall provide general political guidance and direction to the Municipal Manager on the implementation of the plan.
- The Municipal Manager shall be the principal coordinator of the implementation of the plan. This to include the monitoring and the provision of administrative guidance and support to management and staff.
- Senior managers shall provide support to the Municipal Manager in ensuring that the plan is implemented.
- As part of their oversight role, Portfolio Committees shall be responsible for the monitoring and receiving of reports on the implementation of their portfolio specific aspects of the SDBIP and Financial Recovery Plan.
- EXCO shall engage and deliberate on monthly reports on the implementation of the Financial Recovery Plan and advise Council on progress made thereto.
- Council shall be responsible for the overall implementation of the Financial Recovery Plan.
- Provincial Cogta and the Provincial Treasury to provide technical support towards the attainment of the Financial Recovery Plan.



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